

Profitability of the portfolio materialises

Helios Underwriting plc

Annual report and financial statements 2023



Introduction

Helios is uniquely positioned to provide access to Lloyd's, offering exceptional profits from the capacity portfolio in an insurance market that is disciplined and robust.



Delivering our strategy



The vision

To optimise the capacity portfolio and shift the mix of earnings

- Selecting syndicate management teams operating at Lloyd's
- Continued and increased participation on the better-managed syndicates
- Actively manage the portfolio ensuring efficient capital deployment
- Improve quality of earnings to include repeatable fee and commission income
- To be the pre-eminent provider of private capital into the Lloyd's market
- To reward shareholders by returning capital as profitability is recognised



What sets us apart

- **Portfolio management**
Curation of a diversified capacity portfolio
- **Expertise**
A management team deeply experienced and networked in Lloyd's
- **Uncorrelated to equity market movements**
Exposure to Lloyd's, the world's prime insurance market
- **Pipeline profits**
The retained capacity provides a pipeline of recognised profits



The opportunity

- Continue to build the capacity portfolio and secure third party capital to enhance our capacity offer
- Actively source and support new opportunities that meet or exceed our returns criteria
- Improved overall investment returns driven by higher interest rate increases
- The improved market conditions have been translated into improved profitability

Glossary of terms

Capacity – the metric used by syndicates to measure the amount of insurance business transacted and is used for the allocation of the business underwritten to its capital providers

Syndicate – a business at Lloyd's that underwrites insurance business on behalf of its capital providers

Freehold capacity – capacity that has the right to participate permanently on the business of a Syndicate

Tenancy Capacity – capacity where the right to participate on a Syndicate is potentially limited in time

Capacity portfolio – the aggregate of capacity of different Syndicates

Capital provider – the entity that puts capital at risk to support the capacity portfolio

Retained capacity – the part of the capacity portfolio where the required capital is funded by Helios' for the benefit of Helios shareholders

Ceded or reinsured capacity – the part of the capacity fund where the required capital to support the underwriting is provided by third party capital providers

Quota share reinsurance – the legal mechanism to transfer the underwriting interest of the capacity portfolio to a third party capital provider

LLV – Limited Liability Vehicle designed specifically for trading at Lloyd's. The LLV limits a capital providers' exposure to the capital provided

Third party capital – funding of the capital at risk to support the capacity portfolio

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Visit our investor website at huwplc.com for the latest Company news and announcements.

Portfolio overview

- Earnings Per Share 22p
- Revaluation of Capacity – Gain of £18m
- Dividend per share 6p
- Total Return of capital per share 19p
- Debt raise \$75m
- Net assets £140m/GWP £308m
- Capacity Portfolio £507m

Freehold capacity

35%

Tenancy capacity

65%

Short tail

60%

Long tail

40%

Insurance

80%

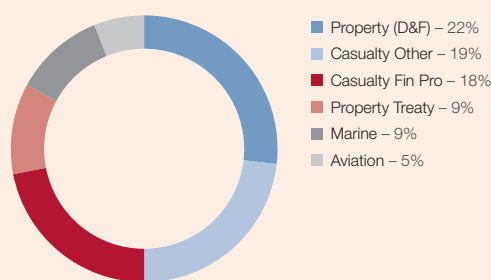
Reinsurance

20%

Highlights

- 26% increase in the gross premium written
- Profit before tax for the year of £22.7m (2022 loss: £(3.9)m)
- Helios retained capacity for the 2024 underwriting year of £392m (2023 underwriting year: £245m) a 60% increase
- Net asset value grown to £1.89 per share (2022: £1.51 per share)
- 25% increase in Net asset value

Capacity exposure by business line all syndicates



£507m

Largest capacity on any one syndicate is

£33m

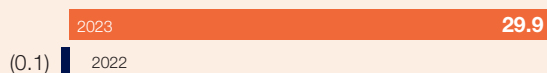
7% of capacity portfolio¹

Source: Company Information

¹ Capacity as at 30 May 2024.

Total comprehensive income/(loss) (£m)

£29.9M



Net asset value per share including capacity value – basic (£)

£1.89



Net asset value per share excluding capacity value – basic (£)

105p



Gross premium written (£m)

CAGR 150%



Improved rating delivers improved profitability



We are confident that the Helios portfolio will deliver value to shareholders.”

Michael Wade
Non-executive Chairman

£22.7m

Profit before tax – £22.7m (2022: loss of £3.9m)

£18m

Gain on revaluation capacity £18m (2022: £2.7m)

£29.9m

Total comprehensive profit of £29.9m (2022 loss: £0.1m)

£1.89

Net asset value at £1.89 per share (2022: £1.51)

19p

Return of capital in 2023 and 2024 expected to be 19p per share

6p

A final dividend of 6p per share is being recommended (2022: 3p)

In summary

- Gross premium written increased by 26% to £308m
- Profit before tax of £22.7m – (2022: loss of £3.9m)
- Profit from the revaluation of capacity £18.0m – (2022: profit of £2.7m)
- Total comprehensive profit of £29.9m (2022: loss of £0.1m)
- 25% increase in net tangible asset value at £1.89 per share (2022: £1.51)
- Capacity portfolio combined ratio of 86%
- Earnings per share 22p
- Dividend and Total return of capital of 19p of which a base cash dividend of 6p will be paid (2022: 3p)

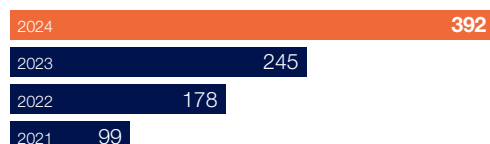
I am delighted to be able to report a significant improvement in the profitability of the Company as the growth in the retained capacity over the last three years has started to deliver the expected profitability and growth in shareholder value.

The Lloyd's market has continued to regain its strength and profitability; these results are the beginning of a period where we can see attractive pipeline returns derived from our spread portfolio of syndicate participations through ownership of subsidiary corporate members of Lloyd's.

The net asset value (“NAV”) of the Company has grown from a combination of underwriting profitability, investment income returns and the increasing value of the Lloyd's syndicate portfolio where we have capacity value and pre-emption rights.

Growth in retained capacity.

132% CAGR



Return of Capital

The Company is committed to returning capital to its shareholders and does so by way of dividends and share buy-backs. In 2023 a total of £5.5m was returned to shareholders comprising a base dividend of 3p per share (£2.3m) and the buying back of 2.24m shares, for a total consideration of £3.2m in 2023 at an average price that has been accretive to net asset value per share.

In 2024, the Board is proposing to further enhance capital returns to shareholders. A base dividend of 6p per share (£4.5m) is proposed together with a further buy back of shares of value up to £3.7m by 31 December 2024. This, alongside the £1m in share-buyback already completed, will result in the total capital returned to shareholders in 2024 being up to £9.0m.

The aggregate capital returned to shareholder in 2023 and 2024 is expected to be up to £14.5m - 19p per share.

This return of capital reflects the Board's confidence in future cash flow and the prospects for profitable underwriting. The Board believes that the illiquidity in the Company's shares can create significant volatility in the share price and some liquidity provided by the Company through share buybacks will assist in managing trading in the shares.

There will be the option to take new ordinary shares in lieu of the base dividend.

Capacity Portfolio

The information on the capacity portfolio will enable analysts to estimate pipeline profits from the 2022 and 2023 Lloyd's underwriting year of accounts within the notes to the accounts. We anticipate attractive results receivable in the 2025 and 2026 calendar years.

As we commence 2024, shareholders should be encouraged to note, as explained further in our Chief Executive's Report, Helios now manages over £500m of the Capacity Portfolio across 40 syndicates, of which 77% is retained for our shareholders and 23% acting for third party capital providers and where Helios will generate fees and commissions.

The freehold capacity on well-established syndicates at Lloyd's continues to form the cornerstone of the capacity portfolio. When these syndicates wish to grow their businesses, the existing owners of the capacity have pre-emptive rights to receive additional capacity pro rata to the scale of increase in the underlying business. The additional capacity is free of acquisition cost and the value of this additional capacity increases our asset valuation, albeit requiring additional capital to meet Funds at Lloyd's. During 2023, the value of the capacity fund increased by 32% from the free capacity offered from pre-emptions, from capacity acquired with the acquisition of LLVs and from an increase in the average prices traded at the Lloyd's auctions in 2023.

Helios actively manages capital. We have a number of strategic options we can turn to increase or decrease our exposure. Fee income remains an attractive earnings stream which complements our underwriting returns. For the 2024 Year of Account we launched a "sidecar" facility for third party capital that can access the Helios Capacity Portfolio. As the market cycle evolves, we evaluate opportunities to maintain underwriting exposure and cede risk for fees.

Performance

It is important to understand that there is a three-year delay in the realisation of underwriting profits in our accounts so at the moment we are benefiting from the profits realised from the 2021 and 2022 underwriting years. In addition, the benign catastrophe year in 2023 has allowed the 2023 Year of Account to recognise an underwriting profit at 12 months of £7.7m (2022: loss of £9.5m), which has contributed to the overall result.

The results for the year ended 31 December 2023 show an operating profit for the year of £22.7m (2022: loss of £3.9m) and total comprehensive income of £29.9m. The net asset value of the Group is £1.89 per share (2022: £1.51).

Summary financial information

| | Year to 31 December | |
|-----------------------------------|---------------------|----------------|
| | 2023 £'000 | 2022 £'000 |
| Gross written premium | 307,770 | 244,614 |
| Net earned premium | 200,980 | 150,393 |
| Underwriting profits | 31,560 | 116 |
| Other income | 4,130 | 2,458 |
| Total costs | (12,986) | (6,527) |
| Profit before Tax | 22,705 | (3,953) |
| Revaluation of syndicate capacity | 17,987 | 2,670 |
| Tax | (10,831) | 1,184 |
| Total comprehensive income | 29,861 | (99) |
| Earnings per share | 21.56p | (3.08)p |
| NTAV – £ per share | 1.89 | 1.51 |

During the year we raised long term debt of \$75m over 7 years on a fixed coupon rate of 9.5% (currently a net cost of approximately £5.7m per annum). This additional finance allowed us to re-finance some existing bank Funds at Lloyd's facilities and it further assists in matching our asset base to the underlying insurance exposures which are mainly in US dollars. We would expect that this additional finance will be lodged as funds at Lloyd's to support underwriting in the future.

Board Changes

My sincere thanks to my predecessor Michael Cunningham for his wise custodianship of the Helios Board and assisting me to take over as your Chairman last June. In addition to the retirement of Michael Cunningham, the Duke of Norfolk left the Board in April and we thank him for his service and independent counsel. We have appointed a specialist search firm to assist us in bringing two new independent Non-executive Directors where there are skill sets of risk and audit respectively.

Future prospects

We envisage further opportunities during 2024 and into 2025 and will position the portfolio accordingly. We expect the majority of the syndicates we support to pre-empt in order to benefit from the attractive rating environment and market discipline. In addition, we are evaluating new opportunities for Helios that will give shareholders further diversification. It is our hope that, with these prospects, the AIM stock market will value more appropriately and attract better liquidity for our shares.

Michael Wade

Non-executive Chairman
29 May 2024

Helios has evolved into a hard hitting preferred capital provider at Lloyd's



Substantial increase in profitability and the growth in the capacity portfolio driving value”

Martin Reith
Chief Executive Officer

£42.7m

Portfolio underwriting result of £42.7m (2022: £2.0m)

£29.9m

Total comprehensive income £29.9m
(2022: loss of £0.1m)

£1.89

Net asset value £1.89 (2022: £1.51)

25%

Growth in Net Asset value

34%

Growth in net earned premium (2022: 117%)

86%

Combined ratio for the overall portfolio

Operating profit

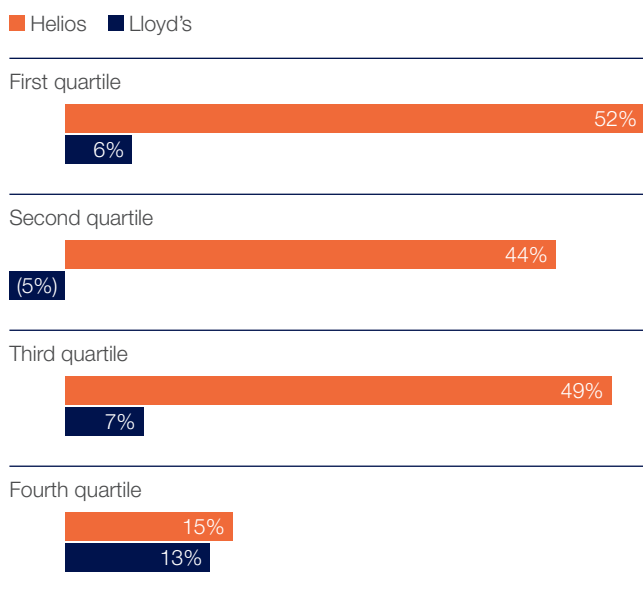
- Capacity Portfolio £507m
- Revaluation of Capacity – Gain of £18m
- Dividend per share – 6p
- Return of capital per share 19p
- Debt raise \$75m
- Earnings Per Share 22p
- Net Tangible assets £140m/GWP £308m

The Lloyd's insurance market is experiencing the most attractive underwriting conditions for a generation with record profits for 2023 driven by disciplined underwriting and investment returns. The market reported a net combined ratio of 84%, £5.2bn investment returns and delivering profits of £10.7bn. The market has witnessed significant premium growth from pricing correction and new opportunities and for 2024; the expectation is to write £60bn, up 11% from 2023.

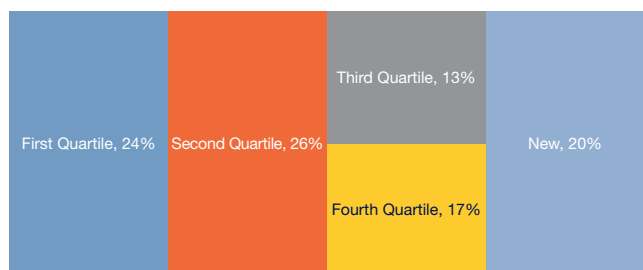
In an increasingly challenging global environment - politically, environmentally and fiscally – we continue to scrutinise and assess likely impacts and adjust our stance accordingly. The market is still in the grip of a peril from Russia's invasion of Ukraine and Israel's' continuing military action in Gaza. Casualty reserves and adequacy remain a concern with rising inflation, albeit mitigated to some extent by the rise in interest rates.

The market continues to focus on becoming more efficient with a steadfast focus on underwriting discipline and increased adoption of digitalisation. The arrival of technology, enriching the underwriting process, will create new opportunities to evaluate more risks faster and more efficiently. As technology enhances and enriches the process of underwriting risks at Lloyd's, this could create an opportunity to further increase participation in the future. The bifurcation of the lead/follow will create new opportunities where we expect to benefit across our portfolio.

Changes in 2024 planned capacity by 2022 combined ratio quartile (%)



2024 Capacity by 2022 Quartile



Once again, Helios has sought to position the portfolio to maximise market opportunities. Market discipline and pricing adequacy remains strong and the capacity portfolio has doubled over the past two years and stands at £507m for 2024. Our portfolio, increasingly diversified and volatility managed, is seeing growth across all sectors of the portfolio.

Overall, we have grown by 63% from 2023 in to 2024, increasing our retained position and growing our fee earning aspect with third party capital. Our strategy is to manage a diversified portfolio of underwriting capacity. During this year, the Helios-retained capacity has grown from £245m to £392m, a 60% increase. We have built our portfolio across the 4 quartiles as illustrated in the chart above. Helios has increased the proportion of capacity in each of the top three Lloyd's quartiles by over 40%. This growth rate is significantly higher than that of the entire Lloyd's market.

There is little doubt that our impact and relevance is growing in the market. We are often approached to support new syndicates and lead their funds at Lloyd's placement. We have been able to grow beyond the pre-emption amounts in some occasions, benefiting from our market-wide relationships.

Our analytical skills continue to grow as we interrogate our portfolio using data and analytics to ensure balance, capital management and curation. Since the last report, I am delighted to welcome Jen Tan as our Head of Portfolio Strategy, Michelle Faithful as our syndicate and portfolio analyst and our new Chief Operating Officer, Adhiraj Maitra. These are significant developments that will position us well to develop our cycle managed strategies.

You will see later in this report some greater granularity around our portfolio characteristics.

As we look forward, we shall continue to tailor the portfolio, using data and analytics, to optimise opportunities mindful of market conditions and origination opportunities. We are in active discussions with Lloyd's to ensure we are in tune with the market's ambitions, views and strategies as we seek opportunities to optimise the portfolio and to access the market beyond the current capacity portfolio.

We have evolved to become a hard-hitting preferred Funds at Lloyd's capital provider deploying significant capacity and capital on opportunities that meet or exceed our return requirements. We try to be innovative and creative, working with our portfolio to determine new ways to build our relationships and relevance. At the heart of what we do is supporting extraordinary Executives across management and underwriting. They are the ones that build and drive their businesses and Helios supports them in that quest with access to knowledgeable committed capital.

Our share price performance remains disappointing and not reflective of the Company's performance. It is clear we need to sharpen our messaging and communication to ensure that our various stakeholders and audiences understand our value proposition.

The Board is committed to returning capital to shareholders and we are confident that we shall be able to make significant strides in this respect.

Helios punches above its weight given the staff numbers and impact. My sincere thanks to the Helios team for all their hard work and welcome to those new joiners.

Martin Reith
Chief Executive Officer
29 May 2024

Portfolio Management report

Introduction

While we continue to work closely with our Members Agents, the growth of the Company, in particular the Portfolio Management function, has allowed us to develop in-house analytical capabilities.

Our portfolio management and strategy is rooted in a rigorous interrogation process for syndicate selection. This involves a thorough examination of multiple aspects for every syndicate in our portfolio. We review business plans in detail, evaluating every aspect from financial projections to strategic directions. We also use different data and analytical tools (e.g. stress and scenario tests) to evaluate the impact of a syndicate's potential impact on the overall portfolio and make informed decisions. This is an evolving process and we are looking to introduce stochastic modelling techniques in the business as usual evaluation process.

We aim to optimise and diversify the portfolio, ensuring we have a balanced mix of syndicates capable of withstanding market losses and with the intention of providing consistent superior performance.

The final decision to include a syndicate in our portfolio rests with the Board, ensuring accountability and alignment with our overall strategy.

We actively monitor performance and adjust our strategies as necessary, tailoring our portfolio in response to market conditions and pricing.

Overview of our portfolio

The Capacity Portfolio is positioned to maximise underwriting returns, and take advantage of favourable market conditions we are enjoying in 2023 and beyond. There has been increased focus and curation from the 2022 to 2023 portfolio with an emphasis on:

- managing exposure to natural catastrophe;
- growth into specialty lines;
- targeting risks, classes and geographies that diversify the portfolio;
- building relationships with syndicates that attract non-correlating exposure; and
- identifying new relationship capacity with excellent growth prospects.

The chart below is an illustration of the process followed in reviewing new opportunities for the Helios Capacity Portfolio.

Evaluation process



Initial review

- Submission review
- Meetings with syndicate and brokers
- Q&A sessions

Syndicate deep dive

- Business plan review
- Historical performance analysis
- Capital modelling
- Syndicate scoring
- Performance and volatility modelling

Portfolio impact

- Financial projection
- Portfolio mix
- Large loss exposure
- Aggregation / Diversification
- Stress testing
- Portfolio modelling

Decision making

- Recommendation presented to the Portfolio Management Committee
- Decision approved by the CEO and Board

2024 Portfolio Review

Helios' capacity portfolio has grown from £311m for 2023 year of account ("YOA") to £507m for 2024 YOA. This 63% increase has been achieved through growth beyond pre-emptions in several syndicates, cementing that demand and desire to have Helios capital.

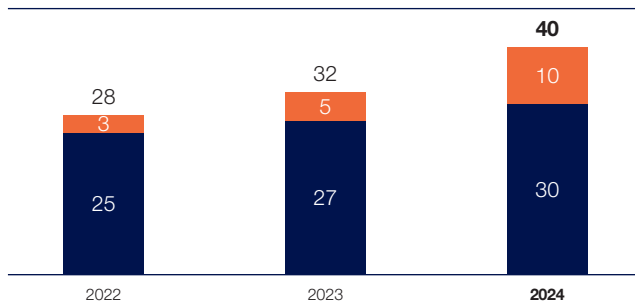
The addition of eight new syndicates has generated further diversification on the portfolio and an increase in classes of business and expansion into geographical areas where we historically had limited exposure.

We actively seek out new, niche and high-quality syndicates that may become difficult to access in the future.

Freehold syndicates – Participations in syndicates managed by these managing agents represent shares in the long-established businesses at Lloyd's. We strive to acquire LLVs with portfolios that comprise these quality syndicates, thereby having to pay the average auction prices to get access. This proportion of the portfolio provides diversified exposure to syndicates that have experienced underwriting teams and well-established portfolios where each management team allocates capital to the business areas with the better risk adjusted returns.

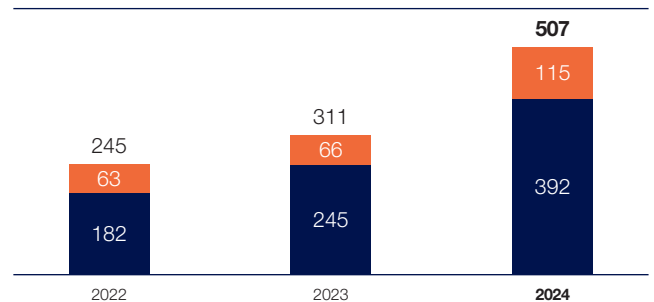
Number of syndicates

■ Established ■ New



Growth in capacity £m

■ Retained capacity ■ Third party capacity



2024 Portfolio Review continued

Tenancy syndicates – We have a mix of longstanding relationship capacity and syndicates that we are supporting for the first time. In reality, while we hope to have secured capacity over the long term, we need to renew for each YOA and that adds to our overall portfolio construction.

Curation of the portfolio

The table shows the movement in the portfolio to position for the 2024 year of account. The portfolio has been actively managed during the year to achieve the following:

| | Freehold capacity | Tenancy capacity | Total capacity |
|--------------------------|-------------------|------------------|----------------|
| 2023 YOA capacity | 147.3 | 155.5 | 310.8 |
| Acquisitions | 7.4 | 0.7 | 8.1 |
| Pre-emptions | 14.7 | 27.1 | 41.8 |
| New syndicates | — | 100.8 | 100.8 |
| Auction – buy | 6.5 | — | 6.5 |
| Portfolio management | — | 55.8 | 55.8 |
| Discarded capacity | — | (8.6) | (8.6) |
| 2024 YOA capacity | 175.9 | 331.2 | 507.1 |
| % increase | 19% | 113% | 63% |

Pre-emptions – £41.8m – the syndicates supported grew their businesses on average by 13% for the 2024 year of account and we took up these pre-emptions for no cost.

New syndicates – We have been active in supporting leading management teams wanting to take advantage of the Lloyd's licences and infrastructure to start new syndicates that either have a unique proposition or will be underwriting existing portfolios with a profitable track record. It is essential for the new opportunities to have strategic alignment with the Helios Capacity Portfolio, increase diversification and meet our risk appetite requirements.

Details of some of the syndicates (new and established) added to our portfolio are outlined below.

We invested in Wildfire Defense Syndicate 1996 (WDS). This new Syndicate in a Box focuses on loss prevention and is committed to reducing wildfire losses across the insurance industry focusing initially on California. The WDS's response actions on properties threatened by wildfires lead to significant savings. It prevents structures from being lost to wildfires, which in turn reduces carbon emissions from structure combustion and reconstruction.

Nephila 2358, two new Special Purpose Arrangements (Envelop 1925 and AdA 1492) and two Syndicates in a Box (Volante 2358 and Parsyl 1796) were also added to our portfolio in 2023.

In 2024, we provided further capital support to four new Syndicates in a Box with different and uncorrelated risk profiles.

We made a strategic investment by providing capital to MCI Syndicate 1966, an innovative venture that was officially launched in April of 2024.

Syndicate 1966 is unique in that it introduces a revolutionary new product that offers insurance for clinical trial funding, specifically designed for the rapidly growing biotechnology industry. This product is not just an insurance policy, it is a tool that has the potential to greatly impact the future of medical research and development.

The syndicate leverages advanced technology, employing an Artificial Intelligence (AI) model, to predict the success rate of clinical trials. This predictive model is a key aspect of their business strategy, as it allows for more accurate and efficient allocation of resources. By doing so, Syndicate 1966 not only mitigates risks but also actively promotes medical innovation.

The other three new additions, namely NormanMax 3939, Agile 2427 and African Specialty Risk 2454 (ASR), have all demonstrated a consistent proven track record of profitability through their MGA historical performance.

NormanMax offers a unique parametric product that is light on our portfolio.

On the other hand, Agile predominantly underwrite Australian and New Zealand risks.

ASR specialises in insuring African countries. These geographic focuses brings a level of diversification to our portfolio, as it strays from more common regions of our existing portfolio.

Therefore, these syndicates are expected to not only contribute positively to our bottom line but also bring about strategic advantages in terms of portfolio diversification.

Auction – buy – £6.5m – we again took advantage of lower-than-expected prices on certain syndicates to purchase additional capacity. These syndicates have good prospects in the future, particularly for gains on the price on capacity rights.

Acquisitions – £8.1m – the capacity acquired supplemented the existing freehold capacity participations.

Portfolio management – £55.8m – Helios leveraged its strong relationships with the syndicates it supports to increase participation in several high-performing syndicates, beyond pre-emptions, in order to benefit from favourable market conditions.

