ARDONAGH MIDCO 2 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ARDONAGH MIDCO 2 PLC
2 Minster Court, Mincing Lane, London, EC3R 7PD
www.ardonagh.com

Ardonagh Midco 2 Plc is registered in England and Wales No. 10679958.
Registered address: 2 Minster Court, Mincing Lane, London, EC3R 7PD .

CONTENTS

SECTION 1

ARDONAGH MIDCO 2 PLC

DIRECTORS' REPORT, STRATEGIC REPORT AND CORPORATE GOVERANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Directors' Report, Strategic Report and the audited financial statements for the year ended 31 December 2022. The Corporate Governance Report is also set out on pages 19 to 30 and forms part of this report.

General information and principal activities

Ardonagh Midco 2 Plc (the Company) is a company limited by shares with registered number 10679958 incorporated in England and Wales on 20 March 2017. The address of its registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD.

The Company is a holding company which provides management and other support services for its subsidiaries that operate primarily to distribute insurance products. The Company together with its subsidiaries and associated companies is referred to as the Group.

Information regarding the ultimate parent company can be found in note 33 of the consolidated financial statements.

Share capital and dividends

The issued share capital of the Company, together with details of shares issued during the period is shown in note 30 to the consolidated financial statements.

The Directors have not paid or proposed any dividends in respect of the period.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Corporate Governance Report within the 'Principal risks and uncertainties' section on pages 26 to 30.

Directors

The Directors who held office during the period and up to the date of signing were as follows:

A S Babikian (appointed 31 May 2022)
C Bouch (resigned 31 May 2022)
P N Butler
D Cougill
V A Dombalagian
S French
M W Raino (appointed on 31 May 2022)
D C Ross
M Scrivens (appointed 21 October 2022)
J I Tiner

Directors' Indemnities

Directors and Officers of the Company and its subsidiaries benefit from qualifying third-party indemnity provisions in place during the financial period and at the date of this report. The Group had no qualifying pension scheme indemnity provisions for the benefit of one or more directors of the Company, or directors of an associated company.

Future developments

Information regarding the Group's business activities, including factors likely to affect its future development and performance, are set out in the Strategic Report.

Employees

The Company is an equal opportunities employer and bases decisions on an individual's ability regardless of race, gender, religion, age or disability. Applications for employment from disabled persons are always fully considered having regard to their particular skills and technical ability. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Should an employee become disabled, every effort is made to maintain the services of an employee; for example, through training, the provision of special equipment and reduced working hours. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Streamlined Energy and Carbon Reporting ("SECR")
For the year ended 31 December 2022 and in accordance with the 2018 Regulations, we have reported our energy consumption, energy efficiency and greenhouse gas emissions on page 17 of the Non-Financial and Sustainability Information Statement in the Strategic Report.

S172 Disclosure
The 172(1) Statement requires directors to disclose how they have met their duties under section 172 of the Companies Act 2006. This is set out in the Corporate Governance Report on page 20 and incorporates how the Directors have considered the needs of suppliers, customers and other stakeholders. The Directors continue to apply the Wates Principles as disclosed on page 20.

Research and development
The Group invests in R&D activity to augment its ability to compete in insurance intermediary markets, with focus on improving the customer experience, product innovation and regulatory compliance. R&D activity across the Group includes policy administration system development, pricing applications and the development of product-specific packages.

Charitable & Political contributions
The Group made no charitable donations or political contributions during the period.

Subsequent events
Details of subsequent events can be found in note 35 to the Consolidated Financial Statements.

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

Reappointment of auditor
Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

D Cougill
Director
30 June 2023

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:
Principal activities and business review

The Ardonagh Midco 2 PLC ('the Company') together with its subsidiaries and associated companies, ("The Group"), is a leading independent global insurance distribution business connecting clients and premium to global capital through best-in-class entrepreneurial and specialist brands with a network of more than 150 locations. Across our portfolio, we offer a highly diversified range of insurance-related products and services. From complex multinational corporations to individuals purchasing personal insurance policies, our understanding of our clients, together with our scale and breadth, allows us to work with our insurer partners to deliver a broad range of product and risk solutions that meet customer needs.

Launched in 2017, Ardonagh strives to foster innovation and empower the highly experienced leadership teams of its specialist platforms while encouraging collaboration and harnessing benefits of scale and the Group's collective experience. The Ardonagh Midco 2 Group has grown through a combination of sustained focus on driving organic growth, operational excellence and a selective and disciplined acquisition programme.

Ardonagh operates through four industry-leading platforms, each trading through leading customer-facing brands. **Ardonagh Advisory** is an advice-led, community-focused set of businesses with an unrivalled local footprint of experts across sectors and specialisms, with national and international reach that includes the largest independent general insurance SME broker in the UK. **Ardonagh Specialty** is the largest independent wholesale broker in the London Market with offices around the globe and several specialist brands. **Ardonagh International** is our rapidly growing platform comprised of Ardonagh Europe, Ardonagh Global Partners and Ardonagh Capital Solutions with a footprint across Europe, Australia, Brazil, and Bermuda. Our **Ardonagh Retail** platform houses UK digital-focused personal lines brands which offer home, motor and pet insurance alongside a range of specialist personal and small business insurance products. The Group also maintains a non-operating segment comprising primarily interest income and central costs, including Group board costs and Group function costs.

Our major shareholders are funds managed, advised or controlled by Madison Dearborn Partners, LLC ("MDP") and HPS Investment Partners, LLC ("HPS") that together hold a combined equity stake of more than 93% on 31 December 2022 and have significant investment experience in the insurance sector.

MDP, based in Chicago, is a leading private equity investment firm. Since MDP's formation in 1992, the firm has raised eight funds with aggregate capital commitments of over USD 28 billion and has completed investments in over 150 companies. MDP has five dedicated teams that have long and successful track records of investing in their respective sectors: Basic Industries; Business & Government Software and Services; Financial & Transaction Services; Health Care; and Telecom, Media & Technology Services. Funds managed by MDP are a lead investor in NFP Corp., a US-based insurance broker/consultant, The Amynta Group, a leading provider of warranty and specialty insurance solutions in North America, and Navacord Inc., a Canadian based insurance and risk management brokerage firm.

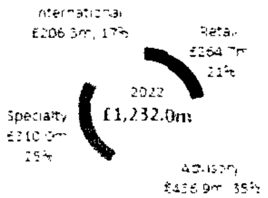
HPS is a global investment firm with USD 97 billion of assets under management as of January 2023. HPS was founded in 2007 and manages various strategies that invest across the capital structure, from syndicated leveraged loans and high yield bonds to privately negotiated senior secured debt and mezzanine investments, asset-based leasing and private equity. The scale and breadth of the HPS platform offers the flexibility to invest in companies both large and small, through standard or customised solutions. HPS is headquartered in New York with fifteen offices worldwide and has 193 investment professionals and over 550 employees globally.

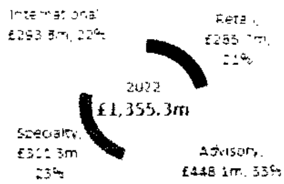
As part of a significant new equity investment made by our current shareholders announced on 15 December 2021 and completed on 31 May 2022, the former ultimate parent company (The Ardonagh Group Limited ('TAGL')) that owned the Ardonagh Midco 2 Group changed. On 8 December 2021 both AGHL and the current ultimate parent company of the Company, Tara Topco Limited ('Tara') were incorporated. The new equity investment resulted in the former Ardonagh holding company, TAGL, merging into Tara on 31 May 2022. Following this merger, Ardonagh Group Holdings Ltd acquired Ardonagh New Midco 3 Limited ("NM3L"), including the group of companies previously owned by TAGL, on 1 June 2022. There were no changes to the Ardonagh Midco 2 Group activities, which continue to be overseen by the Company.

Ardonagh Midco 2 PLC is a holding company and is not regulated. Various subsidiaries of the Group are regulated, as required, to conduct their business.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:
Highlights and financial key performance indicators

REPORTED FOR YEAR ENDED 31 DECEMBER	PRO FORMA FOR COMPLETED TRANSACTIONS

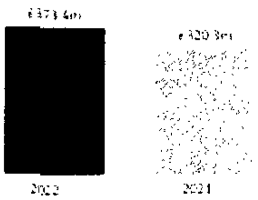


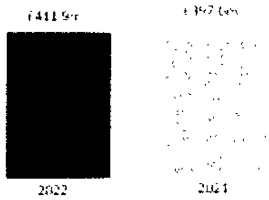


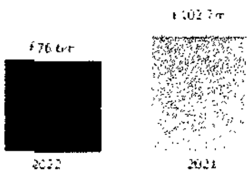
* Includes Non-UK income of £465.4m

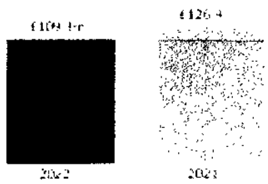
Total income includes other interest income in Corporate of £14.1m

Total income includes other interest income in Corporate of £16.4m









31 December 2022: **£461.1m**

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:
Highlights and financial key performance indicators

The financial information contained in this Section 1 and Section 3 has been presented on Reported and Pro Forma bases.