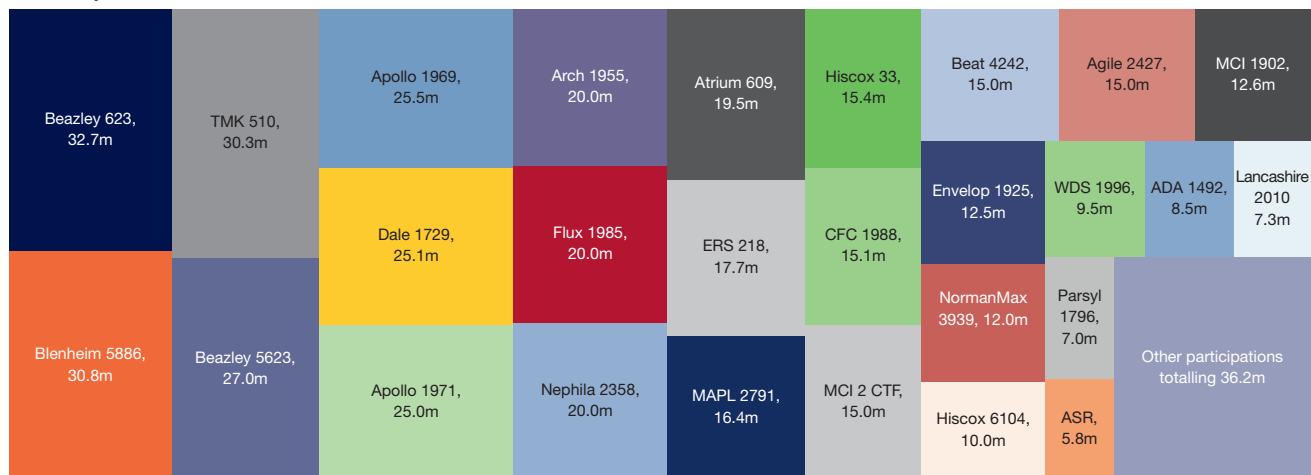
Discarded capacity – £8.6m – as part of the portfolio evaluation and monitoring, we reduced our participations on specific syndicates to aid the balance and contributions across the portfolio.

Declined opportunities: We have seen and declined a number of opportunities where we are unconvinced of the strategic direction, projected financial performance or scope of cover.

Mix of syndicates

Helios is a true spread vehicle with a portfolio across 40 syndicates. Among these, 63% are established syndicates (>three years of underwriting); 22% have less than three years of operating experience and 15% are new syndicates which commenced business operations in 2024.

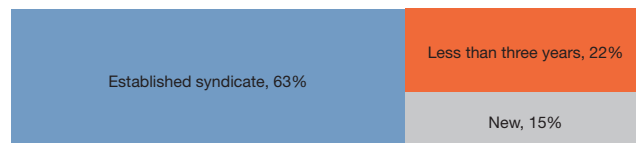
The number of new syndicates supported in 2024 increased as Helios looked to optimise in the current strong market. Helios is presented with many new opportunities; each of these are thoroughly evaluated and analysed before any support decisions are made. We have declined opportunities which are not aligned with the Company's strategic objectives for the portfolio and cautiously allocate small capacity support on new syndicates.



Financial analysis

Portfolio underwriting result

The portfolio achieved a net combined ratio of 86% in comparison with the combined ratio for the Lloyd's market of 84%. The portfolio's combined ratio is affected by the early earning development of new syndicates and their inherently cautious loss ratios. However, if we exclude the new syndicates, the established ones within the portfolio align with the market. Over time, as these new syndicates mature and their earnings grow, we expect the associated combined ratios to improve.



2023 Helios calendar year net combined ratio analysis

| | Total | New syndicates | Established syndicates | Freehold | Tenancy |
|----------------------------------|--------------|----------------|------------------------|--------------|--------------|
| Capacity % | | 11.2% | 88.8% | 62.3% | 37.7% |
| Net claims ratio | 49.4% | 55.1% | 48.9% | 48.1% | 51.4% |
| Acquisition cost ratio | 25.8% | 25.4% | 25.9% | 26.6% | 24.6% |
| Expenses ratio | 10.6% | 16.6% | 10.0% | 11.2% | 9.7% |
| Net combined ratio (NCOR) | 85.8% | 97.1% | 84.8% | 85.9% | 85.6% |
| Result £m* | 42.7 | 1.1 | 41.6 | 28.2 | 14.5 |

* Before Helios reinsurance and expenses.

Portfolio underwriting result

The contribution from the 2021, 2022 and 2023 years of account to the underwriting result for the capacity portfolio in 2023 is as follows:

| | 2021 | 2022 | 2023 | 2023 Total | 2022 Total |
|--|-------|-------|-------|------------|------------|
| Portfolio capacity by underwriting year £m | 157.3 | 245.2 | 310.8 | | |
| Gross underwriting result £m | 4.6 | 21.6 | 5.9 | 32.1 | 5.6 |
| Investment income £m | 5.2 | 3.6 | 1.8 | 10.6 | -3.5 |
| Portfolio result by underwriting year £m | 9.8 | 25.2 | 7.7 | 42.7 | 2.1 |
| Gross result as % of capacity | 5.9% | 10.4% | 2.5% | | |
| Retained capacity £m | 105.8 | 184.5 | 244.5 | | |
| Helios retained % | 67% | 75% | 79% | | |
| Helios share of the portfolio result £m | 6.8 | 19.0 | 5.8 | 31.6 | 0.1 |

Financial Analysis

The strategy to take advantage of the excellent underwriting conditions, to grow the capacity portfolio over the last three years and to increase retained Helios share of the capacity portfolio has increased capacity portfolio underwriting result to £42.7m (2022: £2.1m).

- a) The growth in the capacity portfolio to £245m for 2023 year of account and the improved pricing has contributed an underwriting profit of £25.3m.
- b) Helios' increased share of the portfolio for the 2023 underwriting year, increasing to 79%, has made a contribution of £5.8m in 2023 (2022: loss of £7.1m), given the lower incidence of catastrophe losses that were incurred by the supported syndicates.

The development of the earned profits by year of account is shown below.

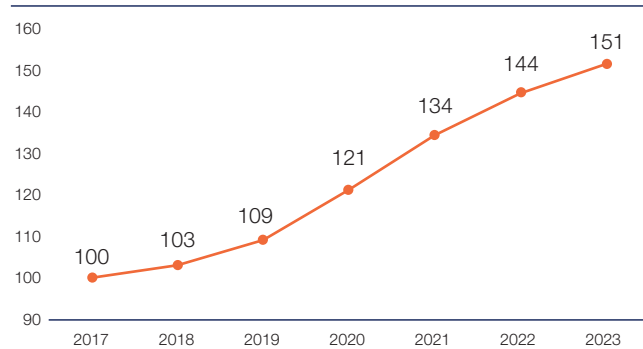
| As a % of capacity | 2021 | 2022 | 2023 |
|--|------|--------|-------|
| Portfolio profits/(losses) bought forward | 0.9% | (4.0%) | — |
| Portfolio profits earned in the year | 5.9% | 10.4% | 2.7% |
| Final result/cumulative profits earned to date | 6.8% | 6.5% | 2.7% |
| Final result/mid-point estimates as at 31 December | 6.8% | 8.1% | 12.0% |

During 2023, the 2021 underwriting year result improved from a mid-point result as at 31 December 2022 of 2.4% to a final result of 6.8%, an improvement of 4.4%. There remains uncertainty over the reserves required for the aviation losses incurred in Ukraine. Syndicate 609 – Atrium – has kept the 2021 year of account open, pending the ongoing discussions regarding the potential liability for the aviation losses.

The 2022 year of account was impacted by Hurricane Ian – an insured industry loss of USD55bn which resulted in a loss to the portfolio of 6.1%. Having booked this loss, the mid-point estimate for the 2022 underwriting year at 31 December 2023 is a profit of 8.1% which is expected to improve in 2024, with the remaining profits from this year of account to be earned in 2024. The mid-point estimate for 2023 has initially been reported at 12.0%, an underwriting year that was not materially impacted by catastrophe events. This absence of large losses allowed profits to be recognised at the 12-month stage and the initial mid-point result for 2023 is very promising.

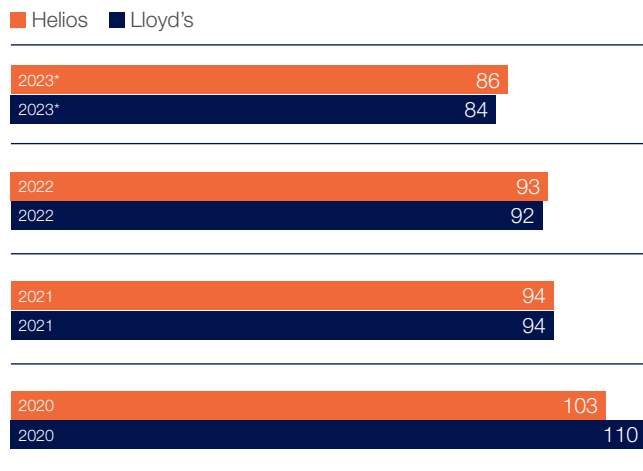
We expect the GAAP earnings in 2024 from the 2023 and 2022 underwriting years to make a significant contribution to Helios' earnings, both from the profitability in the underlying portfolios and with further positive investment returns continuing to be recognised.

Insurance price index (base year 2017 = 100)



The Lloyd's market has been in remediation and market-wide pricing correction since 2018 and we have seen seven consecutive years of rate hardening. The 2023 Lloyd's result was the best in recent history, achieving a combined ratio of 84%, evidencing the current rate levels are adequate and resilient to loss activities.

Net combined ratio (%)

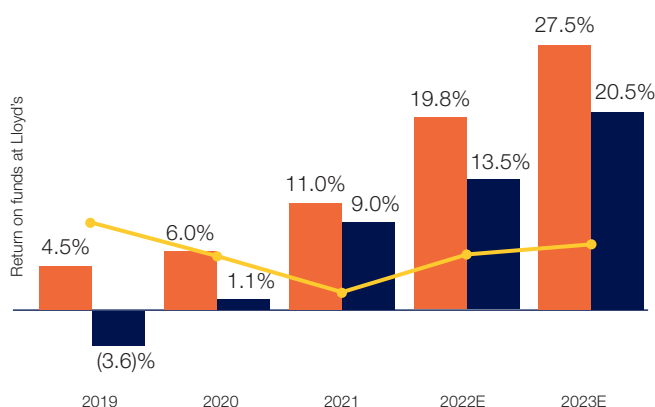


The below chart shows the return on capital for the Helios capacity portfolio against the returns that could be achieved by the aggregate for capital provided to Lloyd's to support underwriting. Helios portfolio's return on capital outperforms that of Lloyd's by an average of 9.0% over the last four years.

Source: Corporation of Lloyd's

Return on Capital Helios vs Lloyd's Market Performance (%)

■ Helios ■ Lloyd's of London — Helios relative performance



Return on capital has been calculated as:

Helios – The YOA return* on the opening capacity for that YOA as a percentage of the previous year's calendar year* closing Funds at Lloyd's (including reinsurance and solvency adjustments).

Lloyd's – The YOA return* as a percentage of FAL, calculated as the calendar year* closing members, Funds at Lloyd's*.

* Calendar year has been used as a proxy for the YOA capital support.

* YOA return includes prior year movements.

Other income

Helios generates additional income at Group level from the following:

| | 2023 £'000 | 2022 £'000 |
|--------------------------------|---------------|---------------|
| Fees from reinsurers | 1,408 | 562 |
| Corporate reinsurance policies | — | 33 |
| Amortisation of goodwill | 619 | 1,216 |
| Investment income | 2,103 | 647 |
| Total other income | 4,130 | 2,458 |

The investment returns on the assets managed by the supported syndicates are included in the overall portfolio underwriting result.

| Financial investments | £'000 | Investment return £'000 | Yield |
|-----------------------------|---------|----------------------------|-------|
| Syndicate investment assets | 217,444 | 10,373 | 4.7% |
| Group investment assets | 70,754 | 2,103 | 3.0% |
| | 288,198 | 12,476 | 4.3% |

Helios' share of the syndicate investments have generated an investment return of 4.7% (2022: loss of 2.2%) and the yields on our investment funds have also improved. These investment funds are now fully invested in a short duration bond portfolio. The share of the syndicate investments have increased by 42% in the year and this is expected to continue to increase, reflecting the growth of the capacity portfolio.

Fees from the quota share reinsurers reflect the fee payable on the Funds at Lloyd's provided and profit commission relating to profits earned on the 2021, 2022 and 2023 years of account has been accrued.

Total costs

The total costs comprise the cost of the stop loss protection bought to mitigate the downside from large underwriting losses, the cost of providing recourse and non-recourse debt to assist in the financing of the capital requirements of the retained capacity and the operating expenses.

| | 2023 £'000 | 2022 £'000 |
|--------------------------------------|---------------|---------------|
| Pre-acquisition | 494 | 46 |
| Portfolio stop loss | 2,561 | 1,002 |
| Portfolio funds at Lloyd's Financing | 3,112 | 1,446 |
| Operating costs | 6,818 | 4,033 |
| Total costs | 12,985 | 6,527 |

The stop loss costs incurred in 2022 have been partially deferred to reflect the exposure of the portfolio that extends over two years. The increased charge in 2023 reflects the continuation of the spreading of the costs over two years and as the retained capacity increased in 2023. The stop loss provides short-term financing to fund a loss in excess of 7.5% of capacity.

The financing of the retained capacity using excess of loss and bank facilities is also spread over two years. £41m of additional underwriting capital was sourced in 2023 through a reinsurance contract and a £15m bank facility at a cost of £2.8m.

The operating costs have increased as the portfolio management skills have been expanded following the appointment of Martin Reith. In addition, the 2023 costs include a bonus accrual of £1.25m and a provision for FX losses of £0.9m.

Net tangible asset value per share

The growth in the net asset value per share remains a key management metric for determining growth in value to shareholders.

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Net tangible assets | 57,665 | 55,743 |
| Fair value and capacity ("WAV") | 82,436 | 59,967 |
| | 140,101 | 115,710 |
| Shares in issue (Note 21) | 74,186 | 76,218 |
| Net tangible asset value per share (£) | 1.89 | 1.51 |

The capital employed per share, the assets used to generate earnings which exclude the deferred tax liability on capacity value, is as follows:

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Net assets | 140,101 | 115,710 |
| Deferred tax provision on capacity value | 20,136 | 14,139 |
| Capital employed | 160,237 | 129,849 |
| Shares in issue (Note 21) | 74,186 | 76,218 |
| Capital employed per share (£) | 2.16 | 1.70 |

The deferred tax provision on capacity value could potentially be incurred should the entire portfolio be sold. The capital employed by share is 32p (2022: 18p), higher than the net tangible asset value per share.

The value of capacity is subject to fluctuation and reflects the activity in the capacity auctions held in the autumn of each year.

Return of capital to shareholders

| | 2023 | | 2024 | | Total | |
|---------------|------------|-----------------|------------|-----------------|-------------|-----------------|
| | £m | Pence per share | £m | Pence per share | £m | Pence per share |
| Share buyback | | | | | | |
| – Actual | 3.2 | 4 | 0.8 | 1 | 4.0 | 5 |
| – Proposed | | | 3.7 | 5 | 3.7 | 5 |
| Dividend | | | | | | |
| – Actual | 2.3 | 3 | | | 2.3 | 3 |
| – Proposed | | | 4.5 | 6 | 4.5 | 6 |
| Total | 5.5 | 7 | 9.0 | 12 | 14.5 | 19 |

The Company returns capital to shareholders by way of dividends and share buy-backs. In 2023 a total of £5.5m was returned to shareholders comprising a base dividend of 3p per share and the buying back of shares of £2.3m in 2023 at an average price of £1.42p per share thereby enhancing shareholder value.

In 2024 it is proposed to increase the capital returned to shareholders to £9.0m. A base dividend of 6p per share (£4.5m) is proposed together with a further buy back of shares of up to £3.7m by 31 December 2024.

The aggregate capital returned to shareholder in 2023 and 2024 is expected to be £14.5m – 19p per share.

Capacity value

The value of the portfolio of the syndicate capacity remains the major asset of Helios and an important factor in delivering overall returns to shareholders. The growth in the net asset value (“NAV”), being the value of the net tangible assets of the Company, together with the current value of the portfolio capacity, is a key management metric in determining growth in value to shareholders.

| | Freehold capacity £m | Value of capacity £m | Value per £ of capacity |
|---|-------------------------|-------------------------|-------------------------|
| Capacity value at 31 Dec 2022 | 147.3 | 60.0 | 41p |
| Capacity acquired with LLVs in 2023 | 7.4 | 3.5 | |
| Value of pre-emption capacity | 14.7 | 7.0 | |
| Acquisition of capacity in the capacity auction | 6.5 | 0.4 | |
| Increase in portfolio value | — | 11.5 | |
| Capacity value as at 31 Dec 2023 | 175.9 | 82.4 | 47p |

The average price per £ of freehold capacity has increased by 15% to 47p per £ of capacity, reflecting the demand from third party capital for access to the syndicates offering freehold capacity. In addition, the pre-emptions offered increased the value of the portfolio by £7m.

| | £m |
|--|--------------|
| Impact on net asset value | |
| Value of pre-emption capacity | 7.0 |
| Increase in portfolio value | 11.5 |
| Deferred tax provision – 25% | (4.6) |
| Net increase in tangible net assets | 13.9 |
| Number of shares in issue | 74.2 |
| Increase in net asset value per share | 18.74 |

The Board recognises that the average prices derived from the annual capacity auctions managed by the corporation of Lloyd’s could be subject to material change if the level of demand for syndicate capacity reduces or if the supply of capacity for sale should increase.

A sensitivity analysis of the potential change to the NAV per share from changes to the value of the capacity portfolio is set out below:

| | Capacity value £m | Revised NTAV per share |
|--------------------|----------------------|---------------------------|
| Current value – £m | 82.4 | 1.89 |
| Decrease of 10% | 74.2 | 1.81 |
| Increase of 10% | 90.6 | 1.97 |

Each 10% reduction in the capacity values at the 2024 auctions will reduce the NAV by approximately 8p per share (2022: 6p per share). The increase in capital base has reduced the impact on NAV per share from changes in capacity value. Any reduction in the value will be mitigated by any pre-emption capacity on syndicates that have a value at auction.

Acquisition strategy

Helios acquired four LLVs in 2023 (2022: three), maintaining an interest in the market for the sale of LLVs in 2023. Given that the improvement in market conditions is now being reflected in the syndicate underwriting results – the interest in the small numbers of LLVs for sale has increased. We will continue to communicate with the owners of LLVs, which has the advantage of:

- raising the profile of Helios;
- allowing owners of LLVs who were potentially considering ceasing underwriting at Lloyd’s to have the opportunity to realise the value of their investment quickly; and
- allowing vendors a tax-efficient exit if they wish to cease underwriting.

Risk Management

During 2023, a further four LLVs were acquired.

| | Summary of acquisitions | | | | Goodwill | |
|-------------|---------------------------|----------------|-------------------------|-------------------------|-------------------|-------------------|
| | Total consideration £m | Capacity £m | Humphrey value £m | Discount to Humphrey | Negative £'000 | Positive £'000 |
| 2023 | 7.1 | 8.2 | 8.0 | 12% | 364 | |
| 2022 | 5.7 | 5.7 | 6.3 | 10% | | 374 |
| 2021 | 27.3 | 34.8 | 28.9 | 6% | 1,219 | 319 |

The four (2022: three) acquisitions in 2023 were purchased for a total consideration of £7.1m (2022: £5.7m), of which £3.2m (2022: £2.6m) was attributed to the value of capacity acquired. Although the LLVs acquired in 2023 were at discount to Humphrey's, subsequently the availability of LLVs at reasonable value has diminished. As the prospect for profitable underwriting has increased, there is greater interest in the LLVs that are available for sale.

The goodwill that is recognised on an acquisition is now amortised in the Financial Statements over three years and in 2023 £619,000 of negative goodwill has been amortised in 2023.

Third party capital

Underwriting capital provided by third parties will form an increasing part of the capital stack of the Helios Capacity Portfolio. Helios has used quota share reinsurance for a number of years to provide access to the Lloyd's underwriting exposures for reinsurers and for the 2024 year of account third party members provided a new source of capital to support the capacity portfolio.

| | 2023 | 2024 |
|---------------------------------------|--------------|-------|
| Current total capacity – £m | | |
| QS reinsurers | 66.3 | 63.5 |
| Third party capital | — | 51.7 |
| Total third party capital | 66.3 | 115.2 |
| Helios Capacity Fund – total capacity | 310.8 | 507.1 |
| Helios' share of capacity fund | 79% | 77% |

Third party capital has successfully reduced the exposure of Helios shareholders in recent years and assists in the financing of the underwriting capital. Helios has almost doubled the third party capacity support for the capacity portfolio in 2024 to £115m. It is expected that the support from third party capital will further increase for the 2025 year of account.

For the 2024 year of account, a new structure of participation was offered to existing private capital participants. In conjunction with Argenta Private Capital Limited, its clients were offered the opportunity to participate on the Helios Capacity Portfolio MAPA, including participations on freehold syndicates without having to fund the upfront cost of the freehold capacity rights. Helios is renting the freehold capacity rights to these capital providers with the intention of improving the return on capital for these investors.

The concept of offering private capital participations on the Helios Capacity Portfolio was evolved by setting up ten new LLVs to commence trading for the 2024 year of account with an allocation of the Helios Capacity Portfolio that was initially funded by Helios.

These new LLVs were then offered for sale by Argenta Private Capital and all these LLVs have either been sold or are under offer and the Helios initial funding will be refunded. Helios intention is to retain an LLV with capacity of £4.7m so that Helios staff can commit funds at Lloyd's by way of a deferred bonus scheme to participate on the Helios MAPA.

Issue of A-rated – \$75m Unsecured Loan Notes

In December 2023, the Company issued \$75m of Unsecured Loan Notes with a rating of A- by KBRA. This loan has a fixed coupon on 9.5% and is repayable after seven years in December 2030. The debt was raised to replace an existing £15m bank facility that was used to assist in the financing of funds at Lloyd's, to fund future underwriting capital requirements and provide general liquidity in the business.

The Notes have a covenant whereby if debt exceeds more than 40% gross assets, then a proportion of the free cash flow has to be utilised to pay down the debt so that the gross asset test is no longer exceeded. See Summary Financial Information for further analysis.

Risk management

At Helios, the effective management of risk is central to our business. We are committed to maintaining a robust risk management framework, which includes comprehensive strategies, policies and procedures to manage risk across all levels of our operations.

Our team has regular communication with syndicates to understand how they manage a wide range of risks, including underwriting, operational, market, credit and liquidity risks. We also understand the importance of stress testing and scenario analysis in managing risk. We regularly conduct these exercises to assess the resilience of the Helios Capacity Portfolio under different conditions. The results of these analyses are used to inform our strategic decision making and capital allocation processes.

Designing and implementing an effective risk management framework is a continuous process, and we are committed to its ongoing development to ensure that it remains fit for purpose as our business evolves. We are confident that our approach to risk management positions us well to mitigate potential risks and capitalise on opportunities as they arise.

Strategic risk

We construct the portfolio for each year while considering a number of key strategic risks. First and foremost, we review performance to date and the strategic direction across the portfolio for future underwriting. Against this we assess in light of our own view of risk, market conditions, pricing adequacy, vulnerability to shock and attritional loss while managing the capital to achieve a diversified, volatility managed and optimised portfolio. The maintenance and construction of a portfolio of Lloyd's syndicates remains the strategic objective of the Group. Participations can vary as will the mix in order to optimise the portfolio. The 2023 and 2024 portfolios were built against a backdrop of exceptional market conditions.

Liquidity risk

Liquidity risk is the risk that a company may not be able to meet short-term financial demands. Liquidity risk for an insurance capital provider like Helios can arise from numerous factors. Large claim payouts following a significant loss event which requires further funding of funds at Lloyd's to cover expected syndicate losses can strain cash reserves. Helios financial demands might necessitate asset liquidation, potentially leading to losses in unfavourable market conditions. Large losses could cause breaches of loan covenants, triggering further liquidity pressure. An inability to promptly pay out claims could harm reputation and potentially lead to future business losses.

To mitigate liquidity strains, Helios has arranged short-term financing of £35m for 2024 (2023: £24m) as part of the stop loss reinsurance for its 69% (2023 YOA: 80%) share of the portfolio. The facility can be drawn down if the solvency loss for the 2024 year of account exceeds 7.5% of capacity at any quarter end. In addition, Helios has a committed bank facility of £10m to assist in any short-term financing requirements.

To mitigate these risks, Helios maintains a robust liquidity risk management framework, which includes maintaining sufficient cash reserves, diversifying our portfolio, implementing a comprehensive reinsurance programme, regularly stress testing for large loss scenarios and maintaining strong relationships with reinsurers, lenders and investors.

Underwriting risk

Underwriting risk can arise from inaccurate risk assessment by our syndicates leading to insufficient premiums, more frequent or severe claims than expected, inadequate pricing due to outdated models or market pressure and changes in claim trends post-underwriting due to legal, societal or economic shifts. These can cause a mismatch between premiums charged and claims made.

When assessing a syndicate, it is essential for us that they have effective risk management in place to mitigate underwriting risks. This includes setting appropriate underwriting guidelines, using updated and accurate pricing models and diversifying the risks underwritten to avoid concentration in high-risk areas. Furthermore, syndicates will need to prove to us that prudent underwriting practices and rigorous claims management are in place to control underwriting risk. Helios will also need to be satisfied that adequate reinsurance has been arranged by the syndicates.

At Helios, we are proactive in monitoring the rating environment for each class of our business. We understand that in the dynamic market conditions of today, pricing adequacy can vary significantly across different business classes. Therefore, we use advanced analytical tools and techniques to keep a close eye on the pricing environment across all our business classes. If we identify a class with low pricing adequacy, we are quick to respond, reducing our participation in that class to manage risk and protect our portfolio. This approach allows us to ensure that we maintain a healthy balance in our portfolio, optimising our returns while managing risk effectively. Helios continues to ensure that the portfolio is well diversified across classes of businesses and managing agents at Lloyd's.

The biggest single risk faced by insurers arises from the possibility of mispricing insurance on a large scale. The recent correction in terms and conditions and the actions of Lloyd's to force syndicates to remediate underperforming areas of their books demonstrate the mispricing that has prevailed over the past few years. The results of this remediation work by Lloyd's is starting to be reflected in the results announced by the syndicates supported.