Information shown on a Reported basis is presented in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) with acquisitions, disposals and refinancing transactions reflected from the date the acquisition or refinancing completed.

Pro Forma measures are used in addition to IFRS measures to improve comparability. Pro-forma for Completed Transactions information is presented as if significant acquisitions, disposals, loan asset investments and refinancing transactions occurred on the first day of the prior calendar year and therefore current and prior period information is presented on a like-for-like basis to enable meaningful comparisons to be made.

EBITDA and Adjusted EBITDA are used by the business as an indication of the underlying profitability. Certain costs have been excluded from Adjusted EBITDA, as set out in the reconciliations in Section 3, to better reflect expected ongoing performance.

Definitions of KPIs and other alternative performance measures (APMs) are set out in the glossary of terms in Section 3.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Performance review

Financial Performance

The Group benefits from being highly diversified across geographies, products and customer types.

	Reported			Pro Forma Midco 2		
	2022 £m	2021 £m	Change £m	2022 £m	2021 £m	Change £m
Total Income	**1,232.0**	945.8	**286.2**	**1,355.3**	1,264.2	**91.1**
Adjusted EBITDA	**373.4**	320.3	**53.1**	**411.9**	397.6	**14.3**
EBITDA	**269.8**	224.4	**45.4**	**320.9**	291.4	**29.5**
Operating profit	**76.5**	102.7	**(26.2)**	**109.3**	126.9	**(17.6)**
Loss for the year	**(280.8)**	(71.9)	**(208.9)**	**(269.4)**	(100.3)	**(169.1)**

Reported results

These are as stated in the above table with Total Income of £1,232.0m translating into an Operating Profit of £76.5m and Adjusted EBITDA of £373.4m.

Acquisitions completed by the Group are included in the results from the date they were acquired with the details included in the Business Combinations note 14.

Adjusted EBITDA excludes non-recurring expenditure specific to the Group's transformation initiatives including acquisition and financing costs, regulatory costs, transformational hires, business transformation, and other one-off costs.

Total Income increased by £286.2m to £1,232.0m (2021: £945.8m). Growth has been achieved through a combination of acquisitions and organic growth YTD driven by the International, Specialty and Advisory platforms.

Adjusted EBITDA increased by £24.2m to £411.9m (2021: £397.6m). Earnings growth has been achieved through a combination of acquisitions and organic growth in all platforms apart from Retail, with income *growth and the delivery of cost savings and synergies offsetting inflationary pressures.*

EBITDA increased by £45.4m to £269.8m (2021: £224.4m). This reflects the impact of acquisitions combined with the increase in Total Income, disciplined cost containment and strong delivery of the cost reduction programmes across all platforms.

Operating profit decreased by £26.2m to £76.5m (2021: £102.7m). This reflects the increase in EBITDA of £45.4m less an increase in finance income due to interest received on external loans of £13.5m (which is included within EBITDA but not operating profit) and a £58.3m increase in depreciation, amortisation charges and impairment of goodwill as a result of acquisitions in 2021. Other non material offset of £0.2m.

Loss for the period increased by (£208.9m) to (£280.8m) (2021: £71.9m) reflecting the decrease in operating profit of £26.2m, increase in finance income due to interest received on external loans of £13.5m, and increase in tax credit of £22.4m. This is offset by an increase in finance costs of £216.8m (this is due to foreign exchange fluctuations resulting in an additional £110.6m expense on the revaluation of the borrowings, increased borrowings and increases in base interest rates resulting in an additional £81.4m of interest expense, modification gain on amendment of borrowings of £44.2m in 2021 and increased unwinding of transaction costs and discounts on financial liabilities of £20.9m, offset by saving £35.0m in amounts reclassified as cashflow hedging reserve and savings of £4.2m in changes in share buyout and other small amounts of £1.0m) and business transformation costs increase of £13.5m and changes in foreign exchange gains.

A detailed reconciliation between Reported and Pro Forma Midco 2 results can be found in Section 3 of this report.

Financial Position

The Group's Statement of Financial Position as at 31 December 2022 is presented below.

Extracts from the Statement of Financial Position	Year ended 31 December 2022 £m	(As restated)* Year ended 31 December 2021 £m
Intangible assets	**2,775.6**	2,332.3
Property, plant and equipment	**33.6**	29.4
Other non-current assets	**143.3**	170.7
Non-current assets	**2,952.5**	2,532.4
Cash and cash equivalents	**1,227.3**	1,335.3
Current assets - excluding cash and cash equivalents*	**952.3**	751.2
Current liabilities	**(1,867.6)**	(1,719.9)
Net current assets	**312.0**	366.6
Non-current liabilities	**(3,376.0)**	(2,816.8)
Net (liabilities)/assets	**(111.4)**	82.2

*Prior year restatement due to the correction of a share buy-back in a subsidiary entity.

Liquidity and Capital Resources

Proactive and careful management of our liquidity continues to be a key priority for the Group, utilising both medium (12 months rolling) and short-term (13 weeks rolling) forecasts. This forecasting gives the Group visibility around any potential liquidity constraints, and management is confident that the Group will continue to meet expected cash outflows and debt covenant requirements while maintaining a liquidity buffer to manage any variability in terms of timing and amounts.

The main debt facilities of the Group are the GBP, USD and EUR privately placed term facilities due 2026 (B1, B2 B3, B4 and B5 facilities) and the USD PIK toggle notes due 2027, reflected in these consolidated financial statements on an amortised cost basis where drawn (note 27). As noted below, the B5 CAR facility had not been entered into as at 31 December 2022.

On 14 October 2022 EUR 45.0m was drawn from the B3 facility and EUR 26.6m was drawn from the B4 facility. On 30 November 2022 a further EUR 142.3m was drawn from the B3 Facility and a further EUR 213.4m was drawn from the B4 Facility. Consequently, as at the reporting date the B3 GBP CAR Facility and the B4 EUR CAR Facility are both fully drawn.

As at the reporting date the Group had a further debt facility of AUD 40.0m of which AUD 14.0m (£8.0m) had been drawn at 31 December 2022.

On 9 January 2023 the Group secured a new USD 365m B5 CAR Facility. On 30 January 2023 the Group drew USD 182.5m of the new B5 Facility for the completion of the Envest Pty Limited ('Envest') acquisition. In addition, an AUD 200.0m privately placed syndicated facility due 2028 was agreed by an Australian subsidiary as part of the funding for the Envest acquisition which completed on 2 February 2023. This AUD 200.0m debt facility was fully drawn and all existing local facilities in Australia were repaid on completion of the Envest acquisition.

As at the issue date, the Group's £191.5m revolving credit facility ("RCF") is undrawn and the USD 182.5m balance of the USD B5 CAR Facility also remains undrawn. In addition to this, net equity proceeds of GBP 134.9m were received in January 2023 and GBP 187.4m in March 2023 from the Group's ultimate shareholder.

On 23 June 2023 the Group secured a new USD 460m B6 CAR facility, which is undrawn at the reporting date.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Performance review

Carrying value of debt	31 December 2022 £m	31 December 2021 £m
RCF (GBP) - GBP 191.5m revolving credit facility due 2026	-	-
B1 (GBP) facility - GBP 1,412.8m Term facility due 2026	1,445.1	1,445.1
B1 (EUR) facility - EUR 180.0m Term facility due 2026	163.0	154.8
B2 (GBP) facility - GBP 300.0m CAR facility due 2026	302.1	302.1
B3 (USD) facility - USD 540.0m CAR facility due 2026	446.4	399.1
B3 (EUR) facility - EUR 187.3m CAR facility due 2026	165.8	-
B4 (EUR) facility - EUR 240.0m CAR facility due 2026	212.4	-
USD 500.0m PIK toggle Notes due 2027	529.4	418.3
Adjustment to debt carrying value	(132.1)	(148.0)
Total carrying value of debt	3,132.1	2,571.4

In addition to the above the Group has a further debt facility of AUD 40.0m of which AUD 14.0m (£7.2m) has been drawn at 31 December 2022. The AUD debt has been converted to GBP at the 31 December 2022 foreign exchange rate of 1.77428.