These management teams have weathered multiple market cycles and the risk management skills employed should reduce the possibility of substantial under-reserving of previous year underwriting. There is acceptance that catastrophe exposures were generally under-priced and hence the syndicate managers have been reducing their catastrophe exposures. The broad reinsurance market correction is a fundamental shift in risk versus return metrics presenting opportunities to pivot the portfolio in the future.

We assess the downside risk in the event of a major loss through the monitoring of the aggregate net losses estimated by managing agents to the catastrophe risk scenarios ("CRS") prescribed by Lloyd's.

The individual syndicate net exposures will depend on the business underwritten during the year and the reinsurance protections purchased at syndicate level.

The aggregate exceedance probability ("AEP") assesses the potential impact on the balance sheet across the portfolio from either single or multiple large losses with a probability of occurring greater than once in a 30-year period.

In addition, Helios purchases stop loss reinsurance with an indemnity of £35m (2022 YOA: £24m) share of the portfolio with an indemnity of 10% of its share of the capacity and a claim can be made if the loss for the year of account at 36 months exceeds 7.5% of capacity.

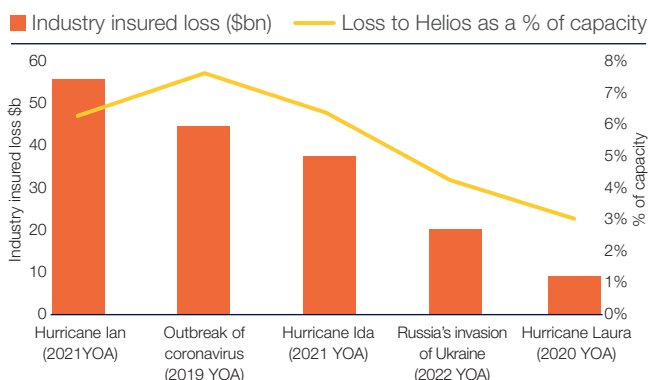
The impact on the net asset value of Helios from the disclosed large loss scenarios are as follows:

| | Expected loss as % of capacity | | Impact on net asset value | |
|---|--------------------------------|--------------|---------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| AEP 1 in 30 – whole world natural catastrophe | 16.2% | 14.3% | 15.6% | 11.4% |
| AEP 1 in 30 US/GOM windstorm | 10.5% | 10.2% | 15.6% | 11.4% |
| Terrorism | 7.6% | 8.4% | 15.6% | 11.4% |
| Cyber – cloud cascade | 8.2% | 6.8% | 15.6% | 11.4% |

The assessment of the impact of the specified events is net of all applicable quota share, stop loss reinsurance contracts and corporation tax but before the likely profits to be generated from the balance of the portfolio in any year. Notwithstanding the reduction in the natural catastrophe exposure in the 2023 portfolio, the impact on net assets has increased as the retained capacity has increased. The similarity on the impact on the net assets from a loss arises as the expected loss will result in only a net retention from the stop loss of 7.5% of capacity.

The graph below shows the impact of the largest losses over the past five years on the Helios portfolio. It gives an indication of the size of insurance market-wide insured loss against the Helios portfolio aggregate losses incurred by supported syndicates at the time of the loss (shown as a percentage of capacity). Despite these major losses, Helios' return on capacity remains positive for each year in the given five-year period, ranging from 3% in 2019 to 12% in 2023*, demonstrating the strength and resilience of the portfolio. The coronavirus loss incurred a loss of 7.4% of 2022 capacity, the largest impact recently.

Largest major losses 2019–2023



* 2022 and 2023 positive returns are based on the latest syndicate forecasts.

Capital position

The underwriting capital required by Lloyd's for the Helios portfolio comprises the funds to support the economic capital requirement of the portfolio and the solvency II adjustments are as follows:

| Underwriting capital on underwriting year | 2024 £m | 2023 £m |
|---|--------------|--------------|
| Third party capital | 31.3 | 27.8 |
| Excess of loss Funds at Lloyd's | 25.8 | 41.2 |
| Helios' own funds | 69.9 | 60.4 |
| Solvency credits | 47.0 | 0.7 |
| Total | 173.7 | 129.1 |
| Capacity as at | 507.1 | 310.8 |
| Economic capital assessment (ECA) | 172 | 127.8 |
| Capital ratio | 35% | 41% |

The capital ratio has benefited from the growth of the portfolio and this reduction in the capital ratio to 35% is expected to reverse over the next few years. The increase in the solvency credits to £47m reflects the recognised but undistributed syndicate profits as at the end of the year that is currently being used as Funds at Lloyd's to support underwriting requirements. If solvency credits are utilised to support current underwriting capital requirements, any solvency deficits arising from losses in the current year would have to be funded by Helios.

Environmental, social and governance ("ESG") responsibility Strategy

Helios offers investors exposure to a diversified portfolio of syndicates at Lloyd's of London. As a consequence, Helios is inexorably aligned to the approach Lloyd's takes with regard to the society as a whole in addition to those adopted by the various managing agencies.

Helios currently does not underwrite any risk. We participate in risks written by the syndicates operating in the market, providing private capital support. However, we recognise our responsibility to all our stakeholders and the wider communities in which we do business, and we choose to hold ourselves to high standards of humanity, respect, honesty, individuality and empowerment.

The overarching aim is to generate lasting value through the adoption of sustainable approaches that balance environmental stewardship, social responsibility and sound governance, alongside our remit to achieve sound financial performance.

As a key principle, we aim to take a balanced and reasonable approach to assessing ESG risks as the legal and regulatory frameworks evolve globally. Complying with its regulatory obligations in the UK is of utmost importance, while also recognising its fiduciary duty to its investors to provide investment management services within this evolving framework.

To assist us on this roadmap, we are now a signatory to the UN Principles for Responsible Investment and we strive to adopt the six key principles for responsible investment. Furthermore, we have identified the following tenets to help realise our long-term ESG strategy.

Governance practices

The Board is committed to a high standard of corporate governance and is compliant with the principles of the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The Directors have complied with their responsibilities under Section 172 of the Companies Act 2006 which requires them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Further information is provided on page 21 in this report and accounts. Additionally, for portfolio management we operate a "three lines of defence" risk governance model.

First line of defence:

The first line of defence includes the portfolio management team involved in business as usual ("BAU") monitoring of risks on the portfolio, data analysis and assessment of new opportunities. This is led by our Head of Portfolio Strategy.

Key considerations are given to human rights related breaches, any regulatory fines and compliance to regulatory requirements when selecting syndicates/partners for our portfolio.

Environmental, social and governance (“ESG”) responsibility

Second line of defence:

A working group reviews the information received, any early warning indicators and impact on our portfolio. This group is chaired by the Head of Portfolio Strategy and includes our Head of Distribution and other stakeholders in the business. This group provides oversight and challenge to the first line, reviews overall impact on the portfolio and reviews reputational credentials of the new partners.

Third line of defence:

An independent Committee of key Executives chaired by the CEO reviews the recommendations of the working group before a final decision is taken on the opportunities.

Social responsibility initiatives

- Community engagement activities and philanthropic endeavours form a key area of focus for Helios. A new charity policy was developed in 2023 and we have sponsored several projects that ranged from supporting local communities to collaborating projects aimed at addressing societal and local issues.
- Diversity and inclusion initiatives are essential for fostering an environment where everyone feels valued, respected and empowered. This is a key metric for our success. While Helios’ workforce is small and growing, we aim to organically promote and provide equitable opportunities for growth and success to not only employees but also external partners, where possible.

Environmental initiatives and risk management

In the current model, Helios supports the Lloyd’s market i.e. syndicates via third party capital. We have a share of the entire portfolio of syndicates we participate in and do not have the ability to select specific risks within a portfolio. The portfolio is a mix of syndicates – including both well-established top quartile performers and new entrants.

While we do not directly and exclusively participate in thermal coal-fired plants, thermal coal mines, oil sands or Arctic energy exploration, we may have indirect exposure through participation in syndicates operating in the Lloyd’s market.

We expect that every syndicate in the market is aligned with the expectations set by Lloyd’s on ESG. We understand this is a transitional process but, where they fail to meet minimum standards, we will review our involvement in those operations.

To summarise, as an organisation that is evolving, we recognise responsibility to our stakeholders and the wider community and are committed to taking a balanced and sustainable approach to developing and implementing our ESG strategy that is aligned with the regulatory expectations in the jurisdictions we operate in.

Catastrophe risk scenarios (“CRS”) – net of syndicate reinsurance (%)

AEP 1 in 30 – whole world natural catastrophes

| | |
|------|------|
| 2024 | 16.2 |
| 2023 | 14.3 |

AEP 1 in 30 – US/GOM windstorm

| | |
|------|------|
| 2024 | 10.5 |
| 2023 | 10.2 |

RDS terrorism – Rockefeller Center

| | |
|------|-----|
| 2024 | 7.8 |
| 2023 | 8.4 |

Cyber – cloud cascade

| | |
|------|-----|
| 2024 | 8.3 |
| 2023 | 6.8 |

Summary financial information

The information set out below is a summary of the key items that the Board assesses in estimating the financial position of the Group. Given the Board has no active role in the management of the syndicates within the portfolio, the following approach is taken:

- It relies on the financial information provided by each syndicate.
- It calculates the amounts due to/from the quota share reinsurers in respect of their share of the profits/losses as well as fees and commissions due.
- An adjustment is made to exclude pre-acquisition profits on companies bought in the year.
- Costs relating to stop loss reinsurance and operating costs are deducted.

| | Year to 31 December | |
|---|---------------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Underwriting profit | 31,560 | 116 |
| Other income: | | |
| – fees from reinsurers | 1,408 | 562 |
| – corporate reinsurance policies | – | 33 |
| – goodwill on bargain purchase | – | – |
| Amortisation of Goodwill | 619 | 1,216 |
| – investment income | 2,103 | 647 |
| Total other income | 4,130 | 2,458 |
| Costs: | | |
| – pre-acquisition | (494) | (46) |
| – stop loss costs | (4,138) | (1,261) |
| – operating costs | (8,353) | (5,220) |
| Total costs | (12,985) | (6,527) |
| Operating profit before impairments of goodwill and capacity | 22,704 | (3,953) |
| Tax | (6,334) | 1,852 |
| Revaluation of syndicate capacity | 17,987 | 2,670 |
| Income tax relating to the components of other comprehensive income | (4,497) | (668) |
| Comprehensive income/loss | 29,861 | (99) |

Year to 31 December 2023

| Underwriting year | Helios retained capacity at 31 December 2023 £m | Portfolio mid-point forecasts | Helios profits £'000 |
|-------------------|--|-------------------------------|-------------------------|
| 2021 | 102.3 | 6.8% | 6,831 |
| 2022 | 180.9 | 8.1% | 18,949 |
| 2023 | 244.5 | 12% | 5,780 |
| | | | 31,560 |

Year to 31 December 2022

| Underwriting year | Helios retained capacity at 31 December 2022 £m | Portfolio mid-point forecasts | Helios profits £'000 |
|-------------------|--|-------------------------------|-------------------------|
| 2020 | 72.0 | 3.1% | 2,647 |
| 2021 | 99.3 | 2.4% | 4,546 |
| 2022 | 177.6 | 5.8% | (7,077) |
| | | | 116 |

Summary financial information continued**Summary balance sheet (excluding assets and liabilities held by syndicates)**

See Note 28 for further information

| | 2023 £'000 | 2022 £'000 |
|--------------------------|----------------|----------------|
| Intangible assets | 82,117 | 59,375 |
| Funds at Lloyd's | 70,754 | 73,771 |
| Other cash | 40,913 | 10,254 |
| Other assets | 4,876 | 6,909 |
| Total assets | 198,660 | 150,309 |
| Deferred tax | 22,277 | 11,228 |
| Borrowings | 59,055 | 15,000 |
| Other liabilities | 12,081 | 3,839 |
| Total liabilities | 93,413 | 30,067 |
| Total syndicate equity | 34,854 | (5,123) |
| Total equity | 140,101 | 115,119 |

Cash flow

| | Year to 31 December | |
|--|---------------------|-----------------|
| | 2023 £'000 | 2022 £'000 |
| Analysis of free working capital | | |
| Opening Balance | 10,254 | 16,178 |
| Distribution of profits (net of tax retentions & QS Payments) | 2,530 | 2,736 |
| Transfers from Funds at Lloyd's | 9,984 | 4,772 |
| Other income | 2,727 | 280 |
| Sale / Purchase of capacity | (500) | 5,051 |
| Operating costs (inc Hampden / Nomina fees) | (7,716) | (4,099) |
| Reinsurance costs | (3,520) | (3,377) |
| Tax | (236) | (342) |
| Return of capital to shareholders | (5,181) | (2,034) |
| Transfers to Funds at Lloyd's | (4,331) | (31,578) |
| Free cash Flow | (6,243) | (16,170) |
| Senior debt principal | 59,055 | 15,000 |
| Repayment of Borrowings | (15,000) | — |
| Proceeds from issue of shares | — | 12,421 |
| Acquisitions | (7,153) | (4,754) |
| Net cash flow in the year | 30,659 | (5,924) |
| Balance carried forward | 40,913 | 10,254 |
| Asset value calculation | 2023 | 2022 |
| Net Assets | 140,101 | 117,178 |
| Add Total Debt | 59,055 | 15,000 |
| Add Deferred Tax on Intangible Asset | 20,136 | 14,139 |
| Asset Value | 219,293 | 146,317 |
| Debt ratio | 27% | 10% |

Summary Financial Information

| | Year to 31 December | |
|--|---------------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Net tangible assets | | |
| Net assets less intangible assets | 57,665 | 55,152 |
| Fair value of capacity ("WAV") | 82,436 | 59,967 |
| | 140,100 | 115,119 |
| Shares in issue – on the market (Note 21) | 74,186 | 76,218 |
| Shares in issue – total of on the market and JSOP shares (Note 21) | 75,286 | 77,318 |
| Net tangible asset value per share £ – on the market | 1.89 | 1.51 |
| Net tangible asset value per share £ – on the market and JSOP shares | 1.86 | 1.49 |
| Combined ratio summary of Helios' portfolio (see Note 6) | 2023 | 2022 |
| Net premiums earned | 219,440 | 156,606 |
| Net insurance claims | (107,909) | (96,796) |
| Operating expenses included in underwriting result | (79,405) | (54,210) |
| Insurance result | 32,126 | 5,600 |
| Combined ratio | 85.4% | 96.4% |

Experienced leadership



Martin Robert Davidson Reith, 59
(Appointed 04 April 2023)

Chief Executive Officer

Martin Robert Davidson Reith was appointed CEO in April 2023, having served on the Board of Directors as a Non-executive Director since April 2021. Martin has over 40 years' experience across underwriting, management and leadership. Most recently, he held board positions at Neon Underwriting Limited, as CEO from 2015 to 2019, and then assumed a non-executive role until 2020. He was the founder and CEO of Ascot Underwriting Limited, which he established in 2001 with the support and backing of AIG.



Michael John Wade, 70
(Appointed 29 June 2023)

Non-executive Chairman

Michael John Wade has had an extensive career at Lloyd's working across broking, underwriting, capital markets and insurance linked securities. Michael formed one of the first Lloyd's corporate capital vehicles in 1993, CLM Insurance Fund plc, and later acted for UK pension funds via Rostrum Group investing in listed Lloyd's firms. He has served on the Council and Committee of Lloyd's and was formerly a senior adviser to the Cabinet Office. Currently, Michael is also a senior adviser to Mitsui Sumitomo Insurance.



Arthur Roger Manners, 64
Finance Director

Arthur Roger Manners has nearly 30 years' experience in the insurance industry. He joined the Board in April 2016 as Finance Director. He previously worked for Beazley Group plc from 1993 to 2009 as finance director and latterly as company secretary. He remains chairman of the trustees of the Beazley Furlonge Pension Scheme.



Nigel John Hanbury, 67
Executive Deputy Chairman

Nigel John Hanbury was appointed Executive Deputy Chairman in April 2023 after stepping down as CEO, a position which he had filled since October 2012. He was a chief executive and then chairman of Hampden Agencies Limited. He serves on the board of the Association of Lloyd's Members. In December 2009 he ceased being chairman of Hampden.



Tom John Libassi, 65
Non-executive Director

Tom John Libassi is the co-founder and managing partner of Resolute Global Partners, an investment firm specialising in insurance-linked securities, of which funds under management of, or associated with, participated in the Company's recent fundraising. Prior to founding Resolute Global Partners, Tom was a managing director at Strategic Value Partners as well as holding the position of chairman at Mach Gen LLC. From 1986 to 1994, Tom was a vice president and portfolio manager at Keystone Custodian Funds, Inc., with portfolio management responsibilities for three diverse institutional high yield accounts with \$250m in collective assets. Tom received an MBA from the University of Pennsylvania and a BA in Economics and Government from Connecticut College.



Andrew Hildred Christie, 68
Non-executive Director

Andrew Hildred Christie is an adviser of corporate finance advisory firm Smith Square Partners LLP and has nearly 30 years' experience in corporate finance. Prior to Smith Square Partners, he was a managing director in the investment banking division of Credit Suisse Europe and prior to that he was head of investment banking in Asia Pacific for Credit Suisse First Boston and Barclays de Zoete Wedd.

Committee membership

- Audit Committee
- Nomination and Remuneration Committee
- Chair of Committee

The Board provides leadership and is collectively responsible for the long-term success of Helios

The Company is incorporated in the UK and the Company's shares are traded on AIM of the London Stock Exchange. As a result, the Company is subject to the UK's City Code on Takeovers and Mergers.

The Board is committed to achieving a high standard of corporate governance within the Company and its subsidiaries, which it seeks to demonstrate by adopting and being compliant with the principles of the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The Board considers the QCA Code is relevant and appropriate for the Company as the ten principles of the QCA Code focus on the "pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the company was created".

Accordingly, the Board ensures the Company has a strong governance framework embedded within its culture and applies the principles of the QCA Code. The Board requires that the Company's strategy of building a portfolio of underwriting capacity at Lloyd's through the purchase of corporate members is carried out in a manner that is ethical and sustainable. This is achieved by focusing on syndicate portfolios comprising quality syndicates which are managed by leading managing agents at Lloyd's. The Directors and the Board determine, support and observe the Company's ethical values in order to promote and preserve the Company's reputation. The Board periodically reviews the governance framework and, as the Company evolves, will make such improvements and changes as considered necessary.

Section 172(1) Statement

The Directors have complied with their responsibilities under Section 172 of the Companies Act 2006, which requires them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

In doing so, the Directors have had regard to the interests of stakeholders affected by the Company's activities and to the likely consequences of decisions in the long term. The Board has set a number of key strategic priorities for 2024, as detailed earlier in this report. These priorities reflect the need to consider the interests of our staff and the need to keep pace with market initiatives and technological changes so the business is appropriately positioned to take best advantage of market conditions. The strategic priorities are cascaded down by the Executive Directors through direct communication with those responsible for putting measures in place and taking action to achieve them.

The Board is committed to ensuring the Company's business remains sustainable, not only from the shareholders' perspective, but also for the environment, customers, suppliers and others affected by our activities. In so doing, the Board has regard to the following matters:

The Company's Section 172(1) Statement is also available at www.huwplc.com/assets/huwplc-section-172-statement-200505.pdf

Interests of the Company's employees

Engaged, enabled and empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We have eleven employees, including the Chief Executive Officer, Executive Deputy Chairman, Finance Director and the Chief Operating Officer, and we actively seek to understand their values and what motivates them and to take this into account in the way we operate. We have a flexible remote working model which has proved effective and worked well for our employees, whilst enabling the Company to adapt since the Covid-19 pandemic. In all instances, two-way communication is actively sought and encouraged. Oversight of performance is maintained through an annual performance and development review process conducted by the Nomination and Remuneration Committee and we seek to offer appropriate levels of remuneration and incentives, drawing on comparator benchmark surveys as appropriate. The Company's operations are reliant on key staff. The Directors believe that its policies, remuneration and benefit packages are appropriate to recruit and retain such staff. Helios is also committed to diversity and maintaining an inclusive workplace culture where everyone of any background is able to contribute in full to the success of our business.

Fostering business relationships with customers, suppliers and others

The Company's business model and strategy, as detailed earlier, is to build a portfolio of syndicate underwriting capacity at Lloyd's. The Lloyd's managing agents are, in turn, responsible for managing the syndicates, their staff and employment policies and dealing with customers, suppliers and others involved in their supply chain.

Input from the managing agents is important and, periodically, they provide market updates and information to the Board which is taken into account when making decisions about the capacity portfolio.

Our relationships with managing agents, outsource providers and professional advisers or other providers of services to the Company, including reinsurers, are formally recorded in written contracts, engagement letters, service level agreements and terms of business. The Executive Directors monitor performance under these arrangements and pay our suppliers in accordance with the Company's agreed payment policy. Again, transparent two-way engagement with our suppliers is actively sought and encouraged.

Corporate governance statement continued Year ended 31 December 2023

The impact of the Company's operations on the community and the environment

The Board is committed to ensuring the Company's business remains sustainable for the community, environment and others affected by the Company's activities and considers participation in quality syndicates, whose key characteristics are conservative reserving and a focus on profit rather than growth, is important in ensuring the Company's long-term success and sustainability. Whilst the managing agents have direct responsibility for managing the syndicates and the impact of their businesses on the environment and the community, the managing agents' performance in this respect is periodically reported to and reviewed by the Company's Executive Directors. Employees are also encouraged to have regard to the impact on the environment in the conduct of their business affairs.

As detailed earlier, on 23 March 2023 the Board approved an environmental, social and governance ("ESG") policy statement. Helios offers investors exposure to a diversified portfolio of syndicates at Lloyd's of London. As a consequence, Helios is inexorably aligned to the approach Lloyd's takes with regard to the society as a whole in addition to those adopted by the various managing agencies.

As we construct our portfolio each year, considerable emphasis is given to understanding individual syndicate actions with regard to ESG. This includes an understanding of the risks contemplated as well as the ESG initiatives adopted within the respective businesses and their management teams. We support the ESG strategy of Lloyd's who has outlined their ambition to integrate sustainability into all of Lloyd's business activities. Lloyd's has stated that embedding ESG across the market and corporation is a top priority and is interwoven with its purpose of creating a braver world. Helios fully supports Lloyd's' approach and oversight of the market.

Greenhouse gas emissions, energy consumption and energy efficiency disclosures have not been given because the Group consumed less than 40,000kWh of energy during the period.

Maintaining a reputation for high standards of business conduct

The Board recognises the importance of the Company preserving and maintaining its long-established reputation for high standards of business conduct to ensure the business remains sustainable, maximises its competitive advantage over the longer term and builds value for shareholders.

The strategy of building a portfolio of underwriting capacity at Lloyd's through the purchase of corporate members is carried out in a manner that the Board considers is ethical and sustainable. This is achieved by focusing on quality syndicates that are then managed by leading managing agents at Lloyd's, who in turn are required to demonstrate high standards of business conduct.

These Lloyd's managing agents must comply with Lloyd's Minimum Standards as well as requirements of the Financial Conduct Authority and the Prudential Regulation Authority, which together set a high bar for conduct and how relationships and business are managed. Notably, the Lloyd's Minimum Standards (transitioning to "Principles for doing business at Lloyd's") encompass matters such as claims management and treating customers fairly. The Chief Executive Officer, Executive Deputy Chairman, Chief Operating Officer and Finance Director are in regular contact with the research team at Hampden Private Capital, which liaises with the managing agents on a regular basis not only to review performance of the portfolio, but also to consider governance matters and compliance with Lloyd's Minimum Standards.

Acting fairly between shareholders of the Company

The support and engagement of our shareholders is imperative to the future success of the Company and the Board is committed to communicating openly and effectively with all shareholders and to understanding their needs and expectations. To achieve this, the Board encourages two-way communication with shareholders and responds appropriately to ensure all questions or issues received from them are addressed in a timely manner.

The Chief Executive Officer, Executive Deputy Chairman, Finance Director and Chairman have regular, direct contact with large shareholders and make sure that their opinions are communicated to the Board as needed. There has been regular dialogue with shareholders during the year, including holding briefings with analysts and other investors. The Company also uses the Annual General Meeting as an opportunity to engage with its shareholders. In so far as is practicably possible, all Directors are expected to attend the Annual General Meeting, with the Chair of the Audit and Nomination and Remuneration Committees being available to answer shareholders' questions.

We also have an ongoing dialogue with shareholders through formal communication of financial results on a yearly and half yearly basis and provide periodic market updates and press releases to ensure compliance with the AIM Rules.

Material decisions impacting stakeholders which took place in the year ended 31 December 2023

When the Board makes decisions, due regard is given to the matters listed above in varying degrees depending on their relevance. Notable examples include decisions made on financing arrangements to enable the Company to pursue its acquisition strategy whilst at the same time allowing sufficient working capital for the business, relevant to employees and suppliers, and the dividend policy relevant directly to shareholders and indirectly impacting all stakeholders of the business.

Michael Wade

Non-executive Chairman

29 May 2024

Board balance and independence

During the reporting year, the Board consisted of three Executive Directors and four Non-executive Directors including the Chairman. Edward Fitzalan-Howard, Non-executive Director, resigned from the Board on 19 April 2024. The Board considers that all the Non-executive Directors are independent in character and judgement and reviews on an ongoing basis whether there are relationships or circumstances which are likely to affect or could affect the independence of the Non-executive Directors.

Each of the Directors brings a mix of skills and experience and knowledge, the balance of which enables the Board to discharge its duties effectively. Upon joining the Board, Directors receive an induction on various aspects of the Company. The Company Secretary supports the Chairman in addressing the training and development needs of Directors to ensure they are kept up to date with changes to law, regulations and corporate governance best practice. The Directors receive updates from the Company Secretary and other various external advisers on legal requirements and regulations, remuneration matters and corporate governance best practice.

All Directors have agreed in their terms of engagement to commit such time as is necessary to discharge their responsibilities to the Company effectively; to attend all scheduled Board, Committee, strategy, Non-executive Director (where applicable) and shareholder meetings; and to be available at all times to discharge their duties effectively. Details of attendance at Board and Committee meetings are set out on page 24.