Cash balances and available liquidity

	31 December 2022 £m	31 December 2021 £m
Own funds	269.6	411.3
Own funds - restricted	48.9	51.7
Fiduciary	908.8	872.3
Total Cash	1,227.3	1,335.3
Less fiduciary and restricted	(957.7)	(924.0)
Available Cash	269.6	411.3
Available RCF	191.5	191.5
Available CAR	-	164.3
Available Liquidity	461.1	767.1

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Non-Financial and Sustainability Information Statement

Our Approach to Sustainability

During the past 12 months we have considered the key ESG matters in aspects of our UK business, advanced our strategies and commenced embedding policy. Our non-UK operations will be included in the focus of our work in 2023. In 2022 we continued to embed sustainability initiatives in-line with our five-pillar strategic approach.

1. Integrity: we are committed to upholding the highest ethical standards among our executives, employees, and business partners, while addressing compliance and ethics risks related to our business.
2. Innovation: we believe the insurance sector needs to take a more innovative and proactive role in multiple areas, as otherwise climate risk will have a profound impact on insurability and pricing of certain assets or events, potentially rendering them uninsurable in the long run.
3. People: we need highly skilled people in our industry to maximise our performance and the value we can deliver for clients. Our talent needs to feel nurtured and that they are working for an industry that has a strong sense of purpose – especially concerning ESG factors.
4. Society: we recognise social sustainability is about managing the positive and negative impacts our business has on society and on the communities that we serve. Ardonagh seeks to manage its business in a responsible way that supports our society, including giving back to the communities that we both work and live in.
5. Environment: we believe that we, and the insurance industry as a whole, must play a more critical role in combating the climate crisis and improving sustainability. We are supportive of a risk aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society.

Our sustainability strategies are evolving and we are committed to enhancing our approach to consider the growing needs of the business and the expectations of external stakeholders. Looking after our customers' and our communities' needs, employing great people, and ensuring they flourish, tackling the challenges of reducing carbon emissions and maintaining a reputation for having high standards of governance are the foundations of our long-term success.

We have become a signatory to the UNEPFI Principles for Sustainable Insurance (PSI). The purpose of the PSI initiative is to better understand, prevent and reduce environmental, social and governance risks, and better manage opportunities to provide quality and reliable risk protection. We are making progress in rolling these principles out across our businesses.

Principle 1: we will embed in our decision-making ESG issues relevant to our insurance business.

- ESG related matters continue to be rolled out and embedded across our platforms.

Principle 2: we will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

- Our policies and processes are being adapted to further ESG related matters, and we are raising awareness within our teams in order that more informed conversations can be held with our stakeholders.

Principle 3: we will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.

- We are working diligently with our investors, partners and wider stakeholders to promote good ESG practices as well as developing knowledge in ESG and climate matters.

Principle 4: we will demonstrate accountability and transparency by regularly disclosing publicly our progress in implementing the principles.

- In addition to the information provided in this annual report and accounts and our sustainability report published on the Ardonagh website, we will provide an annual progress review on the anniversary of our signing.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Non-Financial and Sustainability Information Statement

The Group's employees

Good progress has been made within our People capital Pillar in 2022. In line with our focus on sustainability we launched the Ardonagh Academy programme in May based on our sustainable leadership ethos, including a Group wide mentoring programme with mentors having been trained on our approach. There has also been significant focus on both leadership team development with the purpose of working together to leave things better than they are found. Finally, our graduate development programme was launched which has a strong link to giving back to the communities within which we operate.

We ran our employee engagement survey again in 2022, continuing to see a positive engagement score across the Group, as illustrated in the strong responses received to our Inclusion and Belonging questions set from managers and non-managers, those working at home, in an office or in a hybrid arrangement and at different lengths of service. When viewing the responses from the survey through a gender identity lens there was little variation across groups in their response scores, which was encouraging to see.

Our wellbeing initiatives continued to gather pace adding a financial wellbeing offering in the UK to our established mental and physical wellbeing approach. Our commitment to mental health and wellbeing continues and we ensure that our colleagues have access to Mental Health First Aiders through our ongoing programme of training and internal networking. The financial wellbeing offer was launched initially with a pilot at the beginning of the year and then launched across the UK in Q4 2022.

In addition to our People Management policies (including Equality & Diversity, and Training and Competency) and Remuneration and Accountability policies, we continue to work hard to develop our flexible working and family friendly policies piloting new ways of working in different businesses and sharing best practice across the Group.