The role of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy; determining the budget; approving corporate actions; monitoring performance and progress against plans and strategy; and corporate governance within the Company. The Company holds Board meetings at least four times each financial year and at other times as and when required. The Board also holds dedicated strategy meetings and regular informal discussions are held between the Executive and Non-executive Directors. There is a formal schedule of matters reserved for the Board.

The Non-executive Chairman, Michael Wade, is responsible for running the Board effectively and ensuring the Company's approach to corporate governance is appropriate, with assistance from the Company Secretary.

The Executive Directors are responsible for day-to-day management of the Company, running the business and informing and consulting with the Board about any significant financial and operational matters. Key areas of responsibility for the Non-executive Directors include constructively challenging and helping to develop proposals on strategy; monitoring and scrutinising the reporting of performance against agreed goals and objectives; determining the integrity of financial information and that financial controls and risk management systems are robust and defensible; determining remuneration of the Executive Directors; appointing and removing Executive Directors; and planning succession.

The Company Secretary ensures that all Directors receive regular and timely information about the Company's operational and financial performance and that all necessary information is circulated to the Directors sufficiently in advance of meetings to enable the Board to have meaningful discussions and make informed decisions. All Directors have access to advice and assistance from the Company Secretary and are permitted to obtain independent professional advice at the Company's expense where they consider it necessary for them to effectively discharge their duties. On an ongoing basis, Directors are encouraged to raise any issues or concerns with the Chairman as soon as appropriate, as the Chairman will do in the event that there are any matters causing the Company concern.

The Board agenda for each meeting is collated by the Chairman in conjunction with the Company Secretary. The agenda ensures that adequate time is spent on operational and financial matters. The Non-executive Chairman has been instrumental in formalising regular, dedicated strategy meetings. During the course of the year, the topics subject to Board discussion at formal scheduled Board meetings included:

- strategic planning;
- financial performance and budget;
- acquisitions and Group structure changes;
- share structure and capital; and
- approval of annual and half year reports.

Minutes of all Board and Committee meetings are recorded by the Company Secretary.

Committees

Audit Committee

During the reporting year, the members of the Audit Committee were all Non-executive Directors, being Michael Wade, Edward Fitzalan-Howard, Tom Libassi and Andrew Christie who chairs the Committee. The Committee met three times during the year to fulfil its duties and with auditors without management present.

In compliance with the QCA Corporate Governance Code, the Committee is comprised of a majority of independent Non-executive Directors. The major tasks undertaken by the Committee include monitoring the integrity of the Company's financial reporting, reviewing internal controls and risk management systems and oversight of the external audit process. The CEO and Finance Director are invited to attend the Audit Committee meetings if appropriate.

The Committee meets the auditors and reviews reports from the auditors relating to the accounting and internal control systems. It also oversees the relationship with the external auditors including reviewing the effectiveness of the audit and assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements, and the relationship with the auditors as a whole, including non-audit services and monitoring the auditors' compliance with relevant ethical and professional guidance. The Committee reviews the Company's compliance with accounting, legal and listing requirements.

During the year, the Committee worked with the auditors, PKF Littlejohn, on audit planning and reviewed the findings from the final year audit and mid-year review and considered relevant significant accounting policies, particularly where judgement was required. Members of the Committee had separate discussions with the auditors without management being present on the adequacy of controls and any judgemental areas, as well as feedback on the 2022 audit.

Corporate governance statement continued

Year ended 31 December 2023

Nomination and Remuneration Committee

During the reporting year, the members of the Nomination and Remuneration Committee were Andrew Christie, who chairs the Committee, Michael Wade, Edward Fitzalan-Howard and Tom Libassi. In compliance with the QCA Corporate Governance Code, the Committee is comprised of a majority of independent NEDs. The Committee met three times during the year to fulfil its duties.

In respect of its remuneration duties, the Committee determines and agrees the Board policies for pay, bonuses, incentives and other rewards; employee benefits; and the conditions of employment. The Committee's Terms of Reference try to ensure that members of the executive management are provided with sufficient incentives to encourage enhanced performance and are in a fair and responsible manner rewarded for their individual contribution to the success of the Company. During the year, the Committee considered short-term incentives and remuneration, strategic objectives and performance targets and the workings of the joint stock option plan alongside a Long Term Incentive Plan.

The Committee also has responsibility for periodically reviewing the structure, size and composition of the Board with a view to the Company's strategy and likely future requirements; considering succession planning; and identifying candidates and recommending new appointments to the Board. Any recommendations from such reviews are reported to the Board and, should they identify a need for training and development or indeed a change in composition of the Board, they would be actioned appropriately.

Relations with shareholders

The Board is committed to communicating effectively with the Company's shareholders and other stakeholders, and to understanding their needs and expectations. To achieve this, the Board encourages two-way communication with investors and stakeholders and responds appropriately to ensure all questions or issues received from them are addressed in a timely manner.

The Chief Executive Officer, Finance Director and Chairman have regular, direct contact with large shareholders and make sure that their opinions are communicated to the Board as needed. There has been regular dialogue with shareholders during the year including holding briefings with analysts and other investors. The Company also uses the Annual General Meeting as an opportunity to communicate with its shareholders. All Directors are expected to attend the Annual General Meeting, with the Chair of the Audit and Nomination and Remuneration Committees being available to answer shareholders' questions.

Notice of the date of the 2024 Annual General Meeting is included with this report.

Board performance evaluation

The performance of all continuing Directors is considered before they are proposed for re-election at each AGM.

The Board conducted a formal review of its own performance and the performance of the Board's Committees and the Chairman in 2022. Views and recommendations were implemented during 2023 and with the appointment of a new Chairman, CEO and COO, the next evaluation of the Board will take place in 2024 to measure progress against the 2022 evaluation.

Board and Committee meeting attendance

The Company holds Board meetings regularly throughout the year. Seven full Board meetings were held during the year, as well as three Audit Committee meetings and three Nomination and Remuneration Committee meetings.

| Director | Board | | Audit Committee | | Nomination and Remuneration Committee | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------------|-----------------------------|
| | Possible number of meetings | Number of meetings attended | Possible number of meetings | Number of meetings attended | Possible number of meetings | Number of meetings attended |
| Michael Wade | 5 | 5 | 1 | 1 | 1 | 1 |
| Nigel Hanbury | 7 | 7 | — | — | — | — |
| Arthur Manners | 7 | 7 | — | — | — | — |
| Andrew Christie | 7 | 7 | 3 | 3 | 4 | 4 |
| Edward Fitzalan-Howard (resigned 19 April 2024) | 7 | 4 | 3 | 2 | 4 | 3 |
| Martin Reith | 7 | 7 | — | — | — | — |
| Tom Libassi | 7 | 7 | 3 | 3 | 4 | 4 |

Subsidiary board and committees

Nigel Hanbury and Nomina plc are directors of the following subsidiary companies:

| | Nigel Hanbury (appointed) | Nomina plc (appointed) |
|--------------------------------------|------------------------------|---------------------------|
| Nameco (No. 917) Limited | 18 February 2013 | 17 September 2004 |
| Helios UTG Partner Limited | 21 August 2014 | 27 August 2013 |
| Nameco (No. 346) Limited | 27 May 2016 | 22 September 1999 |
| Charmac Underwriting Limited | 3 April 2017 | 4 September 2013 |
| Chapman Underwriting Company Limited | 20 November 2017 | 31 December 2002 |
| Advantage DCP Limited | 6 December 2018 | 11 March 2014 |
| Romsey Underwriting Limited | 10 December 2018 | 10 December 2018 |
| Nameco (No. 409) Limited | 6 February 2019 | 6 February 2019 |
| Nameco (No. 1113) Limited | 19 December 2013 | 29 August 2013 |
| Catbang 926 Limited | 19 December 2019 | 7 September 2006 |
| Whittle Martin Underwriting | 20 December 2019 | 23 June 2016 |
| Nameco (No. 408) Limited | 28 January 2020 | 27 October 1999 |
| Nameco (No. 510) Limited | 27 November 2020 | 9 November 2000 |
| Nameco (No. 544) Limited | 27 November 2020 | 7 November 2000 |
| N J Hanbury Limited | 3 October 1998 | 31 December 2002 |
| Nameco (No. 1011) Limited | 21 September 2021 | 21 September 2010 |
| Nameco (No. 1111) Limited | 21 September 2021 | 29 August 2013 |
| North Breache Underwriting Limited | 21 September 2021 | 31 December 2002 |
| G T C Underwriting Limited | 22 September 2021 | 14 January 2016 |
| Hillnameco Limited | 22 September 2021 | 7 August 2014 |
| Nameco (No. 2012) Limited | 23 September 2021 | 13 May 2003 |
| Nameco (No. 1095) Limited | 24 September 2021 | 2 August 2013 |
| New Filcom Limited | 29 September 2021 | 29 September 2021 |
| Kemah Lime Street Capital | 30 September 2021 | 30 September 2021 |
| Nameco (No. 1130) Limited | 30 September 2021 | 25 September 2013 |
| Nameco (No. 389) Limited | 5 October 2021 | 24 September 1999 |
| Nameco (No. 301) Limited | 13 October 2021 | 22 September 1999 |
| Nameco (No. 1232) Limited | 13 October 2021 | 31 July 2014 |
| Shaw Lodge Limited | 15 October 2021 | 15 October 2021 |
| Queensberry Underwriting | 9 November 2021 | 17 January 2018 |
| Chanterelle Underwriting Limited | 26 November 2021 | 31 December 2006 |
| Exalt Underwriting Limited | 16 December 2021 | 16 December 2021 |
| Nameco (No. 1110) Limited | 20 December 2021 | 29 August 2013 |
| Clifton 2011 Limited | 22 December 2021 | 22 December 2021 |
| Harris Family UTG Limited | 6 December 2022 | 6 December 2022 |
| White House Underwriting Limited | 29 December 2022 | 29 December 2022 |
| Risk Capital UTG Limited | 31 December 2022 | 25 September 2013 |
| Nameco (No. 606) Limited | 2 June 2023 | 2 June 2023 |
| Nameco (No. 1208) Limited | 12 June 2023 | 12 June 2023 |
| Chorlton Underwriting Limited | 14 July 2023 | 14 July 2023 |
| Park Farm Underwriting Limited | 20 July 2023 | 20 July 2023 |
| Helios LLV One Limited | 29 September 2023 | Not directors |
| Helios LLV Two Limited | 29 September 2023 | Not directors |
| Helios LLV Three Limited | 29 September 2023 | Not directors |
| Helios LLV Four Limited | 29 September 2023 | Not directors |
| Helios LLV Five Limited | 29 September 2023 | Not directors |
| Helios LLV Six Limited | 29 September 2023 | Not directors |
| Helios LLV Seven Limited | 2 October 2023 | Not directors |
| Helios LLV Eight Limited | 2 October 2023 | Not directors |
| Helios LLV Nine LLP | 9 October 2023 | Not directors |
| Helios LLV Ten LLP | 9 October 2023 | Not directors |

Michael Wade

Non-executive Chairman

29 May 2024

Directors' responsibilities statement

Year ended 31 December 2023

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed for the Group and the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Martin Reith
Chief Executive Officer
29 May 2024

Directors' report

Year ended 31 December 2023

The Directors present their report and the audited Group and Parent Company Financial Statements for the year ended 31 December 2023.

General information

The Company is a public limited company listed on AIM. The Company was incorporated in England and is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

Principal activity, review of the business and future developments

The Company's principal activity is to provide a limited liability investment for its shareholders in the Lloyd's insurance market.

The Group participates in the Lloyd's insurance market through its participation in a portfolio of Lloyd's syndicates.

A more detailed review of the business for the year and outlook for the future is included in the Chairman's Statement, the Chief Executive Officer's Review and the Lloyd's Advisers' Report.

Results and dividends

The Group result for the year ended 31 December 2023 is shown in the consolidated statement of comprehensive income. The total comprehensive income for the year was a profit of £29.9m (2022: loss of £0.1m).

An ordinary dividend of £2,319,000 was paid during calendar year 2023 (2022: £2,034,0000).

In respect of the year ended 31 December 2023, a final dividend of 6p per fully paid ordinary share (see Note 21) amounting to a total dividend of £4,451,000, is to be proposed at the Annual General Meeting on 28 June 2024 and paid in July 2024. These Financial Statements do not reflect this dividend payable.

Charitable and political donations

During the year, the Group made £12,000 of charitable donations.

Directors and their interests

Under the Articles of Association, any Director appointed as a Director by the Board since the Company's last Annual General Meeting as well as one third of the remaining Directors are required to retire from the Board by rotation at the forthcoming Annual General Meeting and may offer themselves for re-election as Directors. Consequently, Michael Wade and Tom Libassi are retiring by rotation and offering themselves for re-election as Directors of the Company at the 2024 Annual General Meeting.

Policy and practice on the payment of creditors

It is the Group's policy to:

- agree the terms of payment at the commencement of business with suppliers;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with contractual and other legal obligations.

The number of days' purchases outstanding at 31 December 2023 is nil (2022: nil).

Directors interests and substantial shareholders

The substantial shareholders shown below as at 15 May 2024:

| Substantial Shareholdings | Number of shares | % holding |
|--|------------------|-----------|
| Polar Capital Funds PLC | 10,875,000 | 14.6% |
| Hudson Structured Capital Management Ltd | 8,418,900 | 11.2% |
| Will Roseff | 5,587,695 | 7.5% |
| Arbuthnot Latham (Nominees) Limited | 4,290,651 | 5.7% |
| Ardnave Capital Ltd | 2,966,667 | 3.9% |
| Tom Libassi | 13,413,500 | 17.9% |
| Nigel Hanbury | 9,386,032 | 12.6% |
| Arthur Manners | 1,197,509 | 1.6% |
| Edward Fitzalan-Howard | 382,864 | 0.5% |
| Michael Wade | 116,470 | 0.1% |
| Martin Reith | 257,727 | 0.3% |
| Andrew Christie | 34,551 | 0.1% |
| Treasury | 3,200,689 | 4.3% |

Disclosure of information to auditors

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors and the Annual Report

PKF Littlejohn LLP have signified their willingness to continue in office as auditors.

A resolution to reappoint PKF Littlejohn LLP as auditors will be put to the members at the next Annual General Meeting to be convened at which the Annual Report will be laid before the members for consideration.

Approved by the Board of Directors and signed on behalf of the Board on 29 May 2024.

Martin Reith
Chief Executive Officer
29 May 2024

Independent auditors' report – To the members of Helios Underwriting plc

Opinion

We have audited the Financial Statements of Helios Underwriting plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, the consolidated and Parent Company statement of financial position, the consolidated and Parent Company statements of changes in equity, the consolidated and Parent Company statements of cash flows and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's cash flow forecast for the going concern period being 12 months from the anticipated date of signing the Financial Statements;
- discussions held with management to challenge their assumptions in preparing their cash flow model and in particular any future investment plans;
- challenging management on the Group's underwriting risk appetite and their assessment of the current state of the Lloyd's of London insurance market;
- considering the risks inherent in the going concern model and performing an analysis of how those risks might affect the Group's ability to continue operations over the going concern period; and
- checking and ensuring the integrity of the Group's going concern model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the Financial Statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to the following level of materiality, the quantum and purpose of which is tabulated below.

| Materiality measure | Basis for materiality and key considerations | Materiality |
|----------------------------|--|----------------------------------|
| Group Financial Statements | In assessing materiality, we used a number of benchmarks such as the result before tax, gross and net assets. We concluded that a reasonable estimate of materiality should be 1% of the Group's net assets based on the year-end draft management accounts. | £1,407,000 (2022: £1,171,000) |
| Parent Company | We have used a similar approach for the Parent Company, and we concluded that a reasonable estimate of materiality should be 0.5% of the Parent Company's net assets based on the year-end draft management accounts. We have also taken into account that the Parent Company does not trade and its only income is based on its investments in subsidiaries. A lower level of materiality was thus considered to be appropriate. | £593,000 (2022: 680,000) |

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £70,350 (2022: £58,550) for the Group Financial Statements and £29,650 (2022: £34,000) for the Parent Company Financial Statements, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our application of materiality continued

We used a different level of materiality (performance materiality) to determine the extent of our testing for the audit of the Group's and Parent Company's Financial Statements. Performance materiality represents amounts set by the auditor at less than the overall materiality to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds the overall materiality. In setting this we consider the overall control environment and our experience from previous audits which has indicated a low number of corrected and uncorrected misstatements. Based on these factors we have set performance materiality at 80% of our overall materiality.

The performance materiality was set at £1,125,600 (2022: £936,000) for the Group Financial Statements and £474,400 (2022: £546,400) for the Parent Company's Financial Statements.

We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Our approach to the audit

Our audit approach was developed by obtaining an understanding of the Group's activities, such as the Group's reinsurance arrangements, the key subjective judgements made by the Directors (for example in respect of the estimated fair value of the assets and liabilities of the subsidiaries acquired during the year) and the overall control environment.

Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud and error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our scope addressed this matter |
|--|---|
| <p>Group Financial Statements: Misstatements of Insurance Transactions of Subsidiary entities</p> <p>The Completeness and accuracy of the syndicate insurance transactions and balances:</p> <ul style="list-style-type: none"> • The Group's primary statements aggregate the results and balances of its trading subsidiaries, which mainly consist of corporate members of Lloyd's of London (Lloyd's). • The results of the subsidiaries' activities are largely derived by the Schedule 3 returns prepared by Lloyd's, which themselves are based on the syndicate audited Financial Statements. • The Group then applies its own member level reinsurance arrangements to these figures to derive the final figures reported in the primary statements and notes to the Financial Statements. • The Group Financial Statements aggregate the disclosure analysis from those subsidiaries to produce its primary statements and the necessary disclosures. | <p>We obtained an understanding and evaluated the design and implementation of controls that have been established in relation to the preparation of the Financial Statements.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> • reviewed the process adopted by management in order to collate and aggregate the data produced by Lloyd's and ensure that the data used by management agrees back to the returns; • reviewed the syndicate auditor questionnaires (SAQ) to ensure there are no material issues identified by the syndicates' auditors that may lead to misstatement in the Group and individual subsidiary Financial Statements; and • reviewed the accounting of the premium and recoveries due under the member level reinsurances. <p>Based on the procedures we performed, we believe that the Group Financial Statements appropriately reflect the aggregate of the subsidiaries' activities with the Parent Company activities.</p> |

Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and Parent Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group and the Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing Group and Parent Company Financial Statements, the Directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and the insurance sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussions with management, industry research and the application of our cumulative audit knowledge and experience of the insurance sector.
- We determined the principal laws and regulations relevant to the Group and parent company in this regard to be those that relate to the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the Group Financial Statements included the prudential and supervisory requirements of the stock exchange and Lloyd's of London, tax legislation, and the financial reporting framework.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Parent Company and the Group with those laws and regulations. These procedures included, but were not limited to, making enquiries of management and those responsible for legal and compliance matters. We also reviewed the minutes of the Board to identify any indications of non-compliance.
- We also identified possible risks of material misstatement of the Financial Statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the Financial Statements relating to the fair value assessment of the assets and liabilities of the subsidiaries during the year. To address this, we challenged the assumptions and judgements made by management when auditing this significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals and reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business which comes to our attention.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Financial Statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Cowan (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income – Year ended 31 December 2023

| | Note | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|------|--|--|
| Technical account | | | |
| Gross premium written | 6 | 307,770 | 244,615 |
| Reinsurance premium ceded | 6 | (79,531) | (56,977) |
| Net premium written | 6 | 228,239 | 187,638 |
| Change in unearned gross premium provision | 7 | (30,420) | (45,723) |
| Change in unearned reinsurance premium provision | 7 | 3,161 | 8,478 |
| Net change in unearned premium and reinsurance provision | 7 | (27,259) | (37,245) |
| Net earned premium | 5,6 | 200,980 | 150,393 |
| Net investment income | 8 | 11,073 | (3,442) |
| Other underwriting income | | 888 | 1,127 |
| Revenue | | 212,941 | 148,078 |
| Gross claims paid | | (92,697) | (66,652) |
| Reinsurers' share of gross claims paid | | 21,722 | 15,832 |
| Claims paid, net of reinsurance | | (70,975) | (50,820) |
| Change in provision for gross claims | 7 | (33,429) | (63,339) |
| Reinsurers' share of change in provision for gross claims | 7 | (2,000) | 18,320 |
| Net change in provision for claims | 7 | (35,429) | (45,019) |
| Net insurance claims incurred and loss adjustment expenses | 6 | (106,404) | (95,839) |
| Expenses incurred in insurance activities | | (79,236) | (53,828) |
| Total technical account | 9 | 27,301 | (1,589) |
| Non-technical account | | | |
| Net investment income | 8 | 1,986 | 666 |
| Other income | | (63) | (399) |
| Other operating expenses | | (7,138) | (3,847) |
| Total non-technical account | 9 | (5,215) | (3,580) |
| Operating profit before impairments of goodwill and capacity | 6 | 22,086 | (5,169) |
| Amortisation of goodwill | | 619 | 1,216 |
| Profit/(loss) before tax | | 22,705 | (3,953) |
| Income tax (charge)/credit | 10 | (6,334) | 1,852 |
| Profit/(loss) for the year | | 16,371 | (2,101) |
| Other comprehensive income | | | |
| Revaluation of syndicate capacity | | 17,987 | 2,670 |
| Deferred tax relating to the components of other comprehensive income | | (4,497) | (668) |
| Other comprehensive income for the year, net of tax | | 13,490 | 2,002 |
| Total comprehensive income/(loss) for the year | | 29,861 | (99) |
| Profit/(loss) for the year attributable to owners of the Parent | | 16,371 | (2,101) |
| Total comprehensive income/(loss) for the year attributable to owners of the Parent | | 29,861 | (99) |
| Profit/(loss) per share attributable to owners of the Parent | | | |
| Basic | 11 | 21.56p | 3.08p |
| Diluted | 11 | 20.85p | 3.08p |

The profit/(loss) attributable to owners of the Parent, the total comprehensive income/(loss) and the earnings per share set out above are in respect of continuing operations.

The notes are an integral part of these Financial Statements.

Consolidated statement of financial position – At 31 December 2023

Company number: 05892671

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|--|------|------------------------------|------------------------------|
| Assets | | | |
| Intangible assets: | | | |
| – Capacity | 13 | 82,436 | 59,966 |
| – Positive goodwill | 13 | 348 | 482 |
| – Negative goodwill | 13 | (667) | (1,073) |
| Financial assets at fair value through profit or loss | 15 | 288,198 | 226,013 |
| Reinsurance assets: | | | |
| – reinsurers' share of claims outstanding | 7 | 83,008 | 80,726 |
| – reinsurers' share of unearned premium | 7 | 23,962 | 21,333 |
| Other receivables, including insurance and reinsurance receivables | 16 | 172,932 | 147,676 |
| Cash and cash equivalents | | 66,812 | 25,300 |
| Prepayments and accrued income | | 7,281 | 5,076 |
| Deferred acquisition costs | 17 | 32,291 | 24,991 |
| Total assets | | 756,601 | 590,490 |
| Liabilities | | | |
| Equity | | | |
| Equity attributable to owners of the Parent: | | | |
| Share capital | 21 | 7,795 | 7,774 |
| Share premium | 21 | 98,596 | 98,268 |
| Revaluation reserve | | 24,840 | 11,350 |
| Other reserves – treasury shares (JSOP and LTIP) | | 190 | (110) |
| Retained earnings | | 8,680 | (2,163) |
| Total equity | | 140,101 | 115,119 |
| Technical provisions | | | |
| – claims outstanding | 7 | 309,188 | 272,015 |
| – unearned premium | 7 | 143,610 | 114,663 |
| Deferred income tax liabilities | 18 | 22,335 | 11,312 |
| Borrowings | 19 | 59,055 | 15,000 |
| Other payables, including insurance and reinsurance payables | 20 | 70,594 | 54,893 |
| Accruals and deferred income | | 11,718 | 7,488 |
| Total liabilities | | 616,500 | 475,371 |
| Total liabilities and equity | | 756,601 | 590,490 |

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 May 2024, and were signed on its behalf by:

Martin Reith

Chief Executive Officer

29 May 2024

The notes are an integral part of these Financial Statements.

Parent Company statement of financial position – At 31 December 2023

Company number: 05892671

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|------|------------------------------|------------------------------|
| Assets | | | |
| Investments in subsidiaries | 14 | 80,005 | 65,546 |
| Financial assets at fair value through profit or loss | 15 | 898 | 731 |
| Other receivables | 16 | 74,120 | 74,783 |
| Cash and cash equivalents | | 40,596 | 9,348 |
| Total assets | | 195,619 | 150,408 |
| Liabilities | | | |
| Borrowings | 19 | 59,055 | 15,000 |
| Other payables | 20 | 8,847 | 5,130 |
| Total liabilities | | 67,902 | 20,130 |
| Equity | | | |
| Equity attributable to owners of the Parent: | | | |
| Share capital | 21 | 7,795 | 7,774 |
| Share premium | 21 | 98,596 | 98,268 |
| Other reserves | | 300 | — |
| | | 106,691 | 106,042 |
| Retained earnings: | | | |
| At 1 January | | 24,236 | 27,112 |
| Profit/(loss) for the year | | 2,318 | (842) |
| Other changes in retained earnings | | (5,528) | (2,034) |
| At 31 December | | 21,026 | 24,236 |
| Total equity | | 127,717 | 130,278 |
| Total liabilities and equity | | 195,619 | 150,408 |

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 May 2024, and were signed on its behalf by:

Martin Reith
Chief Executive Officer
29 May 2024

The notes are an integral part of these Financial Statements.

Consolidated statement of changes in equity – Year ended 31 December 2023

| | Note | Attributable to owners of the Parent | | | | | Total equity £'000 |
|--|--------|--------------------------------------|------------------------|---------------------|--------------------------------|----------------------------|-----------------------|
| | | Share capital £'000 | Share premium £'000 | Revaluation reserve | Other reserves (JSOP) £'000 | Retained earnings £'000 | |
| At 1 January 2022 | | 6,931 | 86,330 | 9,348 | (110) | 1,972 | 104,471 |
| Total comprehensive income for the year: | | | | | | | |
| Loss for the year | | — | — | — | — | (2,101) | (2,101) |
| Other comprehensive income, net of tax | | — | — | 2,002 | — | — | 2,002 |
| Total comprehensive income for the year | | — | — | 2,002 | — | (2,101) | (99) |
| Transactions with owners: | | | | | | | |
| Dividends paid | 12 | — | — | — | — | (2,034) | (2,034) |
| Company buyback of ordinary shares | 21, 23 | — | — | — | — | — | — |
| Share issue, net of transaction cost | 21 | 843 | 11,938 | — | — | — | 12,781 |
| Other comprehensive income, net of tax | | — | — | — | — | — | — |
| Total transactions with owners | | 843 | 11,938 | — | — | (2,034) | 10,747 |
| At 31 December 2022 | | 7,774 | 98,268 | 11,350 | (110) | (2,163) | 115,119 |
| At 1 January 2023 | | 7,774 | 98,268 | 11,350 | (110) | (2,163) | 115,119 |
| Total comprehensive income for the year: | | | | | | | |
| Profit for the year | | — | — | — | — | 16,371 | 16,371 |
| Other comprehensive income, net of tax | | — | — | 13,490 | — | — | 13,490 |
| Total comprehensive income for the year | | — | — | 13,490 | — | 16,371 | 29,861 |
| Transactions with owners: | | | | | | | |
| Dividends paid | 12 | — | — | — | — | (2,319) | (2,319) |
| Company buyback of ordinary shares | 21, 23 | — | — | — | — | (3,209) | (3,209) |
| Share issue, net of transaction cost | 21 | 21 | 328 | — | 300 | — | 649 |
| Other comprehensive income, net of tax | | — | — | — | — | — | — |
| Total transactions with owners | | 21 | 328 | — | 300 | (5,528) | (4,879) |
| At 31 December 2023 | | 7,795 | 98,596 | 24,840 | 190 | 8,680 | 140,101 |

The notes are an integral part of these Financial Statements.

Parent Company statement of changes in equity – Year ended 31 December 2023

| | Note | Share capital £'000 | Share premium £'000 | Other reserves (JSOP) £'000 | Retained earnings £'000 | Total equity £'000 |
|--|--------|------------------------|------------------------|-----------------------------------|----------------------------|-----------------------|
| At 1 January 2022 | | 6,931 | 86,330 | — | 27,112 | 120,373 |
| Total comprehensive income for the year: | | | | | | |
| Profit/(loss) for the year | | — | — | — | (842) | (842) |
| Other comprehensive income, net of tax | | — | — | — | — | — |
| Total comprehensive income/(loss) for the year | | — | — | — | (842) | (842) |
| Transactions with owners: | | | | | | |
| Dividends paid | 12 | — | — | — | (2,034) | (2,034) |
| Company buyback of ordinary shares | 21, 23 | — | — | — | — | — |
| Share issue, net of transaction costs | | 843 | 11,938 | — | — | 12,781 |
| Total transactions with owners | | 843 | 11,938 | — | (2,034) | 10,747 |
| At 31 December 2022 | | 7,774 | 98,268 | — | 24,236 | 130,278 |
| At 1 January 2023 | | 7,774 | 98,268 | — | 24,236 | 130,278 |
| Total comprehensive income for the year: | | | | | | |
| Profit for the year | | — | — | — | 2,318 | 2,318 |
| Other comprehensive income, net of tax | | — | — | — | — | — |
| Total comprehensive income for the year | | — | — | — | 2,318 | 2,318 |
| Transactions with owners: | | | | | | |
| Dividends paid | 12 | — | — | — | (2,319) | (2,319) |
| Company buyback of ordinary shares | 21, 23 | — | — | — | (3,209) | (3,209) |
| Share issue, net of transaction costs | | 21 | 328 | 300 | — | 649 |
| Total transactions with owners | | 21 | 328 | 300 | 5,528 | (4,879) |
| At 31 December 2023 | | 7,795 | 98,596 | 300 | 21,026 | 127,717 |

The notes are an integral part of these Financial Statements.

Consolidated statement of cash flows – Year ended 31 December 2023

| | Note | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|------|--|--|
| Cash flows from operating activities | | | |
| Profit/(loss) before tax | | 22,705 | (3,953) |
| Adjustments for: | | | |
| – interest received | 8 | (2,036) | (520) |
| – Interest paid on borrowings | | 1,622 | 797 |
| – investment income | 8 | (6,026) | (2,350) |
| – amortisation of goodwill | 22 | (619) | (1,216) |
| – profit on sale of intangible assets | | 30 | (262) |
| Changes in working capital: | | | |
| – change in fair value of financial assets held at fair value through profit or loss | 8 | (5,570) | 4,490 |
| – increase in financial assets at fair value through profit or loss | | (54,799) | (66,153) |
| – decrease in other receivables | | (18,862) | (65,566) |
| – increase in other payables | | 17,030 | 15,600 |
| – net increase in technical provisions | | 50,330 | 92,262 |
| Cash generated by/(used in) operations | | 3,805 | (26,871) |
| Income tax paid | | (602) | (166) |
| Net cash generated/(used in) operating activities | | 3,203 | (27,037) |
| Cash flows from investing activities | | | |
| Interest received | 8 | 2,036 | 520 |
| Investment income | 8 | 6,026 | 2,350 |
| Purchase of intangible assets | 13 | (500) | (696) |
| Proceeds from disposal of intangible assets | | 34 | 5,373 |
| Acquisition of subsidiaries, net of cash acquired | | (6,540) | (4,784) |
| Net cash from investing activities | | 1,056 | 2,763 |
| Cash flows from financing activities | | | |
| Net proceeds from issue of ordinary share capital | | 349 | 12,781 |
| Buyback of ordinary share capital | | (3,209) | – |
| Proceeds from borrowings | 19 | 59,055 | 15,000 |
| Repayment of borrowings | 19 | (15,000) | – |
| Interest paid on borrowings | | (1,622) | (797) |
| Dividends paid to owners of the Parent | 12 | (2,319) | (2,034) |
| Net cash from financing activities | | 37,254 | 24,950 |
| Net increase in cash and cash equivalents | | 41,513 | 676 |
| Cash and cash equivalents at beginning of year | | 25,299 | 24,624 |
| Cash and cash equivalents at end of year | | 66,812 | 25,300 |

Analysis of changes in net debt

| | At 1 January 2023 £000 | Cash flows £000 | Acquired with Subsidiaries £000 | At 31 December 2023 £000 |
|----------------------------------|------------------------------|--------------------|---------------------------------------|--------------------------------|
| Cash at bank and in hand | 25,299 | 40,808 | 705 | 66,812 |
| Cash and cash equivalents | 25,299 | 40,808 | 705 | 66,812 |
| Revolving Loan Facility | (15,000) | 15,000 | – | – |
| Unsecured debt | – | (59,055) | – | (59,055) |
| Total | 10,299 | (3,247) | 705 | 7,757 |

Cash held within the syndicates' accounts is £25,899,000 (2022: £15,046,000) of the total cash and cash equivalents held at the year end of £61,078,000 (2022: £25,300,000). The cash held within the syndicates' accounts is not available to the Group to meet its day-to-day working capital requirements.

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Parent Company statement of cash flows – Year ended 31 December 2023

| | Note | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|------------------------------|--|--|
| Cash flows from operating activities | | | |
| Profit/(loss) before tax | | 2,318 | (842) |
| Adjustments for: | | | |
| – investment income | | 65 | 108 |
| – interest paid on borrowings | | 1,622 | 797 |
| – dividends received | | – | – |
| – impairment of investment in subsidiaries | 14 | (8,063) | 7,218 |
| Changes in working capital: | | | |
| – change in fair value of financial assets held at fair value through profit or loss | | – | – |
| – increase in financial assets at fair value through profit or loss | | (167) | (446) |
| – (decrease) in other receivables | | (5,184) | (241) |
| – increase in other payables | | 4,041 | 918 |
| Net cash (used in)/from operating activities | | (5,368) | 7,512 |
| Cash flows from investing activities | | | |
| Investment income | | (65) | (108) |
| Dividends received | | – | – |
| Acquisition of subsidiaries | 14, 22 | (7,268) | (5,352) |
| Amounts owed by subsidiaries | 25 | 6,695 | (31,748) |
| Net cash used in investing activities | | (638) | (37,208) |
| Cash flows from financing activities | | | |
| Net proceeds from the issue of ordinary share capital | | 349 | 12,781 |
| Payment for Company buyback of shares | 24 | (3,209) | – |
| Proceeds from borrowings | 19 | 59,055 | 15,000 |
| Repayment of borrowings | 19 | (15,000) | – |
| Interest paid on borrowings | | (1,622) | (797) |
| Dividends paid to owners of the Parent | 12 | (2,319) | (2,034) |
| Net cash from financing activities | | 37,254 | 24,950 |
| Net increase/(decrease) in cash and cash equivalents | | 31,248 | (4,746) |
| Cash and cash equivalents at beginning of year | | 9,348 | 14,094 |
| Cash and cash equivalents at end of year | | 40,596 | 9,348 |
| Analysis of changes in net debt | | | |
| | At 1 January 2023 £000 | Cash flows £000 | At 31 December 2023 £000 |
| Cash at bank and in hand | 9,347 | 32,171 | 41,518 |
| Cash and cash equivalents | 9,347 | 32,171 | 41,518 |
| Revolving Loan Facility | (15,000) | 15,000 | – |
| Unsecured debt | – | (59,055) | (59,055) |
| Total | (5,653) | (11,884) | (17,537) |

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Notes to the Financial Statements – Year ended 31 December 2023**1. General information**

The Company is a public limited company listed on AIM. The Company was incorporated in England and is domiciled in the UK and its registered office is 1st Floor, 33 Cornhill, London, United Kingdom EC3V 3ND. These Financial Statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Group participates in insurance business as an underwriting member at Lloyd’s through its subsidiary undertakings.

2. Significant accounting policies

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of the financial assets at fair value through the statement of comprehensive income.

The 31 December 2022 Financial Statements were prepared in accordance International Financial Reporting Standards (IFRSs). The 31 December 2023 Financial Statements have been prepared in accordance with United Kingdom Accounting Standards (UK GAAP), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and FRS 103 “Insurance Contracts”.

The reason for this change in reporting framework is that it is not possible for the Directors to obtain financial information in respect of the underlying syndicate participations that would be required to comply with IFRS 17 “Insurance Contracts” which is effective under IFRS for accounting periods beginning on or after 1 January 2023 (see note 29).

The same accounting policies, presentation and methods of computation are followed in these Group Financial Statements as were applied in the preparation of the Group Financial Statements for the year ended 31 December 2022 except the following as a result of the conversion from IFRS to UK GAAP:

- positive goodwill which is taken to the consolidated statement of financial position (CSOFP) is now amortised over the its estimated useful life of three years (see Note 29); and
- goodwill on bargain purchases which was taken straight to the consolidated statement of comprehensive income (CSOCI) under IFRS is now capitalised and taken the CSOFP and amortised over its estimated useful life of three years (see Note 29).

Basis of preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards (“UK GAAP”), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and FRS 103 “Insurance Contracts” and the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance.

The 31 December 2022 and these Financial Statements were prepared under International Financial Reporting Standards (IFRSs) and the prior period figures have been amended to reflect the changes in the reporting framework (see note 29).

No statement of comprehensive income is presented for Helios Underwriting plc, as a Parent Company, as permitted by Section 408 of the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

Use of judgements and estimates

The preparation of Financial Statements in conformity with UK GAAP requires the use of judgements, estimates and assumptions in the process of applying the Group’s accounting policies that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management’s best knowledge of the amounts, events or actions, actual results may ultimately differ from these estimates. Further information is disclosed in Note 3.

The Group participates in insurance business through its Lloyd’s member subsidiaries. Accounting information in respect of syndicate participations is provided by the syndicate managing agents and is reported upon by the syndicate auditors.

Going concern

The Group and the Company have net assets at the end of the reporting period of £140,101,000 and £127,717,000 respectively.

The Company’s subsidiaries participate as underwriting members at Lloyd’s on the 2021, 2022 and 2023 years of account, as well as any prior run-off years, and they have continued this participation since the year end on the 2024 year of account. This underwriting is supported by funds at Lloyd’s totalling £173,700,000 (2022: £99,840,000), letters of credit provided through the Group’s reinsurance agreements totalling £31,576,000 (2022: £27,818,000) and solvency credits issued by Lloyd’s totalling £46,988,000 (2022: £1,331,000).

The Directors have a reasonable expectation that the Group and the Company have adequate resources to meet their underwriting and other operational obligations for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

2. Significant accounting policies continued

Principles of consolidation, business combinations and goodwill

(a) Consolidation and investments in subsidiaries

The Group Financial Statements incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries.

The Financial Statements for all of the above subsidiaries are prepared for the year ended 31 December 2023 under UK GAAP.

No income statement is presented for Helios Underwriting plc as permitted by Section 408 of the Companies Act 2006. The profit after tax for the year of the Parent Company was £2,318,000 (2022: loss of £842,000).

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding or partnership participation of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated.

In the Parent Company's Financial Statements, investments in subsidiaries are stated at cost and are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value to be impaired.

(b) Business combinations and goodwill

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed as incurred.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and recorded as goodwill. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is amortised on a straight line basis over three years. Insurance liabilities are not discounted on acquisition when calculating their fair value, as these liabilities will likely all crystallise within three years due to the accounting framework Lloyd's syndicates operate under. Accordingly, any discount applied to insurance liabilities will not be material.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Martin Reith.

Foreign currency translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in thousands of pounds sterling, which is the Group's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Foreign currency transactions and non-monetary assets and liabilities, including deferred acquisition costs and unearned premiums, are translated into the functional currency using annual average rates of exchange prevailing at the time of the transaction as a proxy for the transactional rates. The translation difference arising on non-monetary asset items is recognised in the consolidated statement of comprehensive income.

Certain supported syndicates have non-sterling functional currencies and any exchange movement that they would have been reflected in other comprehensive income. As a result, this has been included within profit before tax at consolidation level, to be consistent with the Group's policy of using sterling as the functional currency.

Monetary items are translated at period-end rates; any exchange differences arising from the change in rates of exchange are recognised in the consolidated income statement of the year.

2. Significant accounting policies continued**Underwriting****Premiums**

Gross premium written comprises the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and includes estimates of premiums due but not yet receivable or notified to the syndicates on which the Group participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

Unearned premiums

Gross premium written is earned according to the risk profile of the policy. Unearned premiums represent the proportion of gross premium written in the year that relates to unexpired terms of policies in force at the end of the reporting period calculated on a time apportionment basis having regard, where appropriate, to the incidence of risk. The specific basis adopted by each syndicate is determined by the relevant managing agent.

Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

Reinsurance premiums

Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

Reinsurance premium costs in respect of reinsurance purchased directly by the Group are charged or credited based on the annual accounting result for each year of account protected by the reinsurance.

Claims incurred and reinsurers' share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported ("IBNR") and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and IBNR. The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed, in certain cases, by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from the rating and other models of the business accepted, and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly, the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used, including pricing models for recent business, are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition, the nature of short-tail risks, such as property where claims are typically notified and settled within a short period of time, will normally have less uncertainty after a few years than long-tail risks, such as some liability businesses where it may be several years before claims are fully advised and settled. In addition to these factors, if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim, this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the Directors of each syndicate's managing agent. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

2. Significant accounting policies continued

Underwriting continued

Quota share reinsurance

Under the Group's quota share reinsurance agreements, 47% of the 2021 underwriting year, an average of 26% of the 2022 underwriting year and an average of 23% of the 2023 underwriting year of account insurance exposure is ceded to the reinsurers. Amounts payable to the reinsurers are included within "reinsurance premium ceded" in the consolidated statement of comprehensive income of the year and amounts receivable from the reinsurers are included within "reinsurers' share of gross claims paid" in the consolidated statement of comprehensive income of the year.

Unexpired risks provision

Provision for unexpired risks is made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the end of the reporting period. The provision for unexpired risks is calculated separately by reference to classes of business that are managed together, after taking into account relevant investment return. The provision is made on a syndicate-by-syndicate basis by the relevant managing agent.

Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported ("IBNR") at that date and an estimate of future claims handling costs. Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet any obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle any outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Group will include its share of the reinsurance to close premiums payable as technical provisions at the end of the current period and no further provision is made for any potential variation in the ultimate liability of that year of account.

Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result, any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

Net operating expenses (including acquisition costs)

Expenses incurred in insurance activities include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Group participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the end of the reporting period.

Investment income

Interest receivable from cash and short-term deposits and interest payable are accrued to the end of the period.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Syndicate investments and cash are held on a pooled basis, the return from which is allocated by the relevant managing agent to years of account proportionate to the funds contributed by the year of account.

Other operating expenses

All expenses are accounted for on an accruals basis.

Intangible assets: syndicate capacity

With effect from 31 December 2020, the Group changed this policy so that syndicate capacity is revalued on a regular basis to its fair value which the Directors believe to be the average weighted value achieved in the Lloyd's auction process. The increase in value of syndicate capacity between its fair value and its cost less impairment is taken to the revaluation reserve through the statement of other comprehensive income net of any tax effect.

2. Significant accounting policies continued**Financial assets****(a) Classification**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group does not make use of the held-to-maturity and available-for-sale classifications.

(i) Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are categorised as designated at fair value through profit or loss upon initial recognition because they are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management.

The Group's investment strategy is to invest and evaluate their performance with reference to their fair values. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for maturities greater than 12 months after the reporting period. The latter ones are classified as non-current assets.

The Group's loans and receivables comprise "other receivables, including insurance and reinsurance receivables" and "cash and cash equivalents".

The Parent Company's loans and receivables comprise "other receivables" and "cash and cash equivalents".

(b) Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to the purchase or sale of the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or is transferred and the Group has transferred substantially all its risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs incurred expensed in the income statement.

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost less any impairment losses.

Fair value estimation

The fair value of financial assets at fair value through profit or loss which are traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets at fair value through profit or loss held by the Group is the current bid price.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the income statement within "net investment income".

The fair values of short-term deposits are assumed to approximate to their book values. The fair values of the Group's debt securities have been based on quoted market prices for these instruments.

(c) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Asset carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2. Significant accounting policies continued

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash and short-term deposits at bank.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Joint Share Ownership Plan ("JSOP")

On 16 August 2021, the Company issued and allotted 600,000 new ordinary shares of £0.10 each ("ordinary shares"). The new ordinary shares have been issued at a subscription price of 155p per ordinary share, being the closing price of an ordinary share on 16 August 2021, pursuant to the Helios Underwriting plc employees' Joint Share Ownership Plan (the "Plan").

The new ordinary shares have been issued into the respective joint beneficial ownership of (i) each of the participating Executive Directors as shown in Note 23 and (ii) the Trustee of JTC Employee Solutions Limited (the "Trust") and are subject to the terms of joint ownership agreements ("JOAs") respectively entered into between the Director, the Company and the Trustee. The nominal value of the new ordinary shares has been paid by the Trust out of funds advanced to it by the Company with the additional consideration of 145p left outstanding until such time as new ordinary shares are sold. The Company has waived its lien on the shares such that there are no restrictions on their transfer.

The terms of the JOAs provide, inter alia, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating Director receives an amount equal to the amount initially provided by the participating Director plus any growth in the market value of the jointly owned ordinary shares above a target share price of 174.8p (so that the participating Director will only ever receive value if the share sale price exceeds this).

The vesting of the award will be subject to performance conditions relating to growth in net tangible asset value per share measured over the three calendar years from the net tangible asset per share disclosed as at 31 December 2021 of 151p.

The percentage of jointly owned shares that vest shall be dependent on the average growth in net tangible asset value per share during the three financial years ending 31 December 2023. The vesting percentage shall be determined on the average growth in net tangible asset value per share. If the average growth in net tangible asset value does not exceed 5%, then no awards vest, and if the average growth in net tangible asset value exceeds 20% or above, then 100% of the awards vest.

The Plan was established and approved by resolution of the Remuneration Committee of the Company on 13 December 2017 and provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of ordinary shares in the Company upon the terms of a JOA. The terms of the JOA provide that if the jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners on the terms set out above.

Long Term Incentive Plan ("LTIP")

In 2022, the Company operated the Helios Underwriting plc Long Term Incentive Plan ("LTIP"). On 16 December 2022, the Company granted 571,427 (see note 23) awards under the LTIP in the form of a nil-cost options. Under the same plan, the company granted a further 491,227 on 30 May 2023.

The awards' performance conditions set threshold (30%) to stretch (60%) targets in respect of the Company's total shareholder return ("TSR") over the three year period following the grant of the awards. No portion of the awards shall vest unless the Company's TSR at the end of the performance period reaches the threshold target, for which one quarter of the awards would vest, rising on a straight line basis to full vesting of the awards for the Company's TSR over the performance period being equal to the stretch target or better. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

On 5 April 2023 a further 875,000 awards were made under the company's LTIP, with the terms set out below.

The awards' performance conditions set threshold (50%) to stretch (100%) targets in respect of the Company's total shareholder return ("TSR") over the five year period following the grant of the awards. No portion of the awards shall vest unless the Company's TSR at the end of the performance period reaches the threshold target, for which one quarter of the awards would vest, rising on a straight line basis to full vesting of the awards for the Company's TSR over the performance period being equal to the stretch target or better. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

The awards for the Executive Directors totalled 1,937,656. The vesting period for the awards is three or five years subject to continued service and the achievement of specific performance conditions. If the options remain unexercised after a period of ten years from the date of grant, the options expire.

The fair value of the LTIP awards is calculated using a Monte Carlo (Stochastic) model taking into account the terms and conditions of the awards granted.

No options were exercised during the year.

2. Significant accounting policies continued**Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions when appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Other payables

These present liabilities for services provided to the Group prior to end of the financial year which are unpaid. These are classified as current liabilities, unless payment is not due within 12 months after the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Share capital and share premium

Ordinary shares are classified as equity.

The difference between the fair value of the consideration received and the nominal value of the share capital issued is taken to the share premium account. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from proceeds.

Where the Company buys back its own ordinary shares on the market, and these are held in treasury, the purchase is made out of distributable profits and hence shown as a deduction from the Company's retained earnings.

Dividend distribution policy

Dividend distribution to the Company's shareholders is recognised in the Group's and the Parent Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

3. Key accounting judgements and estimation uncertainties

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Notes 4 and 7.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Group looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Group only, and do not include estimates and judgements made in respect of the syndicates.

4. Risk management

The majority of the risks to the Group's future cash flows arise from each subsidiary's participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with its subsidiaries and members' agent, is limited to a selection of syndicate participations, monitoring the performance of the syndicates and the purchase of appropriate member level reinsurance.

Risk background

The syndicate's activities expose them to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. For the purposes of setting capital requirements for the 2020 and subsequent years of account, each managing agent will have prepared a Lloyd's Capital Return ("LCR") for the syndicate to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR and typically the majority of the total assessed value of the risks concerned is attributable to insurance risk.

4. Risk management continued

Risk background continued

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risk arises from the risk that a reinsurer fails to meet its share of a claim. The management of the syndicate's funds is exposed to investment risk, liquidity risk, credit risk, currency risk and interest rate risk (as detailed below), leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's and the Prudential Regulation Authority provides additional controls over the syndicate's management of risks.

The Group manages the risks faced by the syndicates on which its subsidiaries participate by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts, together with any other information made available by the managing agent, are monitored and if necessary enquired into. If the Group considers that the risks being run by the syndicate are excessive, it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate, will withdraw support from the next year of account. The Group also manages its exposure to insurance risk by purchasing appropriate member level reinsurance.