Social matters

Ardonagh supports communities, both inside and outside the workplace. We ensure that our impact is a positive one by generating opportunities for colleagues to give back to the causes they care about as well as supporting them to learn from one another. As the Group continues to grow internationally, it is equally important to enable colleagues worldwide to give back through our volunteering programme and to be able to measure our impact in the broadest sense. Our commitment to ensuring these opportunities are available to all is at the heart of our ongoing strategy.

- A key focus for 2022 was to ensure the future of the Ardonagh Community Trust ('ACT') and that it would continue to enable us to use this platform for supporting our communities. We celebrated five-years of ACT with a fund-raising Gala Dinner where colleagues, industry partners and Friends of ACT gathered to celebrate the charity's achievements and protect the support we currently provide. As well as raising funds for ACT, the gala dinner also raised funds for Cancer Fund for Children, raising £130,000 for Daisy Lodge County Mayo.
- Community Grant Funding: 34 projects shared £157,960 including; LGBTQ+ floorball in Scotland, a teddy bear hospital in Glasgow, improving a local dog park in the USA, therapy sessions for cancer patients in NE England, father and family football sessions for those with experience in baby loss and a rowing programme for Deaf and Disabled in London.
- Partnership: Celebrated our one-year anniversary with the Samaritans. This partnership has been well received by colleagues enabling more open conversations about mental health across our Mental Health First Aider network and the wider Ardonagh Midco 2 Group. We also were able to hit our £100,000 fundraising target thanks to our colleagues and their generosity.
- Bright Future Prize: Our second year saw a trebling in applications for this young person prize and an increase in the prize fund to £40,000. Four new prize categories were added, all connected to Ardonagh's sustainability goals. Applications were received from teenagers around the world with ideas ranging from apps to connect young people with cutting edge researchers, to workshops to help students with special educational needs.

ACT has continued to gain traction as the Group grows by working within the wider communities around the globe through our pillars. Changes have been made to the Bright Future Prize, aligning the focus to Ardonagh's key areas for ESG; Innovation, Society, People and Environment. We also ensured, as an international Group, the prize was promoted wherever our colleague-base exists in the world.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:
Non-Financial and Sustainability Information Statement

Human rights
Ardonagh is committed to protecting the human rights of our employees and those working in our supply chain. Human rights are covered within our annual declarations regarding modern slavery as well as our operational response to the Human Rights Act 1998. Our approach ensures that human rights are respected and that operations are monitored to ensure no acts of modern slavery or human trafficking are taking place in our business, contractors and outsourcers.

Anti-corruption and anti-bribery matters
We foster strong corporate governance and acting with integrity is a core facet of our culture. We have built ethical conduct and behavioural integrity into our corporate objectives, corporate governance framework and Ardonagh Accountability, Risk & Compliance (ARC) Framework so it is embedded throughout our organisation from Board tables to process-level controls. The ARC includes our Code of Conduct which requires all people at Ardonagh to work with Integrity. This is supported by a wide-ranging framework which evidences and incentivises good behaviours. It also provides for potential misconduct to be promptly identified. The framework covers customer commitments, with policies covering risk management and compliance, product and distribution, financial crime, complaints, errors and omissions, conflicts of interest as well as whistleblowing. The framework is built around ensuring and evidencing good customer outcomes and sets standards for the good treatment of staff and for running sustainable and well-managed business operations, with policies covering IT, cyber, data governance, procurement and supplier relationship management. Anti-corruption and bribery matters are dealt with via our financial crime and sanctions business standard and breaches of our Code of Conduct and supporting frameworks are dealt with firmly, to reinforce our culture of always acting with integrity.

We have made specific updates to the Code of Conduct, Policy and Business Standard Framework, Sanctions Framework (primarily to comply with increasing Russian sanctions) and remuneration framework. These changes have further embedded conduct requirements into our mature framework. In respect of Russian sanctions, we moved quickly to adopt a risk appetite which made clear we would not conduct business with any Russian entity or person covered by sanctions from the US, UK, EU, or any country in which we operate. As we have expanded internationally, we have rolled out all frameworks globally in 2022, including providing international contact numbers for our Whistleblowing helpline.