(a) Syndicate risks

(i) Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligations when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

| 2023 | No stated maturity £'000 | 0–1 year £'000 | 1–3 years £'000 | 3–5 years £'000 | >5 years £'000 | Total £'000 |
|---------------------------|-----------------------------|-------------------|--------------------|--------------------|-------------------|----------------|
| Claims outstanding | — | 108,318 | 106,266 | 48,169 | 46,435 | 309,188 |

| 2022 | No stated maturity £'000 | 0–1 year £'000 | 1–3 years £'000 | 3–5 years £'000 | >5 years £'000 | Total £'000 |
|--------------------|-----------------------------|-------------------|--------------------|--------------------|-------------------|----------------|
| Claims outstanding | — | 98,332 | 95,723 | 39,265 | 38,695 | 272,015 |

(ii) Credit risk

Credit ratings to syndicate assets (Note 28) emerging directly from insurance activities which are neither past due nor impaired are as follows:

| 2023 | AAA £'000 | AA £'000 | A £'000 | BBB or lower £'000 | Not rated £'000 | Total £'000 |
|---|---------------|---------------|----------------|-----------------------|--------------------|----------------|
| Financial investments | 54,386 | 56,026 | 71,762 | 25,079 | 9,885 | 217,138 |
| Deposits with ceding undertakings | — | — | 261 | — | 45 | 306 |
| Reinsurers' share of claims outstanding | 1,933 | 32,553 | 44,102 | 53 | 4,314 | 82,955 |
| Reinsurance debtors | 363 | 1,245 | 3,084 | 2 | 341 | 5,035 |
| Cash at bank and in hand | 988 | 111 | 24,615 | 1 | 184 | 25,899 |
| | 57,670 | 89,935 | 143,824 | 25,135 | 14,769 | 331,333 |

| 2022 | AAA £'000 | AA £'000 | A £'000 | BBB or lower £'000 | Not rated £'000 | Total £'000 |
|---|---------------|---------------|----------------|-----------------------|--------------------|----------------|
| Financial investments | 38,125 | 42,837 | 45,204 | 17,617 | 8,126 | 151,909 |
| Deposits with ceding undertakings | — | — | 300 | — | 33 | 333 |
| Reinsurers' share of claims outstanding | 3,478 | 25,787 | 47,259 | 171 | 3,989 | 80,684 |
| Reinsurance debtors | 756 | 674 | 1,957 | 19 | 226 | 3,632 |
| Cash at bank and in hand | 1,374 | 419 | 13,148 | 1 | 104 | 15,046 |
| | 43,733 | 69,717 | 107,868 | 17,808 | 12,478 | 251,603 |

4. Risk management continued**Risk background** continued**(a) Syndicate risks** continued*(ii) Credit risk* continued

Syndicate assets (Note 28) emerging directly from insurance activities, with reference to their due date or impaired, are as follows:

| | Past due but not impaired | | | | | Total £'000 |
|---|--|--------------------------------|--|---------------------------------|-------------------|----------------|
| | Neither past due nor impaired £'000 | Less than 6 months £'000 | Between 6 months and 1 year £'000 | Greater than 1 year £'000 | Impaired £'000 | |
| 2023 | | | | | | |
| Financial investments | 217,138 | — | — | — | — | 217,138 |
| Deposits with ceding undertakings | 306 | — | — | — | — | 306 |
| Reinsurers' share of claims outstanding | 82,954 | 12 | — | — | (18) | 82,948 |
| Reinsurance debtors | 5,036 | 4,275 | 212 | 136 | (1) | 9,658 |
| Cash at bank and in hand | 25,899 | — | — | — | — | 25,899 |
| Insurance and other debtors | 199,880 | 7,496 | 1,904 | 1,195 | (17) | 210,458 |
| | 531,213 | 11,783 | 2,116 | 1,331 | (36) | 546,407 |

| | Past due but not impaired | | | | | Total £'000 |
|---|--|--------------------------------|--|---------------------------------|-------------------|----------------|
| | Neither past due nor impaired £'000 | Less than 6 months £'000 | Between 6 months and 1 year £'000 | Greater than 1 year £'000 | Impaired £'000 | |
| 2022 | | | | | | |
| Financial investments | 151,909 | — | — | — | — | 151,909 |
| Deposits with ceding undertakings | 333 | — | — | — | — | 333 |
| Reinsurers' share of claims outstanding | 80,684 | — | — | — | (18) | 80,666 |
| Reinsurance debtors | 3,632 | 4,162 | 56 | 23 | — | 7,873 |
| Cash at bank and in hand | 15,046 | — | — | — | — | 15,046 |
| Insurance and other debtors | 163,948 | 5,625 | 1,494 | 717 | (10) | 171,774 |
| | 415,551 | 9,787 | 1,550 | 740 | (28) | 427,600 |

(iii) Interest rate equity price risk

Interest rate risk and equity price risk are the risks that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

(iv) Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities (Note 28) by currency:

| | GBP £'000 | USD £'000 | EUR £'000 | CAD £'000 | Other £'000 | Total £'000 |
|--------------------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| 2023 | | | | | | |
| Total assets | 77,449 | 402,699 | 19,131 | 46,009 | 12,653 | 557,941 |
| Total liabilities | (84,389) | (377,445) | (20,791) | (33,521) | (6,941) | (523,087) |
| (Deficiency)/surplus of assets | (6,940) | 25,254 | (1,660) | 12,488 | 5,712 | 34,854 |
| 2022 | | | | | | |
| Total assets | 60,777 | 317,487 | 13,921 | 35,008 | 12,988 | 440,181 |
| Total liabilities | (68,185) | (324,039) | (18,413) | (27,310) | (7,557) | (445,504) |
| (Deficiency)/surplus of assets | (7,408) | (6,552) | (4,492) | 7,698 | 5,631 | (5,123) |

The impact of a 5% change in exchange rates between GBP and other currencies would be £2,090,000 on shareholders' funds (2022: £114,000).

4. Risk management continued

Risk background continued

(a) Syndicate risks continued

(v) Reinsurance risk

Reinsurance risk to the Group arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk, which is detailed separately below.

The Group currently has reinsurance programmes on the 2021, 2022 and 2023 years of account.

The Group has strategic collateralised quota share arrangements in place in respect of its underwriting business with XL Re Limited, Bermudan reinsurer Everest Reinsurance Bermuda Limited (part of global NYSE-quoted insurer Everest Re Group Limited), Guernsey reinsurer Polygon Insurance Co Limited and other private shareholders through HIPCC Limited.

(b) Group risks – corporate level

(i) Investment, credit, liquidity and currency risks

The other significant risks faced by the Group are with regard to the investment of funds within its own custody. The elements of these risks are investment risk, liquidity risk, credit risk, interest rate risk and currency risk. To mitigate this, the surplus Group funds are deposited with highly rated banks and fund managers. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Group to meet the claim. In order to minimise investment risk, credit risk and liquidity risk, the Group's funds are invested in readily realisable short-term deposits. The Group's maximum exposure to credit risk at 31 December 2023 is £116.5m (2022: £90.9m), being the aggregate of the Group's insurance receivables, prepayments and accrued income, financial assets at fair value, and cash and cash equivalents, excluding any amounts held in the syndicates. The syndicates can distribute their results in sterling, US dollars or a combination of the two. The Group is exposed to movements in the US dollar between the balance sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

As a result of the specific nature and structure of the Group's collateralised quota share reinsurance arrangements through Cell 6 (Guernsey based protected cell managed by HIPCC), the Group's funds at Lloyd's calculation benefits from an aggregate £31.6m (2022: £27.8m) letter of credit ("LOC") acceptable to Lloyd's, on behalf of XL Re Limited, Everest Reinsurance Bermuda Limited, and other private shareholders. The LOC is pledged in aggregate to the relevant syndicates through Lloyd's and thus Helios Underwriting plc is not specifically exposed to counterparty credit risk in this matter. Should the bank's LOC become unacceptable to Lloyd's for any reason, the reinsurer is responsible under the terms of the contract for making alternative arrangements. The contract is annually renewable and the Group has a contingency plan in place in the event of non-renewal under both normal and adverse market conditions.

(ii) Market risk

The Group is exposed to market and liquidity risk in respect of its holdings of syndicate participations. Lloyd's syndicate participations are traded in the Lloyd's auctions held in September and October each year. The Group is exposed to changes in market prices and a lack of liquidity in the trading of a particular syndicate's capacity could result in the Group making a loss compared to the carrying value when the Group disposes of particular syndicate participations.

(iii) Regulatory risks

The Company's subsidiaries are subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and, although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting a subsidiary of the Company is able to support.

The Company is subject to the AIM Rules. Compliance with the AIM Rules is monitored by the Board.

Operational risks

As there are relatively few transactions actually undertaken by the Group, there are only limited systems and operational requirements of the Group and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Group's key decision making and the fact that the majority of the Group's operations are conducted by syndicates provide control over any remaining operational risks.

Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- to maintain the required level of stability of the Group, thereby providing a degree of security to shareholders;
- to allocate capital efficiently and support the development of the business by ensuring that returns on capital employed meet the requirements of the shareholders; and
- to maintain the financial strength to support increases in the Group's underwriting through acquisition of capacity in the Lloyd's auctions or through the acquisition of new subsidiaries.

The Group's capital management policy is to hold a sufficient level of capital to allow the Group to take advantage of market conditions, particularly when insurance rates are improving, and to meet the funds at Lloyd's ("FAL") requirements that support the corporate member subsidiaries' current and future levels of underwriting.

4. Risk management continued**Approach to capital management**

The capital structure of the Group consists entirely of equity attributable to equity holders of the Company, comprising issued share capital, share premium and retained earnings as disclosed in the statements of changes in equity on pages 34 and 35.

At 31 December 2023, the corporate member subsidiaries had an agreed Economic Capital Assessment (“ECA”) requirement of £172.0m (2022: £125.7m) to support their underwriting on the 2023 year of account. The funds to support this requirement are held in short-term investment funds and deposits or provided by the quota share reinsurance capital providers by way of an LOC. The FAL requirements are formally assessed and funded twice yearly and must be met by the corporate member subsidiaries to continue underwriting. At 31 December 2023, the agreed ECA requirements for the Group were 35% (2022: 43%) of the capacity for the following year of account.

5. Segmental information

Martin Reith is the Group’s chief operating decision maker. He has determined its operating segments based on the way the Group is managed, for the purpose of allocating resources and assessing performance.

The Group has three segments that represent the primary way in which the Group is managed, as follows:

- syndicate participation;
- investment management; and
- other corporate activities.

The tables below contain the aggregated technical and non-technical accounts.

| | Syndicate participation £'000 | Investment management £'000 | Other corporate activities £'000 | Total £'000 |
|---|----------------------------------|--------------------------------|-------------------------------------|----------------|
| Year ended 31 December 2023 | | | | |
| Net earned premium | 212,120 | — | (11,141) | 200,980 |
| Net investment income | 11,204 | 1,855 | — | 13,059 |
| Other (loss)/income | (532) | — | 1,357 | 825 |
| Net insurance claims and loss adjustment expenses | (106,404) | — | — | (106,404) |
| Expenses incurred in insurance activities | (76,985) | — | (2,251) | (79,236) |
| Other operating expenses | (97) | — | (7,041) | (7,138) |
| Amortisation of goodwill | — | — | 619 | 619 |
| Impairment of syndicate capacity (see Note 13) | — | — | — | — |
| Profit before tax | 39,307 | 1,855 | (18,457) | 22,705 |
| | | | | |
| Year ended 31 December 2022 | | | | |
| Net earned premium | 150,393 | — | — | 150,393 |
| Net investment income | (3,928) | 1,152 | — | (2,776) |
| Other income | 533 | — | 195 | 728 |
| Net insurance claims and loss adjustment expenses | (93,876) | — | (1,963) | (95,839) |
| Expenses incurred in insurance activities | (52,507) | — | (1,321) | (53,828) |
| Other operating expenses | (126) | — | (3,721) | (3,847) |
| Amortisation of goodwill | — | — | 1,216 | 1,216 |
| Impairment of syndicate capacity (see Note 13) | — | — | — | — |
| Loss before tax | 489 | 1,152 | (5,594) | (3,953) |

The Group does not have any geographical segments as it considers all of its activities to arise from trading within the UK.

No major customers exceed 10% of revenue.

5. Segmental information continued

Below is an analysis of the Group underwriting by class of business:

| Class of business 2023 | Gross written premiums £'000 | Gross premiums earned £'000 | Gross claims incurred £'000 | Net operating expenses £'000 | Reinsurance balance £'000 | Total £'000 |
|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---------------------------------|----------------|
| Accident and health | 4,247 | 3,801 | (1,646) | (1,589) | (304) | 262 |
| Motor – third party liability | 5,066 | 4,620 | (3,205) | (847) | (404) | 164 |
| Motor – other classes | 18,248 | 13,795 | (8,658) | (4,300) | (1,461) | (624) |
| Marine, aviation and transport | 19,210 | 17,870 | (13,764) | (5,806) | 697 | (1,003) |
| Fire and other damage to property | 87,169 | 77,541 | (29,143) | (21,620) | (15,069) | 11,709 |
| Third party liability | 78,291 | 65,628 | (33,477) | (20,751) | (5,926) | 5,474 |
| Credit and suretyship | 8,300 | 7,136 | (2,732) | (2,326) | (1,130) | 948 |
| Legal expenses | 138 | 124 | (62) | (54) | – | 7 |
| Assistance | – | – | – | – | – | – |
| Miscellaneous | 190 | 131 | (107) | (84) | (2) | (62) |
| Total direct | 220,859 | 190,646 | (92,795) | (57,377) | (23,599) | 16,875 |
| Reinsurance inwards | 86,911 | 86,703 | (33,331) | (21,735) | (33,049) | (1,412) |
| Total | 307,770 | 277,349 | (126,126) | (79,112) | (56,648) | 15,463 |

| 2022 | Gross written premiums £'000 | Gross premiums earned £'000 | Gross claims incurred £'000 | Net operating expenses £'000 | Reinsurance balance £'000 | Total £'000 |
|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---------------------------------|----------------|
| Accident and health | 3,552 | 2,871 | (1,253) | (1,250) | (166) | 201 |
| Motor – third party liability | 4,564 | 2,222 | (1,391) | (502) | (133) | 196 |
| Motor – other classes | 8,941 | 8,097 | (5,241) | (2,615) | 68 | 309 |
| Marine, aviation and transport | 15,677 | 12,668 | (9,183) | (4,406) | 1,582 | 661 |
| Fire and other damage to property | 64,637 | 52,689 | (29,289) | (14,626) | (5,373) | 3,401 |
| Third party liability | 55,307 | 43,799 | (27,586) | (13,217) | (1,735) | 1,261 |
| Credit and suretyship | 5,326 | 4,214 | (2,416) | (1,255) | (148) | 395 |
| Legal expenses | 120 | 82 | (38) | (36) | 4 | 13 |
| Assistance | – | – | – | – | – | – |
| Miscellaneous | (139) | (117) | (79) | (83) | (14) | (58) |
| Total direct | 158,263 | 126,759 | (76,476) | (37,990) | (5,915) | 6,379 |
| Reinsurance inwards | 86,352 | 72,134 | (53,515) | (16,737) | (8,433) | (6,552) |
| Total | 244,615 | 198,893 | (129,991) | (54,727) | (14,348) | (172) |

6. Operating (loss)/profit before impairments of goodwill and capacity

The tables below contain the aggregated technical and non-technical accounts:

| Year ended 31 December 2023 | Underwriting year of account | | | | Pre- acquisition** £'000 | Corporate reinsurance £'000 | Other corporate £'000 | Total £'000 |
|--|------------------------------|---------------|---------------|--------------------|--------------------------------|-----------------------------------|-----------------------------|----------------|
| | 2021 and prior £'000 | 2022 £'000 | 2023 £'000 | Sub-total £'000 | | | | |
| Gross premium written | 2,009 | 33,313 | 276,798 | 312,120 | (4,350) | – | – | 307,770 |
| Reinsurance ceded | (1,494) | (6,125) | (57,624) | (65,242) | 990 | (11,141) | (4,138) | (79,531) |
| Net premium written | 516 | 27,188 | 219,174 | 246,878 | (3,360) | (11,141) | (4,138) | 228,239 |
| Net earned premium | 5,799 | 103,291 | 110,350 | 219,440 | (3,180) | (11,141) | (4,138) | 200,980 |
| Other income/(loss) | 5,188 | 3,630 | 1,757 | 10,575 | (202) | 1,408 | 2,103 | 13,884 |
| Net insurance claims incurred and loss adjustment expenses | 2,528 | (49,731) | (60,706) | (107,908) | 1,504 | – | – | (106,404) |
| Operating expenses | (3,735) | (31,938) | (43,732) | (79,405) | 1,384 | – | (8,353) | (86,374) |
| Operating profit/(loss) before impairments of goodwill and capacity | 9,780 | 25,252 | 7,669 | 42,701 | (494) | (9,733) | (10,388) | 22,086 |
| Quota share adjustment | (2,949) | (6,303) | (1,889) | (11,141) | – | 11,141 | – | – |
| Operating profit/(loss) before impairments of goodwill and capacity, after quota share adjustment | 6,831 | 18,949 | 5,780 | 31,560 | (494) | 1,408 | (10,388) | 22,086 |

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agent's charges.

** Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

6. Operating profit/(loss) before impairments of goodwill and capacity continued

| Year ended 31 December 2022 | Underwriting year of account* | | | | Pre-acquisition** £'000 | Corporate reinsurance £'000 | Other corporate £'000 | Total £'000 |
|--|-------------------------------|---------------|---------------|--------------------|----------------------------|--------------------------------|--------------------------|----------------|
| | 2020 and prior £'000 | 2021 £'000 | 2022 £'000 | Sub-total £'000 | | | | |
| Gross premium written | 1,138 | 15,099 | 234,712 | 250,949 | (6,334) | — | — | 244,615 |
| Reinsurance ceded | 589 | (2,994) | (54,594) | (56,999) | 1,283 | — | (1,261) | (56,977) |
| Net premium written | 1,727 | 12,105 | 180,118 | 193,950 | (5,051) | — | (1,261) | 187,638 |
| Net earned premium | 5,911 | 56,042 | 94,653 | 156,606 | (4,952) | — | (1,261) | 150,393 |
| Other (loss)/income | (2,496) | (1,046) | 22 | (3,520) | 263 | 562 | 647 | (2,048) |
| Net insurance claims incurred and loss adjustment expenses | 3,804 | (30,920) | (69,680) | (96,796) | 2,887 | (1,964) | 33 | (95,839) |
| Operating expenses | (2,523) | (17,172) | (34,515) | (54,210) | 1,756 | — | (5,220) | (57,675) |
| Operating profit/(loss) before impairments of goodwill and capacity | 4,696 | 6,904 | (9,520) | 2,080 | (46) | (1,401) | (5,802) | (5,169) |
| Quota share adjustment | (2,049) | (2,358) | 2,443 | (1,964) | — | 1,964 | — | — |
| Operating profit/(loss) before impairments of goodwill and capacity, after quota share adjustment | 2,647 | 4,546 | (7,077) | 116 | (46) | 562 | (5,801) | (5,169) |

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agent's charges.

** Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

7. Insurance liabilities and reinsurance balances

Movement in claims outstanding

| | Gross £'000 | Reinsurance £'000 | Net £'000 |
|--|----------------|----------------------|----------------|
| At 1 January 2022 | 186,653 | 53,433 | 133,220 |
| Increase in reserves arising from acquisition of subsidiary undertakings | 10,888 | 3,177 | 7,711 |
| Movement of reserves | 63,339 | 18,320 | 45,019 |
| Other movements | 11,135 | 5,796 | 5,339 |
| At 31 December 2022 | 272,015 | 80,726 | 191,289 |
| At 1 January 2023 | 272,015 | 80,726 | 191,289 |
| Increase in reserves arising from acquisition of subsidiary undertakings | 10,249 | 2,961 | 7,288 |
| Movement of reserves | 33,429 | (2,000) | 35,429 |
| Other movements | (6,505) | 1,321 | (7,826) |
| At 31 December 2023 | 309,188 | 83,008 | 226,180 |

Included within other movements are the 2020 and prior years' claims reserves reinsured into the 2021 year of account on which the Group does not participate and currency exchange differences.

Movement in unearned premium

| | Gross £'000 | Reinsurance £'000 | Net £'000 |
|--|----------------|----------------------|----------------|
| At 1 January 2022 | 59,611 | 10,538 | 49,073 |
| Increase in reserves arising from acquisition of subsidiary undertakings | 2,846 | 493 | 2,352 |
| Movement of reserves | 45,723 | 8,478 | 37,245 |
| Other movements | 6,483 | 1,824 | 4,660 |
| At 31 December 2022 | 114,663 | 21,333 | 93,330 |
| At 1 January 2023 | 114,663 | 21,333 | 93,330 |
| Increase in reserves arising from acquisition of subsidiary undertakings | 4,349 | 758 | 3,591 |
| Movement of reserves | 30,420 | 3,161 | 27,259 |
| Other movements | (5,822) | (1,290) | (4,532) |
| At 31 December 2023 | 143,610 | 23,962 | 119,648 |

Included within other movements are the 2019 and prior years' claims reserves reinsured into the 2020 year of account on which the Group does not participate and currency exchange differences.

7. Insurance liabilities and reinsurance balances continued

Assumptions, changes in assumptions and sensitivity

As described in Note 4, the majority of the risks to the Group's future cash flows arise from its subsidiaries' participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with the Group's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Group arising from insurance contracts are calculated by the managing agents of the syndicates, derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

The key assumptions underlying the amounts carried by the Group arising from insurance contracts are:

- the claims reserves calculated by the managing agents are accurate; and
- the potential deterioration of run-off year results has been fully provided for by the managing agents.

There have been no changes in assumptions in 2023.

The amounts carried by the Group arising from insurance contracts are sensitive to various factors as follows:

- a 10% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profits by £30,919,000 (2022: £27,202,000);
- a 10% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profits by £22,618,000 (2022: £19,129,000); and
- a 10% increase/decrease in the run-off year net claims reserves will decrease/increase the Group's pre-tax profits by £65,000 (2022: £22,000).

The 10% movement has been selected to give an indication of the possible variations in the assumptions used.

Analysis of gross and net claims development

The tables below provide information about historical gross and net claims development:

Claims development – gross

£m

| Underwriting pure year* | After one year | After two years | After three years | After four years | After five years | After six years | After seven years | After eight years | After nine years | After ten years | Profit on RITC received |
|-------------------------|----------------|-----------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|-----------------|-------------------------|
| 2014 | 25 | 42 | 43 | 41 | 41 | 41 | 40 | 40 | 40 | 40 | 7 |
| 2015 | 23 | 43 | 44 | 42 | 42 | 42 | 41 | 41 | 41 | | 6 |
| 2016 | 28 | 55 | 56 | 55 | 54 | 54 | 54 | 54 | | | 4 |
| 2017 | 59 | 89 | 92 | 91 | 91 | 90 | 90 | | | | 4 |
| 2018 | 49 | 82 | 85 | 83 | 82 | 83 | | | | | 4 |
| 2019 | 42 | 84 | 82 | 78 | 76 | | | | | | 4 |
| 2020 | 53 | 91 | 93 | 90 | | | | | | | 3 |
| 2021 | 60 | 102 | 104 | | | | | | | | |
| 2022 | 96 | 152 | | | | | | | | | |
| 2023 | 72 | | | | | | | | | | |

Claims development – net

£m

| Underwriting pure year* | After one year | After two years | After three years | After four years | After five years | After six years | After seven years | After eight years | After nine years | After ten years | Profit on RITC received |
|-------------------------|----------------|-----------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|-----------------|-------------------------|
| 2014 | 21 | 37 | 37 | 36 | 35 | 35 | 34 | 34 | 34 | 34 | 5 |
| 2015 | 20 | 37 | 37 | 37 | 36 | 35 | 35 | 35 | 35 | | 4 |
| 2016 | 22 | 43 | 44 | 43 | 42 | 42 | 42 | 42 | | | 5 |
| 2017 | 38 | 58 | 61 | 59 | 59 | 58 | 58 | | | | 3 |
| 2018 | 34 | 57 | 59 | 58 | 56 | 56 | | | | | 3 |
| 2019 | 30 | 60 | 59 | 57 | 56 | | | | | | 5 |
| 2020 | 37 | 64 | 66 | 65 | | | | | | | 1 |
| 2021 | 42 | 74 | 75 | | | | | | | | |
| 2022 | 69 | 119 | | | | | | | | | |
| 2023 | 60 | | | | | | | | | | |

* Including the new acquisitions during 2023.

At the end of the three years, syndicates are normally reinsured to close. Participations on subsequent years on syndicates may therefore change. The above table shows nine years of development and how the reinsurance to close received performed.

8. Net investment income

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Investment income | 6,026 | 2,350 |
| Realised losses on financial assets at fair value through profit or loss | (407) | (1,021) |
| Unrealised profits/(losses) on financial assets at fair value through profit or loss | 5,570 | (4,490) |
| Investment management expenses | (166) | (134) |
| Bank interest | 2,036 | 519 |
| Net investment income/(loss) | 13,059 | (2,776) |

Net investment income/(loss) shown above includes both Technical and Non-Technical investment income/(loss).

9. Operating expenses (excluding goodwill and capacity impairment)

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Expenses incurred in insurance activities: | | |
| Acquisition costs | 61,964 | 47,897 |
| Change in deferred acquisition costs | (7,038) | (10,163) |
| Administrative expenses | 22,903 | 15,287 |
| Other | 1,407 | 807 |
| | 79,236 | 53,828 |
| Other operating expenses: | | |
| – exchange differences | 181 | (644) |
| – Directors' remuneration | 1,938 | 718 |
| – staff costs | 852 | 196 |
| – acquisition costs in connection with the new subsidiaries acquired in the year | 276 | 422 |
| – bank charges | 40 | 292 |
| – loan interest and charges | 1,721 | 891 |
| – professional fees | 1,611 | 1,662 |
| – administration and other expenses | 357 | 144 |
| Auditors' remuneration: | | |
| – audit of the Parent Company and Group Financial Statements | 62 | 56 |
| – audit of subsidiary company Financial Statements | 76 | 63 |
| – audit related assurance services | 24 | 46 |
| | 7,138 | 3,846 |
| Operating expenses | 86,374 | 57,675 |

The Group has eleven employees other than the Directors of the Company.

Details of the Directors' remuneration are disclosed below:

| | Year ended 31 December 2023 £ | Year ended 31 December 2022 £ |
|---|--|--|
| Directors' remuneration | | |
| Arthur Manners | 490,000 | 182,000 |
| Edward William Fitzalan-Howard (resigned 19 April 2024) | 30,000 | 30,000 |
| Michael Cunningham (resigned 29 June 2023) | 20,000 | 40,000 |
| Andrew Christie | 33,000 | 33,000 |
| Nigel Hanbury | 450,000 | 208,000 |
| Martin Reith | 840,000 | 200,000 |
| Tom Libassi | 25,000 | 25,000 |
| Michael Wade (appointed 29 June 2023) | 50,000 | — |
| Total | 1,938,000 | 718,000 |

9. Operating expenses (excluding goodwill and capacity impairment) continued

The Deputy Chairman, Nigel Hanbury, the Chief Executive Officer, Martin Reith, and the Finance Director, Arthur Manners, had a bonus incentive scheme during 2023 in addition to their basic remuneration. The above figures for Nigel Hanbury, Martin Reith and Arthur Manners include an accrual for the year of £225,000, £550,000 (of which £100,000 is deferred) and £295,000 (of which £100,000 is deferred) respectively (2022: £48,000 for Nigel Hanbury and £42,000 Arthur Manners) in respect of this scheme. The deferred bonus will be used as notional underwriting capital in a proposed staff underwriting corporate member.

No other Directors derive other benefits, pension contributions or incentives from the Group. Nigel Hanbury, Martin Reith and Arthurs Manners have share interests in the Joint Share Ownership Plan and the Long Term Incentive Plan (see Note 23).