The Russian sanctions environment has been very challenging given its dynamic and complex nature. However, this is also an area where we have had great traction across the business, working with experts in all our insurance classes and distribution models to analyse the risk of Russian business, and establishing robust and sophisticated preventative controls and ongoing monitoring. Integrity cannot be ensured from simply writing a code of conduct, however. One of the main successful changes of 2022 was the further embedding into functional areas of the framework, so that the Group's culture of ethical behaviour was coded into process level controls.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:

Non-Financial and Sustainability Information Statement

Non-financial key performance indicators ('KPIs')

2022 saw the evolution of our ESG initiative which is split across the five sustainability pillars and related strategies. Ardonagh's core non-financial KPIs are:

- Integrity (currently being finalised by management)
- Environment (including the number of people trained in carbon literacy and a reduction in Scope 1 and 2 carbon emissions);
- People (employee engagement favourable percentage, employee engagement response rate and total attrition rate); and
- Community (total contributions by the Ardonagh Community Trust ('ACT') to registered charities, ACT community grants to international causes and projects, and volunteering hours completed by colleagues).

People KPIs for 2022 were favourable with an 81% employee engagement favourable percentage and a 75% employee engagement response rate. Ardonagh is particularly proud of the ACT, which made £0.55m contributions to registered charities in 2022 and targets to maintain annual contributions of at least £0.5m from 2023-2025.

Further updates to non-financial KPI targets will be set during 2023.

Climate-related financial disclosures

Climate-related risks and opportunities have grown in importance for us as an organisation. As a Group of insurance intermediaries, understanding and managing risk (especially insurance transfer risk) is at the heart of what we do, and we recognise that climate change poses material long-term impacts for our clients, wider stakeholders and therefore ultimately, our business.

We acknowledge that there are risks posed by climate change that could potentially have impacts on our products, client needs, revenues and costs and we intend to integrate further climate-related considerations into our financial planning processes from 2023 onwards. As an insurance intermediary, we recognise our operations will evolve as climate change influences manifest themselves through changing business patterns. We continue to seek to optimise our businesses and operations, which includes identifying and pro-actively managing climate-related opportunities and risks.

Governance

The Group's sustainability governance is underpinned by our sustainability charter and ESG policy and a clear commitment from the top to align sustainability goals with relevant accountability across the business. In recent years we have started to embed sustainability explicitly throughout the business by developing an overarching framework to communicate our objectives clearly via our established five pillar sustainability strategy. The strategy outlines our goals and commitments across a range of sustainability issues that are integral to our business and important to our stakeholders.

We have formed an ESG Steering Committee and ESG Working Group, led by our Group Chair and Group CEO respectively, to drive and oversee the sustainability agenda through our five sustainability pillars and across the Platforms, each of which is represented by a member of our senior management team. Our five-pillar sustainability strategy, focusing on integrity, innovation, people, community and environment, and endorsed by the Board, aims to foster high standards of ESG practice and deliver long-term sustainability for all of our stakeholders.

The Group maintains strong Board and Committee oversight at Group, Platform and Segment level, ensuring the governance and environmental pillars, as part of its sustainability strategy, continues to be a strategic priority.

The Group Board's strategic debates will be set in a climate change context, supported by periodic debates on climate-related risks and opportunities, as well as inviting thought leaders to engage with Board meetings.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022:
Non-Financial and Sustainability Information Statement

Strategy
We recognise that there is strong empirical evidence and scientific consensus that human activities are causing an increase in global temperatures which, if left unchecked, will have a significant detrimental global impact. That is why we are elevating sustainability in our business. We are working to build on our progress to date, be more ambitious and fully embed the principles of sustainable insurance into our business strategies.

We want to gain a deeper understanding of how climate change might affect the businesses we direct and oversee, and we outline below planned Group activity that we expect to guide future disclosures. A key focus is gaining a deeper understanding, so we can better describe and quantify specific impacts across these areas by looking at different time horizons and climate scenarios.

The Group intends to conduct further analysis in order to present more detailed impact assessments of climate-related risks across different time horizons. The Group also intends to strengthen how it systematically considers climate-related issues from a risk and opportunity perspective across business segments, strategic decision making and financial planning in order to better describe its impacts.

Risk management
The key industry risks and opportunities related to climate change include:
– physical risks and opportunities resulting from the physical effects of climate change;
– transition risks and opportunities arising from climate change and the transition to a lower-carbon economy, including changes in customers' insurance product needs and insurable loss patterns; and
– liability risks arising when parties who have suffered losses from climate change seek to recover them from those they believe may have been responsible, including where insurance may have been insufficient to cover losses in a changing world.

These risks manifest themselves through several existing risks already included within our material risk register, including commercial (underwriting, claims, products, services and distribution), wider market (legal, regulatory, financial crime), operational (property, facilities, IT, cyber, data, people), strategic and reputational risks. Going forwards we will continue to embed our sustainability and climate change risk management initiatives deeper into our businesses.