10. Income tax charge

(a) Analysis of tax charge/(credit) in the year

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|-----------------------------------|--|--|
| Current tax: | | |
| – current year | 84 | (84) |
| – prior year | 427 | (53) |
| – foreign tax paid | 153 | 5 |
| Total current tax | 664 | (132) |
| Deferred tax: | | |
| – current year | 4,958 | (1,564) |
| – prior year | 712 | (156) |
| Total deferred tax | 5,670 | (1,720) |
| Income tax charge/(credit) | 6,334 | (1,852) |

(b) Factors affecting the tax credit for the year

Tax for the year is 25% (2022: 19%), the same as the standard rate of corporation tax in the UK of 25% (2022: 19%).

The differences are explained below:

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|---|--|--|
| Profit/(loss) before tax | 22,705 | (5,169) |
| Tax calculated as loss before tax multiplied by the standard rate of corporation tax in the UK of 25% (2022: 19%) | 5,676 | (982) |
| Tax effects of: | | |
| – prior year adjustments | (1,038) | (209) |
| – rate change and other adjustments | 2,405 | (502) |
| – permanent disallowances | (857) | (164) |
| – foreign taxes | 153 | 5 |
| – other | 335 | — |
| Tax charge/(credit) for the year | 6,334 | (1,852) |

The results of the Group's participation on the 2021, 2022 and 2023 years of account and the calendar year movement on 2020 and prior run-offs will not be assessed for tax until the years ended 2024, 2025 and 2026 respectively, being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. Full provision is made as part of the deferred tax provisions for underwriting profits/(losses) not yet subject to corporation tax.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company after tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

11. Earnings per share continued

The earnings per share and weighted average number of shares used in the calculation are set out below:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|--|-----------------------------------|-----------------------------------|
| Profit/(loss) for the year after tax attributable to ordinary equity holders of the Parent | £16,371,000 | £(2,101,000) |
| Basic – weighted average number of ordinary shares [*] | 75,933,065 | 68,168,599 |
| Diluted – weighted average number of ordinary shares [*] (includes LTIP and JSOP – see Note 23) | 78,533,619 | 69,292,082 |
| Basic profit/(loss) per share | 21.56p | (3.08)p |
| Diluted profit/(loss) per share ^{**} | 20.85p | (3.08)p |

* Used as the denominator in calculating the basic earnings per share, and diluted earnings per share, respectively.

** Diluted loss per share is not permitted to be reduced from the basic loss per share.

12. Dividends paid or proposed

A dividend of £2,319,000 was paid during the year (2022: £2,034,000).

A final dividend of 6p is being proposed in respect of the financial year ended 31 December 2023.

13. Intangible assets

| | Positive Goodwill £'000 | Negative Goodwill £'000 | Syndicate capacity £'000 | Total £'000 |
|---------------------------------------|-------------------------------|-------------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 January 2023 | 553 | (3,267) | 59,966 | 57,252 |
| Additions | 57 | (405) | 500 | 152 |
| Disposals | — | — | (5) | (5) |
| Acquired with subsidiary undertakings | — | — | 3,988 | 3,988 |
| Revaluation | — | — | 17,987 | 17,987 |
| At 31 December 2023 | 610 | (3,672) | 82,436 | 79,374 |
| Amortisation | | | | |
| At 1 January 2023 | 71 | (2,194) | — | (2,123) |
| Charge for the period | 191 | (811) | — | (620) |
| Disposals | — | — | — | — |
| Acquired with subsidiary undertakings | — | — | — | — |
| At 31 December 2023 | 262 | (3,005) | — | (2,743) |
| Net Book Value | | | | |
| At 31 December 2022 | 482 | (1,073) | 59,966 | 59,375 |
| At 31 December 2023 | 348 | (667) | 82,436 | 82,117 |

Note 22 sets out the details of the entities acquired by the Group during the year, the fair value adjustments and the goodwill arising.

The cost value of the Syndicate Capacity before revaluation is £47,986,000 (2022: £43,503,000).

14. Investments in subsidiaries

| | 31 December 2023 £'000 | 31 December 2022 £'000 |
|-------|------------------------------|------------------------------|
| Total | 80,005 | 65,546 |

During 2023 a reverse impairment charge of £8,063,000 was recognised on the cost of investments in subsidiaries and included in the Parent income statement.

In addition, the company acquired four new subsidiaries for a total cash consideration of £7,244,000 and the issue of 123,457 Ordinary 10p shares for a total value of £200,000. The company also sold four existing dormant subsidiaries for a total proceeds of £Nil.

14. Investments in subsidiaries continued

At 31 December 2023 the Company owned 100% of the following companies and limited liability partnerships, either directly or indirectly. All subsidiaries are incorporated in England and Wales and their registered office address is at 40 Gracechurch Street, London EC3V 0BT, apart from RBC CEES Trustee Limited, which is incorporated in Jersey and its registered office address is Gaspé House, 66-72 Esplanade, Jersey JE2 3QT and Gould Scottish Partnership, which is incorporated in Scotland and its registered office is 9 Haymarket Square, Edinburgh, EH3 8RY.

| Company or partnership | Direct/indirect interest | 2023 ownership | 2022 ownership | Principal activity |
|---|--------------------------|----------------|----------------|-------------------------------------|
| Nameco (No. 917) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 346) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Charmac Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| RBC CEES Trustee Limited ^(a) | Direct | 100% | 100% | Joint Share Ownership Plan |
| Chapman Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Advantage DCP Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Romsey Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Helios UTG Partner Limited ^(a) | Direct | 100% | 100% | Corporate partner |
| Salviscount LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Inversanda LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Fyshe Underwriting LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 505 LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 321 LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 409) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1113) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Catbang 926 Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Whittle Martin Underwriting | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 408) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 084 LLP | Indirect | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 510) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 544) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| N J Hanbury Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1011) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1111) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 533 LLP | Indirect | 100% | 100% | Corporate partner |
| North Breache Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| G T C Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Hillnameco Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 2012) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1095) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| New Filcom Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Kemah Lime Street Capital | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1130) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 070 LLP | Indirect | 100% | 100% | Corporate partner |
| Nameco (No. 389) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No. 469 LLP | Indirect | 100% | 100% | Corporate partner |
| Nomina No. 536 LLP | Indirect | 100% | 100% | Corporate partner |
| Nameco (No. 301) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1232) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Shaw Lodge Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Queensberry Underwriting | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 472 LLP | Indirect | 100% | 100% | Corporate partner |
| Nomina No 110 LLP | Indirect | 100% | 100% | Corporate partner |
| Chanterelle Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Kunduz LLP | Indirect | 100% | 100% | Corporate partner |
| Exalt Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 1110) Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Clifton 2011 Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nomina No 378 LLP | Indirect | 100% | 100% | Corporate partner |
| Gould Scottish Limited Partnership | Indirect | 100% | 100% | Corporate partner |
| Harris Family UTG Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Whitehouse Underwriting Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |

14. Investments in subsidiaries continued

| Company or partnership | Direct/indirect interest | 2023 ownership | 2022 ownership | Principal activity |
|--------------------------------|--------------------------|----------------|----------------|-------------------------------------|
| Risk Capital UTG Limited | Direct | 100% | 100% | Lloyd's of London corporate vehicle |
| Nameco (No. 606) Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Nameco (No. 1208) Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Chorlton Underwriting Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Park Farm Underwriting Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV One Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Two Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Three Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Four Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Five Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Six Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Seven Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Eight Limited | Direct | 100% | — | Lloyd's of London corporate vehicle |
| Helios LLV Nine LLP | Indirect | 100% | — | Corporate partner |
| Helios LLV Ten LLP | Indirect | 100% | — | Corporate partner |

For details of all new acquisitions made during the year 2023, refer to Note 22(a).

- (i) Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Salviscourt LLP, Inversanda LLP, Fyshe Underwriting LLP, Nomina No 505 LLP, Nomina No 321 LLP, Nomina No 084 LLP, Nomina No 533 LLP, Nomina No 070 LLP, Nomina No 469 LLP, Nomina No 536 LLP, Nomina No 472 LLP, Nomina No 110 LLP, Kunduz LLP, Nomina No 348 LLP and Gould Scottish Limited Partnership. The cost of acquisition of these LLPs is accounted for in Helios UTG Partner Limited, their immediate parent company.
- (ii) RBC CEES Trustee Limited was an incorporated entity in year 2017 to satisfy the requirements of the Joint Share Ownership Plan (see Note 23).

15. Financial assets at fair value through profit or loss

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices (unadjusted) at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data inputs, either directly or indirectly (other than quoted prices included within Level 1) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The Group held the following financial assets carried at fair value on the statement of financial position:

| Group | Total 2023 £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 |
|---|---------------------|------------------|------------------|------------------|
| Shares and other variable yield securities and units in unit trusts | 33,945 | 9,497 | 20,809 | 3,639 |
| Debt securities and other fixed income securities | 180,208 | 48,831 | 131,378 | — |
| Participation in investment pools | 1,459 | 1,037 | 407 | 15 |
| Loans and deposits with credit institutions | 1,448 | 1,446 | — | 3 |
| Derivatives | 78 | 31 | 46 | — |
| Other investments | 1,120 | 1,120 | — | — |
| Funds at Lloyd's | 69,939 | 69,939 | — | — |
| Total – fair value | 288,198 | 131,901 | 152,639 | 3,657 |

| Group | Total 2022 £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 |
|---|---------------------|------------------|------------------|------------------|
| Shares and other variable yield securities and units in unit trusts | 18,751 | 3,794 | 12,913 | 2,044 |
| Debt securities and other fixed income securities | 132,031 | 39,187 | 92,844 | — |
| Participation in investment pools | 597 | 112 | 462 | 23 |
| Loans and deposits with credit institutions | 263 | 73 | — | 190 |
| Derivatives | 267 | 146 | 121 | — |
| Other investments | 1,064 | 1,064 | — | — |
| Funds at Lloyd's | 73,040 | 73,040 | — | — |
| Total – fair value | 226,013 | 117,416 | 106,340 | 2,257 |

15. Financial assets at fair value through profit or loss continued

Funds at Lloyd's represent assets deposited with the corporation of Lloyd's to support the Group's underwriting activities as described in the accounting policies. The Group entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Group's liabilities in respect of its underwriting.

The Directors consider any credit risk or liquidity risk not to be material.

Company

Financial assets at fair value through profit or loss are shown below:

| | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|------------------------------|------------------------------|
| Holdings in collective investment schemes – Level 2 | 898 | 731 |
| Total – market value | 898 | 731 |

16. Other receivables

| | 31 December 2023 £'000 | 31 December 2022 £'000 |
|--|------------------------------|------------------------------|
| Group | | |
| Arising out of direct insurance operations | 85,360 | 64,852 |
| Arising out of reinsurance operations | 63,563 | 59,714 |
| Other debtors | 24,009 | 23,110 |
| Total | 172,932 | 147,676 |

The Group has no analysis of other receivables held directly by the syndicates on the Group's behalf (see Note 27). None of the Group's other receivables are past their due date and all are classified as fully performing.

Included within the above receivables are amounts totalling £nil (2022: £nil) which are not expected to be wholly recovered within one year.

| | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|------------------------------|------------------------------|
| Company | | |
| Receivables from subsidiaries (Note 25) | 70,062 | 73,505 |
| Other debtors | 2,463 | 1,278 |
| Prepayments | 1,595 | — |
| Total | 74,120 | 74,783 |

Included within receivables are amounts totalling £nil (2022: £100,000), which are not expected to be recoverable within one year.

17. Deferred acquisition costs

| | 31 December 2023 £'000 | 31 December 2022 £'000 |
|--|------------------------------|------------------------------|
| Group | | |
| At 1 January | 24,991 | 13,615 |
| Increase arising from acquisition of subsidiary undertakings (Note 22) | 781 | 664 |
| Movement in deferred acquisition costs | 7,038 | 10,163 |
| Other movements | (519) | 549 |
| At 31 December | 32,291 | 24,991 |

18. Deferred tax**Group**

Deferred tax is calculated in full on temporary differences using a tax rate of 25% on deferred tax assets and deferred tax liabilities (2022: 25% on deferred tax assets and deferred tax liabilities). The movement on the deferred tax liability account is shown below:

| Deferred tax liabilities | Valuation of capacity £'000 | Timing differences on underwriting results £'000 | Total £'000 |
|---|--------------------------------|---|----------------|
| At 1 January 2022 | 13,341 | (1,375) | 11,965 |
| On acquisition of subsidiary undertakings | 686 | (287) | 399 |
| Revaluation of capacity | 668 | — | 668 |
| Prior period adjustment | (156) | — | (156) |
| Credit for the year | (400) | (1,163) | (1,564) |
| At 31 December 2022 | 14,139 | (2,828) | 11,311 |
| At 1 January 2023 | 14,139 | (2,828) | 11,311 |
| On acquisition of subsidiary undertakings | 856 | — | 856 |
| Revaluation of capacity | 4,497 | — | 4,497 |
| Prior period adjustment | 712 | — | 712 |
| Charge/(credit) for the year | (67) | 5,025 | 4,958 |
| At 31 December 2023 | 20,136 | 2,199 | 22,334 |

Company

The Company had no deferred tax assets or liabilities (2022: £nil), as disclosed in Note 10.

19. Borrowings

| Group and Company | 31 December 2023 £'000 | 31 December 2022 £'000 |
|--------------------------------|---------------------------|---------------------------|
| Secured – at amortised cost | 59,055 | — |
| Bank revolving credit facility | — | 15,000 |
| | 59,055 | 15,000 |
| Current | — | 15,000 |
| Non-current | 59,055 | — |
| | 59,055 | 15,000 |

Bank loan**(a) Revolving credit/loan facility**

On 21 December 2021, a new sterling revolving loan facility (“RLF”) was agreed with Barclays Bank Plc to the value of £15m. The interest is 4.2% per annum. On 21 March 2022, the full £15m was drawn down and on the 18 December 2023 the loan was repaid in full.

On 15 December 2023 the Company secured an A - / stable rating from Kroll Bond Rating Agency LLC, (KBRA) for up to US\$100m seven-year unsecured debt at a fixed coupon of 9.5%. An initial tranche of US\$75m of the debt was drawn down on 15 December 2023. The loan is repaid as one payment in full at the end of the seven year term.

19. Borrowings continued**Bank loan** continued**(a) Revolving credit/loan facility** continued

Reconciliation of movements of liabilities to cash flows arising from financing activities:

The facility is secured over the assets of the Company.

| Group | Liabilities | Equity | | | Total £'000 |
|---|---|------------------------------------|----------------------------|-------------------------------|----------------|
| | Other loans and borrowings £'000 | Share capital/ premium £'000 | Other reserves £'000 | Retained earnings £'000 | |
| Balance at 1 January 2022 | — | 93,261 | (110) | 14,595 | 107,746 |
| Changes from financing cash flows | | | | | |
| Proceeds from issue of share capital (Note 21) | — | 12,781 | — | — | 12,781 |
| Proceeds from loans and borrowings | — | — | — | — | — |
| Payments for Company buyback of ordinary shares (Note 24) | — | — | — | — | — |
| Repayment of borrowings | 15,000 | — | — | — | 15,000 |
| Dividend paid | — | — | — | (2,034) | (2,034) |
| Total changes from financing cash flows | 15,000 | 12,781 | — | (2,034) | 25,747 |
| Effect of changes in foreign exchange rates | — | — | — | — | — |
| Changes in fair value | — | — | — | — | — |
| Other changes: | | | | | |
| Liability related | — | — | — | — | — |
| Other expense | — | — | — | — | — |
| Interest expense | — | — | — | — | — |
| Interest paid | — | — | — | — | — |
| Total liability related other changes | — | — | — | — | — |
| Total equity related other changes | — | — | — | (1,315) | (1,315) |
| Balance at 31 December 2022 | 15,000 | 106,042 | (110) | 11,246 | 132,178 |

* The equity related other changes relate to the consolidated profit for the year 2022.

| Group | Liabilities | Equity | | | Total £'000 |
|---|---|------------------------------------|----------------------------|-------------------------------|----------------|
| | Other loans and borrowings £'000 | Share capital/ premium £'000 | Other reserves £'000 | Retained earnings £'000 | |
| Balance at 1 January 2023 | 15,000 | 106,042 | (110) | 9,187 | 130,119 |
| Changes from financing cash flows | | | | | |
| Proceeds from issue of share capital (Note 21) | — | 349 | 300 | — | 649 |
| Proceeds from loans and borrowings | 59,055 | — | — | — | 59,055 |
| Payments for Company buyback of ordinary shares (Note 24) | — | — | — | (3,209) | (3,209) |
| Repayment of borrowings | (15,000) | — | — | — | (15,000) |
| Dividend paid | — | — | — | (2,319) | (2,319) |
| Total changes from financing cash flows | 44,055 | 349 | 300 | (5,528) | 39,176 |
| Effect of changes in foreign exchange rates | — | — | — | — | — |
| Changes in fair value | — | — | — | — | — |
| Other changes: | | | | | |
| Liability related | — | — | — | — | — |
| Other expense | — | — | — | — | — |
| Interest expense | — | — | — | — | — |
| Interest paid | — | — | — | — | — |
| Total liability related other changes | — | — | — | — | — |
| Total equity related other changes* | — | — | — | 29,861 | 29,861 |
| Balance at 31 December 2023 | 59,055 | 106,391 | 190 | 33,520 | 199,156 |

* The equity related other changes relate to the consolidated profit for the year 2023.

19. Borrowings continued

Bank loan continued

(a) Revolving credit/loan facility continued

| Company | Liabilities | Equity | | | Total £'000 |
|---|---|------------------------------------|----------------------------|-------------------------------|----------------|
| | Other loans and borrowings £'000 | Share capital/ premium £'000 | Other reserves £'000 | Retained earnings £'000 | |
| Balance at 1 January 2022 | — | 93,261 | — | 27,112 | 120,373 |
| Changes from financing cash flows | | | | | |
| Proceeds from issue of share capital (Note 21) | — | 12,781 | — | — | 12,781 |
| Proceeds from loans and borrowings | 15,000 | — | — | — | 15,000 |
| Payments for Company buyback of ordinary shares (Note 24) | — | — | — | — | — |
| Repayment of borrowings | — | — | — | — | — |
| Dividend paid | — | — | — | (2,034) | (2,034) |
| Total changes from financing cash flows | 15,000 | 12,781 | — | (2,034) | 25,747 |
| Effect of changes in foreign exchange rates | — | — | — | — | — |
| Changes in fair value | — | — | — | — | — |
| Other changes: | — | — | — | — | — |
| Liability related | — | — | — | — | — |
| Other expense | — | — | — | — | — |
| Interest expense | — | — | — | — | — |
| Interest paid | — | — | — | — | — |
| Total liability related other changes | — | — | — | — | — |
| Total equity related other changes* | — | — | — | (842) | (842) |
| Balance at 31 December 2022 | 15,000 | 106,042 | — | 24,236 | 145,278 |

* The equity related other changes relate to the Company's profit for the year 2022.

| Company | Liabilities | Equity | | | Total £'000 |
|---|---|------------------------------------|----------------------------|-------------------------------|----------------|
| | Other loans and borrowings £'000 | Share capital/ premium £'000 | Other reserves £'000 | Retained earnings £'000 | |
| Balance at 1 January 2023 | 15,000 | 106,042 | — | 24,236 | 145,278 |
| Changes from financing cash flows | | | | | |
| Proceeds from issue of share capital (Note 21) | — | 349 | 300 | — | 649 |
| Proceeds from loans and borrowings | 59,055 | — | — | — | 59,055 |
| Payments for Company buyback of ordinary shares (Note 24) | — | — | — | (3,209) | (3,209) |
| Repayment of borrowings | (15,000) | — | — | — | (15,000) |
| Dividend paid | — | — | — | (2,319) | (2,319) |
| Total changes from financing cash flows | 44,055 | 349 | 300 | (5,528) | 39,176 |
| Effect of changes in foreign exchange rates | — | — | — | — | — |
| Changes in fair value | — | — | — | — | — |
| Other changes: | — | — | — | — | — |
| Liability related | — | — | — | — | — |
| Other expense | — | — | — | — | — |
| Interest expense | — | — | — | — | — |
| Interest paid | — | — | — | — | — |
| Total liability related other changes | — | — | — | — | — |
| Total equity related other changes* | — | — | — | 2,318 | 2,318 |
| Balance at 31 December 2023 | 59,055 | 106,391 | 300 | 21,026 | 186,772 |

* The equity related other changes relate to the Company's profit for the year 2023.

20. Other payables

| Group | 31 December 2023 £'000 | 31 December 2022 £'000 |
|--|------------------------------|------------------------------|
| Arising out of direct insurance operations | 3,925 | 3,509 |
| Arising out of reinsurance operations | 52,770 | 42,700 |
| Corporation tax payable | — | — |
| Other creditors | 13,899 | 8,684 |
| | 70,594 | 54,893 |

The Group has no analysis of other payables held directly by the syndicates on the Group's behalf (see Note 27).

| Company | 31 December 2023 £'000 | 31 December 2022 £'000 |
|------------------------------|------------------------------|------------------------------|
| Payable to subsidiaries | 5,532 | 3,128 |
| Other creditors | 93 | — |
| Accruals and deferred income | 3,222 | 2,002 |
| | 8,847 | 5,130 |

All payables above are due within one year.

21. Share capital and share premium

| | Number of shares (i) | Ordinary share capital £'000 | Partly paid ordinary share capital £'000 | Share premium £'000 | Total £'000 |
|--|-------------------------|------------------------------------|---|---------------------------|----------------|
| Ordinary shares of 10p each and share premium at 31 December 2022 | 77,737,372 | 7,664 | 110 | 98,268 | 106,042 |
| Ordinary shares of 10p each and share premium at 31 December 2023 | 77,945,833 | 7,665 | 110 | 98,597 | 106,391 |

During the year, the Company issued a further 208,461 ordinary shares of 10p each. Of the shares issued, 85,004 were in relation to a script dividend and 123,457 were issued in relation to the acquisition of Chorlton Underwriting Limited. Nil proceeds were received by the company for the issue all these shares.

(i) Number of shares

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Allotted, called up and fully paid ordinary shares: | | |
| – on the market | 74,186,068 | 76,218,203 |
| – Company buyback of ordinary shares held in treasury (Note 24) | 2,659,765 | 419,169 |
| | 76,845,833 | 76,637,372 |
| Uncalled and partly paid ordinary shares under the JSOP scheme (ii) (Note 23) | 1,100,000 | 1,100,000 |
| | 77,945,833 | 77,737,372 |

(ii) The partly paid ordinary shares are not entitled to dividend distribution rights during the year.

22. Acquisition of Limited Liability Vehicles

Acquisitions of Limited Liability Vehicles are accounted for using the acquisition method of accounting.

Where the comparison of the consideration paid to the fair value of net assets acquired gives rise to goodwill, this is taken to the consolidated statement of financial position and amortised on a straight line basis over three years. The below table shows the positive and negative goodwill as follows:

(a) 2023 acquisitions

During the year, the Company has acquired the following Lloyd's Limited Liability Vehicles either directly, or indirectly:

| | Nameco (No. 606) Limited £'000 | Nameco (No. 1208) Limited £'000 | Chorlton UW Limited £'000 | Park Farm UW Limited £'000 | Total £'000 |
|--|---|--|---------------------------------|----------------------------------|----------------|
| 2023 acquisition date | 2 June | 12 June | 14 July | 20 July | |
| Intangible assets | 97 | 4 | — | 124 | 225 |
| Uplift to fair value | 761 | 717 | 1,227 | 1,100 | 3,805 |
| Deferred tax on uplift to fair value | (190) | (179) | (315) | (179) | (863) |
| | 668 | 542 | 912 | 1,045 | 3,167 |
| Financial investments | 1,910 | 882 | 2,234 | 2,360 | 7,386 |
| Deferred income tax asset | — | — | — | — | — |
| Reinsurers' share of insurance liabilities: | — | — | — | — | — |
| – reinsurers' share of outstanding claims | 421 | 512 | 1,050 | 979 | 2,962 |
| – reinsurers' share of unearned premium | 313 | 96 | 172 | 176 | 757 |
| Other receivables, including insurance receivables | 1,983 | 832 | 2,382 | 3,293 | 8,490 |
| Deferred acquisition costs | 243 | 98 | 217 | 224 | 782 |
| Prepayments and accrued income | 14 | 8 | 15 | 16 | 53 |
| Cash and cash equivalents | 108 | 84 | 201 | 311 | 704 |
| Insurance liabilities: | — | — | — | — | — |
| – claims outstanding | (1,683) | (1,722) | (3,402) | (3,443) | (10,250) |
| – unearned premiums | (1,882) | (563) | (915) | (989) | (4,349) |
| Deferred income tax liabilities | — | — | — | — | — |
| Other payables, including insurance payables | (923) | (655) | (611) | (545) | (2,734) |
| Accruals and deferred income | (60) | (27) | (85) | (53) | (225) |
| Total fair value acquired | 1,112 | 87 | 2,170 | 3,374 | 6,743 |
| Net consideration | 1,169 | — | 1,997 | 3,229 | 6,395 |
| Positive goodwill on acquisition | 57 | — | — | — | 57 |
| Negative goodwill on acquisition | — | (87) | (173) | (145) | (404) |
| Since date of acquisition | | | | | |
| Net earned premium | 917 | 839 | 738 | 811 | 3,305 |
| Profit/(loss) | 79 | 132 | 77 | 112 | 400 |
| Capacity acquired | | | | | |
| 2021 underwriting year | 1,465 | 1,504 | 1,625 | 1,874 | 6,468 |
| 2022 underwriting year | 1,708 | 1,526 | 1,707 | 1,931 | 6,872 |
| 2023 underwriting year | 2,024 | 1,777 | 2,065 | 2,265 | 8,131 |

Had the Limited Liability Vehicles been consolidated from 1 January 2023, the consolidated statement of comprehensive income would show a net earned premium of £204,195,000 and a profit after tax of £17,981,000.

22. Acquisition of Limited Liability Vehicles continued**(b) 2022 acquisitions**

In 2022 the Company acquired three Limited Liability Vehicles, all of which are incorporated in England and Wales and are corporate members of Lloyd's.

| | Harris Family UTG Limited £'000 | Whitehouse Underwriting Limited £'000 | Risk Capital UTG Limited £'000 | Total £'000 |
|--|---------------------------------------|--|--------------------------------------|----------------|
| 2022 acquisition date | 6 Dec | 29 Dec | 31 Dec | |
| Intangible assets | 23 | 1 | 46 | 70 |
| Uplift to fair value | 216 | 503 | 2,025 | 2,744 |
| Deferred tax on uplift to fair value | (54) | (126) | (509) | (689) |
| | 185 | 378 | 1,562 | 2,125 |
| Financial investments | 501 | 1,212 | 4,303 | 6,016 |
| Deferred income tax asset | — | — | — | — |
| Reinsurers' share of insurance liabilities: | | | | |
| – reinsurers' share of outstanding claims | 367 | 617 | 2,192 | 3,176 |
| – reinsurers' share of unearned premium | 50 | 103 | 340 | 493 |
| Other receivables, including insurance receivables | 992 | 845 | 7,349 | 9,186 |
| Deferred acquisition costs | 70 | 125 | 470 | 665 |
| Prepayments and accrued income | 6 | 6 | 41 | 53 |
| Cash and cash equivalents | 66 | 57 | 445 | 568 |
| Insurance liabilities: | | | | |
| – claims outstanding | (1,020) | (1,938) | (7,929) | (10,887) |
| – unearned premiums | (281) | (528) | (2,037) | (2,846) |
| Deferred income tax liabilities | — | — | — | — |
| Other payables, including insurance payables | (993) | (505) | (5,817) | (7,315) |
| Accruals and deferred income | (32) | (54) | (119) | (205) |
| Total fair value acquired | (89) | 318 | 800 | 1,029 |
| Net consideration | — | 427 | 976 | 1,403 |
| Positive goodwill on acquisition | 89 | 109 | 176 | 374 |
| Negative goodwill on acquisition | — | — | — | — |
| Since date of acquisition | | | | |
| Net earned premium | 30 | 5 | — | 35 |
| Profit/(loss) | (5) | — | — | (5) |
| Capacity acquired | | | | |
| 2020 underwriting year | 504 | 899 | 4,156 | 5,559 |
| 2021 underwriting year | 518 | 902 | 4,360 | 5,780 |
| 2022 underwriting year | 540 | 952 | 4,185 | 5,677 |

Costs incurred in connection with the three acquisitions totalling £40,000 (2022: £38,000) have been recognised in the consolidated statement of comprehensive income.

23. Share option plans**(i) Joint Share Ownership Plan (“JSOP”)**

500,000 shares have been vested as at 31 December 2021.

On 16 August 2021, a further 600,000 shares were issued.

Effect of the transactions

The beneficial interests of the Executives are as follows:

| Director | 2023 | | | 2022 | | |
|----------------|--|------------------------------------|--------------------|--|------------------------------------|--------------------|
| | Interests in jointly owned ordinary shares issued under JSOP | Other interests in ordinary shares | Total shareholding | Interests in jointly owned ordinary shares issued under JSOP | Other interests in ordinary shares | Total shareholding |
| Arthur Manners | 477,500 | 720,009 | 1,197,509 | 477,500 | 720,009 | 1,197,509 |
| Nigel Hanbury | 622,500 | 8,939,858 | 9,562,358 | 622,500 | 8,939,858 | 9,562,358 |

The JSOP is to be accounted for as if it were a premium priced option, and, therefore, Black Scholes mathematics have been applied to determine the fair value. As the performance condition will eventually be trued up, a calculation of the fair value based on an algebraic Black Scholes calculation of the value of the “as if” option discounted for the risk of forfeiture or non-vesting is reasonable. The discount factors are for the risk that an employee leaves and forfeits the award or the failure to meet the performance condition with the result the JSOP awards do not vest in full or at all.

This gave rise to a total fair value amount of £23,148 to be charged as an expense in the statement of comprehensive income and spread over three years, being £7,716 in 2018, £7,716 in 2019 and £7,716 in 2020.

(ii) Share-based payments

In 2022, the Company operated the Helios Underwriting plc Long Term Incentive Plan (“LTIP”). On 16 December 2022, the Company granted 571,427 awards under the LTIP in the form of a nil-cost options. Under the same plan, the Company granted 491,227 on 30 May 2023.

The awards’ performance conditions set threshold (30%) to stretch (60%) targets in respect of the Company’s total shareholder return (“TSR”) over the three-year period following the grant of the awards. No portion of the awards shall vest unless the Company’s TSR at the end of the performance period reaches the threshold target, for which one quarter of the awards would vest, rising on a straight line basis to full vesting of the awards for the Company’s TSR over the performance period being equal to the stretch target or better. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

On 5 April 2023 a further 875,000 awards were made under the company’s LTIP, with the terms set out below.

The awards’ performance conditions set threshold (50%) to stretch (100%) targets in respect of the Company’s total shareholder return (“TSR”) over the five year period following the grant of the awards. No portion of the awards shall vest unless the Company’s TSR at the end of the performance period reaches the threshold target, for which one quarter of the awards would vest, rising on a straight line basis to full vesting of the awards for the Company’s TSR over the performance period being equal to the stretch target or better. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

| Director | As at 1 January 2023 | Awards granted during 2023 | Forfeited | Vested/ exercised | Outstanding at 31 December 2023 | Exercisable at 31 December 2023 |
|----------------|----------------------|----------------------------|-----------|-------------------|---------------------------------|---------------------------------|
| Arthur Manners | 266,666 | 228,070 | — | — | 494,736 | — |
| Nigel Hanbury | 304,761 | 263,157 | — | — | 567,918 | — |
| Martin Reith | — | 875,000 | — | — | 875,000 | — |

The fair value of the LTIP awards is calculated using a Monte Carlo (Stochastic) model taking into account the terms and conditions of the awards granted. Each award gives rise to a fair value amount to be charged as an expense in the statement of comprehensive income and spread over a period as detailed below:

| Director | 16 December 2022 | 5 April 2023 | 30 May 2023 | Total |
|--|------------------|--------------|-------------|-----------|
| Number of awards granted | 571,427 | 875,000 | 491,227 | 1,937,656 |
| The weighted average remaining life of the options | 8.86 | 9.26 | 9.41 | |
| Period of expense | | | | |
| 2022 | 5,123 | — | — | 5,123 |
| 2023 | 124,667 | 78,170 | 71,464 | 274,301 |
| 2024 | 125,008 | 105,573 | 122,223 | 352,804 |
| 2025 | 119,202 | 105,285 | 121,889 | 346,376 |
| 2026 | — | 105,285 | 50,424 | 155,709 |
| 2027 | — | 105,285 | — | 105,285 |
| 2028 | — | 27,402 | — | 27,402 |
| Total | 374,000 | 527,000 | 366,000 | 1,267,000 |

24. Treasury shares: purchase of own shares

The Company has in previous years bought back some of its own ordinary shares on the market and these are held in treasury. During 2023, the Company has bought back a further 2,240,596 shares for a total consideration of £3,209,000.

The retained earnings have been reduced by a further £3,736,000, being the consideration paid on the market for these shares, as shown in the consolidated and Parent Company statements of changes in equity.

The Company cannot exercise any rights over these bought back and held in treasury shares, and has no voting rights. No dividend or other distribution of the Company's assets can be paid to the Company in respect of the treasury shares that it holds.

As at 31 December 2023, the 2,659,765 own shares bought back represent 3.46% of the total allotted, called up and fully paid ordinary shares of the Company of 76,845,833 (Note 21).

25. Related party transactions

Helios Underwriting plc has inter-company loans with its subsidiaries which are repayable on three months' notice provided it does not jeopardise each company's ability to meet its liabilities as they fall due. All inter-company loans are, therefore, classed as falling due within one year. The amounts from/(to) subsidiaries exceeding £1m as at 31 December are set out below:

| Company | 31 December 2023 £'000 | 31 December 2022 £'000 |
|-----------------------------------|------------------------------|------------------------------|
| Nameco (No. 917) Limited | 9,355 | 12,116 |
| Helios UTG Partner Limited | 13,618 | 8,276 |
| Chapman Underwriting Limited | 9,663 | 13,458 |
| Romsey Underwriting Limited | 7,001 | 8,790 |
| Advantage DCP Limited | (1,699) | (1,659) |
| Catbang 926 Limited | 6,378 | 7,466 |
| N J Hanbury Limited | 2,759 | 2,789 |
| Queensberry Underwriting Limited | 3,164 | 2,870 |
| Chanterelle Underwriting Limited | 1,892 | 1,838 |
| Clifton 2011 Limited | 2,089 | 1,175 |
| Exalt Underwriting Limited | 2,132 | 1,268 |
| Northbreache Underwriting Limited | — | 1,119 |
| Harris Family UTG Limited | 1,479 | 583 |
| Risk Capital UTG Limited | 2,282 | 3,624 |
| Nameco (No. 1208) Limited | 1,261 | — |
| Park Farm Underwriting Limited | (1,578) | — |
| Subsidiaries below £1,000,000 | 4,734 | 7,247 |
| Net amount | 64,530 | 70,377 |
| Receivable from subsidiaries | 70,062 | 73,505 |
| Payable from subsidiaries | (5,532) | (3,128) |
| | 64,530 | 70,377 |

25. Related party transactions continued

The Group has entered into quota share reinsurance contracts for the 2021, 2022, 2023 and 2024 years of account with HIPCC Limited. The Limited Liability Vehicles' underwriting year of account quota share participations are set out below:

| Company or partnership | 2021 | 2022 | 2023 | 2024 |
|------------------------------|------|------|------|------------|
| Nameco (No. 917) Limited | 59% | 44% | 36% | 33% |
| Nameco (No. 346) Limited | 60% | 65% | 38% | 31% |
| Chapman Underwriting Limited | 68% | 11% | 20% | 17% |
| Advantage DCP Limited | 54% | — | — | — |
| Romsey Underwriting Limited | 48% | 37% | 29% | 25% |
| Nomina No 321 LLP | 35% | — | — | — |
| Nameco (No. 409) Limited | 44% | — | — | — |
| Nameco (No. 1113) Limited | 46% | — | — | — |
| Catbang 926 Limited | 60% | 21% | 16% | 13% |
| Whittle Martin Underwriting | 48% | — | — | — |
| Nameco (No. 408) Limited | 53% | — | — | — |

Nigel Hanbury, a Director of Helios Underwriting plc and its subsidiary companies, was also a director and majority shareholder in HIPCC Limited until 29 November 2023 when he sold his majority shareholding in full, and resigned as a director on the same date. Under the agreement, the Group accrued a net reinsurance premium payable of £6,574,000 (2022: £1,921,000 net reinsurance premium recovery) during the year.

In addition, HIPCC provides stop loss, portfolio stop loss and HASP reinsurance policies for the Company.

HIPCC Limited acts as an intermediary for the reinsurance products purchased by Helios. An arrangement has been put in place so that 51% of the profits generated by HIPCC in respect of the business relating to Helios will be repaid to Helios for the business transacted for the 2020 and subsequent underwriting years. The consideration paid to Nigel Hanbury of £100,000 reflects the HIPCC income that he is expected to forgo. This arrangement was terminated when Nigel Hanbury sold his shareholding and resigned as a director in HIPCC.

During 2023, the following Directors received dividends, in line with their shareholdings held:

| Director | Shareholding at date dividend declared 29 June 2023 | Dividend received 19 July 2023 £ |
|--|--|--|
| Nigel Hanbury (either personally or has an interest in) | 9,562,358 | 286,870 |
| Andrew Christie | 34,551 | 1,036 |
| Arthur Manners (either personally or has an interest in) | 1,197,509 | 35,925 |
| Michael Cunningham (resigned 29 June 2024) | 286,848 | 8,605 |
| Tom Libassi (has an interest in) | 13,407,000 | 402,210 |
| Martin Reith | 257,727 | 7,731 |
| Edward Fitzalan Howard, Duke of Norfolk (resigned 19 April 2024) | 382,864 | 11,485 |

26. Ultimate controlling party

The Directors consider that the Group has no ultimate controlling party.

27. Syndicate participations

The syndicates in which the Company's subsidiaries participate as corporate members of Lloyd's either directly or through MAPA's are as follows:

| Syndicate number | Managing or members' agent | Allocated capacity per year of account | | | |
|------------------|---|--|----------------|----------------|----------------|
| | | 2024 £000 | 2023 £000 | 2022* £000 | 2021 £000 |
| 33 | Hiscox Syndicates Limited | 15,358 | 15,358 | 15,357 | 15,271 |
| 218 | IQUW Syndicate Management Limited | 17,711 | 17,711 | 7,519 | 7,500 |
| 318 | Cincinnati Global Underwriting Agency Limited | 1,082 | 862 | 993 | 993 |
| 386 | QBE Underwriting Limited | 3,139 | 3,139 | 3,067 | 2,781 |
| 510 | Tokio Marine Kiln Syndicates Limited | 30,294 | 28,183 | 34,097 | 24,257 |
| 557 | Tokio Marine Kiln Syndicates Limited | — | — | 3,509 | 3,509 |
| 609 | Atrium Underwriters Limited | 19,528 | 18,421 | 13,714 | 13,168 |
| 623 | Beazley Furlonge Limited | 32,687 | 28,909 | 23,293 | 20,253 |
| 727 | S A Meacock & Company Limited | 2,956 | 2,956 | 2,423 | 2,352 |
| 1176 | Chaucer Syndicates Limited | 2,875 | 2,875 | 2,875 | 2,875 |
| 1200 | Argo Managing Agency Limited | — | 55 | 10,050 | — |
| 1699 | Asta Managing Agency Limited | 5,000 | — | — | — |
| 1729 | Dale Managing Agency Limited | 25,118 | 20,094 | 10,220 | 247 |
| 1796 | Asta Managing Agency Limited | 7,000 | — | — | — |
| 1902 | Asta Managing Agency Limited | 12,636 | 10,688 | 10,000 | — |
| 1925 | Apollo Syndicate Management Limited | 12,500 | — | — | — |
| 1955 | Arch Managing Agency Limited | 20,000 | 12,500 | — | — |
| 1966 | Asta Managing Agency Limited | 15,000 | — | — | — |
| 1969 | Apollo Syndicate Management Limited | 25,499 | 12,171 | 5,675 | 459 |
| 1971 | Apollo Syndicate Management Limited | 25,000 | 10,000 | 6,467 | — |
| 1985 | Asta Managing Agency Limited | 20,000 | 16,874 | — | — |
| 1988 | Asta Managing Agency Limited | 15,125 | 15,000 | — | — |
| 1996 | Polo Managing Agency Limited | 9,527 | 5,988 | — | — |
| 2010 | Lancashire Syndicates Limited | 7,338 | 7,338 | 10,642 | 9,999 |
| 2024 | Probitas Managing Agency Limited | 8,522 | — | — | — |
| 2121 | Argenta Syndicate Management Limited | 5,206 | 272 | 10,267 | 5,697 |
| 2358 | Nephila Syndicate Managing Agency Limited | 20,000 | — | — | — |
| 2427 | Asta Managing Agency Limited | 15,024 | — | — | — |
| 2454 | Apollo Syndicate Management Limited | 5,800 | — | — | — |
| 2525 | Asta Managing Agency Limited | 2,612 | 2,311 | 1,856 | 1,727 |
| 2689 | Asta Managing Agency Limited | 5,477 | 2,699 | 10,111 | 610 |
| 2791 | Managing Agency Partners Limited | 16,422 | 12,001 | 10,123 | 10,112 |
| 3939 | Apollo Syndicate Management Limited | 12,000 | — | — | — |
| 4242 | Asta Managing Agency Limited | 15,000 | 10,807 | 12,987 | 9,018 |
| 4444 | Canopus Managing Agents Limited | 24 | 21 | 20 | 182 |
| 5183 | Asta Managing Agency Limited | 1,727 | 5,000 | — | — |
| 5623 | Beazley Furlonge Limited | 27,001 | 17,672 | 6,894 | 4,770 |
| 5886 | Blenheim Underwriting Limited | 30,833 | 27,131 | 23,165 | 12,586 |
| 6103 | Managing Agency Partners Limited | 4,150 | 3,301 | 3,480 | 3,149 |
| 6104 | Hiscox Syndicates Limited | 10,000 | 32 | 1,774 | 1,839 |
| 6107 | Beazley Furlonge Limited | 1,550 | 164 | 1,682 | 1,732 |
| 6117 | Ariel Re Managing Agency Limited | 391 | 265 | 2,989 | 2,209 |
| Total | | 507,112 | 310,798 | 245,249 | 157,295 |

* Including the new acquisitions in 2023.

28. Group-owned net assets

The Group statement of financial position includes the following assets and liabilities held by the syndicates on which the Group participates. These assets are subject to trust deeds for the benefit of the relevant syndicates' insurance creditors. The table below shows the split of the statement of financial position between Group and syndicate assets and liabilities:

| | 31 December 2023 | | | 31 December 2022 | | |
|--|------------------|--------------------|----------------|------------------|--------------------|----------------|
| | Group £'000 | Syndicate £'000 | Total £'000 | Group £'000 | Syndicate £'000 | Total £'000 |
| Assets | | | | | | |
| Intangible assets: | | | | | | |
| – Capacity | 82,436 | – | 82,436 | 59,966 | – | 59,966 |
| – Positive goodwill | 348 | – | 348 | 482 | – | 482 |
| – Negative goodwill | (667) | – | (667) | (1,073) | – | (1,073) |
| Financial assets at fair value through profit or loss | 70,754 | 217,444 | 288,198 | 73,771 | 152,242 | 226,013 |
| Deferred income tax asset | – | – | – | – | – | – |
| Reinsurance assets: | | | | | | |
| – reinsurers' share of claims outstanding | 60 | 82,948 | 83,008 | 60 | 80,666 | 80,726 |
| – reinsurers' share of unearned premium | – | 23,962 | 23,962 | – | 21,333 | 21,333 |
| Other receivables, including insurance and reinsurance receivables | 357 | 172,575 | 172,932 | 3,103 | 144,573 | 147,676 |
| Cash and cash equivalents | 40,913 | 25,899 | 66,812 | 10,254 | 15,046 | 25,300 |
| Prepayments and accrued income | 4,459 | 2,822 | 7,281 | 3,746 | 1,330 | 5,076 |
| Deferred acquisition costs | – | 32,291 | 32,291 | – | 24,991 | 24,991 |
| Total assets | 198,660 | 557,941 | 756,601 | 150,309 | 440,181 | 590,490 |
| Liabilities | | | | | | |
| Equity | | | | | | |
| Equity attributable to owners of the Parent: | | | | | | |
| Share capital | 7,795 | – | 7,795 | 7,774 | – | 7,774 |
| Share premium | 98,596 | – | 98,596 | 98,268 | – | 98,268 |
| Revaluation reserve | 24,840 | – | 24,840 | 11,350 | – | 11,350 |
| Other reserves – treasury shares (JSOP and LTIP) | 190 | – | 190 | (110) | – | (110) |
| Retained earnings | (26,174) | 34,854 | 8,680 | 2,960 | (5,123) | (2,163) |
| Total equity | 105,247 | 34,854 | 140,101 | 120,242 | (5,123) | 115,119 |
| Insurance liabilities: | | | | | | |
| – claims outstanding | – | 309,188 | 309,188 | – | 272,015 | 272,015 |
| – unearned premium | – | 143,610 | 143,610 | – | 114,663 | 114,663 |
| Deferred income tax liabilities | 22,277 | 58 | 22,335 | 11,228 | 84 | 11,312 |
| Borrowings | 59,055 | – | 59,055 | 15,000 | – | 15,000 |
| Other payables, including insurance and reinsurance payables | 6,984 | 63,610 | 70,594 | 157 | 54,736 | 54,893 |
| Accruals and deferred income | 5,097 | 6,621 | 11,718 | 3,682 | 3,806 | 7,488 |
| Total liabilities | 93,413 | 523,087 | 616,500 | 30,067 | 445,304 | 475,371 |
| Total liabilities and equity | 198,660 | 557,941 | 756,601 | 150,309 | 440,181 | 590,490 |

28. Group-owned net assets continued

Below is an analysis of the free working capital available to the Group:

| Group | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|------------------------------|------------------------------|
| Funds at Lloyd's supplied by: | | |
| Reinsurers | 31,576 | 27,818 |
| Other third party | 26,995 | 26,421 |
| Group owned ¹ | 69,939 | 73,040 |
| Total funds at Lloyd's supplied (excluding solvency credits) | 128,510 | 127,279 |
| Group funds available: | | |
| Financial assets | 70,754 | 73,771 |
| Cash | 40,913 | 10,254 |
| Total funds | 111,667 | 84,025 |
| Less Group funds at Lloyd's | (69,939) | (73,040) |
| Free working capital | 41,728 | 10,985 |

29. Changes arising from the conversion from IFRS to UK GAAP

The 31 December 2022 Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRSs"). The 31 December 2023 Financial Statements have been prepared in accordance with United Kingdom Accounting Standards ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

The reason for this change in reporting framework is that it is not possible for the Directors to obtain financial information in respect of the underlying syndicate participations that would be required to comply with IFRS 17 "Insurance Contracts" which is effective under IFRS for accounting periods beginning on or after 1 January 2023.

Under IFRS any goodwill on bargain purchases is credited immediately to the consolidated statement of comprehensive income ("CSOCI"). Any positive goodwill is taken to the consolidated statement of financial position ("CSOFP") and subject to an annual impairment review. Under UK GAAP, both goodwill on bargain purchases and positive goodwill are taken to the CSOFP and amortised over their estimated useful life.

The Directors have concluded an estimated useful life of three years for both elements of goodwill to be amortised over, which is in line with the usual life of a Lloyd's underwriting year of account.

The prior period figures have been adjusted to reflect the changes in the accounting framework as per below:

| | |
|--|---------|
| Total other comprehensive loss | £'000 |
| Total other comprehensive loss for the period – as originally reported at 31 December 2022 under IFRS | (1,315) |
| Impact of IFRS to UK GAAP conversion – bargain purchase goodwill amortisation | 1,278 |
| Impact of IFRS to UK GAAP conversion – positive goodwill amortisation | (62) |
| Total other comprehensive loss for the period – at 31 December 2022 under UK GAAP | (99) |
| Total equity | £'000 |
| Total equity – as originally reported at 31 December 2022 under IFRS | 117,178 |
| Impact of IFRS conversion to UK GAAP – total bargain purchases goodwill booked to 31 December 2022 | (4,182) |
| Impact of IFRS conversion to UK GAAP – cumulative bargain purchase goodwill amortisation to 31 December 2022 | 3,108 |
| Impact of IFRS conversion to UK GAAP – cumulative positive goodwill amortisation to 31 December 2022 | (985) |
| Total equity – at 31 December 2022 under UK GAAP | 115,119 |
| Goodwill intangible assets | £'000 |
| Positive goodwill – as originally reported at 31 December 2022 under IFRS | 1,468 |
| Impact of IFRS conversion to UK GAAP – positive goodwill amortisation to 31 December 2022 | (985) |
| Positive goodwill – as reported at 31 December 2022 under UK GAAP | 482 |
| Impact of IFRS conversion to UK GAAP – negative goodwill booked to 31 December 2022 | (4,182) |
| Impact of IFRS conversion to UK GAAP – negative goodwill amortisation to 31 December 2022 | 3,108 |
| Negative goodwill – as reported at 31 December 2022 under UK GAAP | (1,073) |
| Goodwill intangible asset – at 31 December 2022 under UK GAAP | (591) |

29. Changes arising from the conversion from IFRS to UK GAAP continued

| Net tangible assets | £'000 |
|--|----------------|
| Net assets less intangible assets – as originally reported at 31 December 2022 under IFRS | 57,211 |
| Impact of IFRS conversion to UK GAAP – total bargain purchases goodwill booked to 31 December 2022 | (4,182) |
| Impact of IFRS conversion to UK GAAP – cumulative bargain purchase goodwill amortisation to 31 December 2022 | 3,108 |
| Impact of IFRS conversion to UK GAAP – cumulative positive goodwill amortisation to 31 December 2022 | (985) |
| Net assets less intangible assets – at 31 December 2022 under UK GAAP | 55,152 |
| Fair value of capacity (WAV) | 59,967 |
| | 115,119 |
| Shares in issue – on the market (Note 21) | 76,218 |
| Shares in issue – total of on the market and JSOP shares (Note 21) | 77,318 |
| Net tangible asset value per share £ – on the market | 1.51 |
| Net tangible asset value per share £ – on the market and JSOP shares | 1.49 |

30. Events after the financial reporting period**Dividend**

In respect of the year ended 31 December 2023, a final dividend of 6p per fully paid ordinary share (see Note 21) amounting to a total dividend of £4,451,000, is to be proposed at the Annual General Meeting on 28 June 2024 and paid in July 2024. These Financial Statements do not reflect this dividend payable.

Sale of subsidiaries

During the year, Helios Underwriting plc set up ten new Limited Liability Vehicles (see Note 14) of which the following have been sold post-31 December 2023:

| | Sale date | Sale proceeds £ |
|--------------------------|---------------|--------------------|
| Helios LLV Nine LLP | 13 March 2024 | 25,000 |
| Helios LLV Three Limited | 17 April 2024 | 5,000 |
| Total sale proceeds | | 30,000 |

Share buy backs

The Company bought back a further 540,924 shares for a total consideration of £811,000 post-31 December 2023.

Key future dates

| | Date |
|---|-------------------|
| Date of Announcements of 2023 Final Results | 30 May 2024 |
| Ex-dividend date | 6 June 2024 |
| Record date | 7 June 2024 |
| Payment date for the recommended dividend | 12 July 2024 |
| Annual General Meeting | 28 June 2024 |
| Announcement of Interim Results | 27 September 2024 |

Registered officers and advisers

Directors

Michael John Wade (Non-executive Chairman)
Martin Robert Davidson Reith (Chief Executive Officer)
Nigel John Hanbury (Executive Deputy Chairman)
Andrew Hildred Christie (Non-executive Director)
Arthur Roger Manners (Finance Director)
Thomas John Libassi (Non-executive Director)

Company Secretary

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Shakespeare Martineau
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Lloyd's members' agent

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Hampden Agencies Limited

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Registrars

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