Climate-related considerations are part of our capital and investment budgeting, for example through the investments we have made to reduce the overall greenhouse gas ("GHG") emissions in our estate. The Group is aware of the long-term benefits these investments can bring, and we intend to further develop and embed climate-related and broader sustainability processes and considerations into our investment appraisal approach.

In addition, performance is assessed externally by ESG agencies, to which our investors (and other stakeholders) are giving increasing prominence. Our sustainability policies, actions and outcomes could impact upon our debt rating and/or our access to and/or cost of debt and/or equity. In our approach to acquisitions and divestments the Group will take into consideration any sustainability and climate-related risks and opportunities to form part of our usual due diligence process.

Going forward, we intend to work towards developing climate change risk scenarios to help inform and manage our own risk profile and strategic responses.

The Group will continue its robust approach towards the management of operational risk and intends examining climate impacts in more depth, to better describe transition and liability risks. The ambition is for risk management processes to support the Group in conducting detailed analysis on climate risks and opportunities.

Metrics and Targets
The Group plans to establish credible targets which will strengthen our disclosures across Scopes 1, 2 and 3 GHG emissions and importantly the progress made.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Non-Financial and Sustainability Information Statement

Environmental matters

Under our environmental capital pillar, we are looking to better understand, manage and monitor our greenhouse gas emissions (GHG), energy and water use as well as our waste and ecological impact. Ardonagh recognises a responsibility to the environment and endeavours to reduce its impact in its business activities.

We are currently developing a comprehensive ESG policy and environmental management programme to guide our efforts. Significant material acquisitions have completed throughout 2022 and early 2023 that have accelerated the change in our geographic profile from a predominantly UK business to one with a significant international footprint. This has necessitated a thorough review of our ESG reporting which in turn has led to a recalibration of our GHG emissions reporting. Ardonagh is committed to making a positive environmental impact and our planned Net Zero pathway can now be developed, driving carbon reduction in-line with credible targets for the UK business.

Following the expansion of the Group our efforts were dedicated to capturing data sets of the entire UK operations including serviced offices. Scope 3 emissions have been significantly impacted by the inclusion of business air travel related to recent acquisitions and the impact of covid restrictions lifting. In order to better track our emissions performance, we have introduced the following KPIs: Business mileage by air, road and rail, (millions kms); kWh/SQM office space; as well as location-based intensity ratios (kgCO2e) / SQM office space; and (tCO2e) / FTE (UK only).

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022: Non-Financial and Sustainability Information Statement

SECR Report

Emissions (UK operations)	**2022**	**2021**	**2020**	**2019**
Scope 1 (tCO_2e)	318	465	465	506
Scope 2 (tCO_2e)	1,814	1,680	1,680	2,480
Scope 3 (tCO_2e)	4,260	943	538	2,131
Total emissions (tCO_2e)	**6,392**	**3,088**	**2,683**	**5,117**

Location-based (UK operations)				
Scope 1 Location-based (tCO_2e)	318	465	465	506
Scope 2 Location-based (tCO_2e)	2,051	1,680	1,680	2,480
Total Scope 1 and 2 Location-based (tCO_2e)	2,369	2,145	2,145	2,986
Scope 3 location-based (tCO_2e)	4,260	943	538	2,131
Total Location-based (tCO_2e)	6,629	3,088	2,683	5,117

Notes:
Scope 1: natural gas for all UK operations only
Scope 2: electricity for all UK operations including direct purchase, landlord recharge and service charge
Scope 3: Includes business travel (air, road, rail, taxi & hotel) and electricity transmission & distribution

Market-based (UK operations)	**2022**	**2021**	**2020**	**2019**
Scope 2 market-based (tCO_2e)	1,814	-	-	-
Property energy consumption (MWh)	12,028	9,736	9,736	12,454
Business road mileage (MWh)	2,466	1,916	1,829	5,058
Total energy consumption (MWh)*	14,494	11,652	11,565	17,512
Business mileage (air) (million kms)	12.02	-	-	-
Business mileage (road) (million kms)	3.51	-	-	-
Business mileage (rail) (million kms)	2.75	-	-	-

* includes Scopes 1 and 2 energy MWh and road business mileage converted to MWh

Intensity Ratios				
Scope 1 and 2 - location-based emissions ($kgCO_2e$) / SQM office	35.7	-	-	-
Scope 1 and 2 - location-based emissions (tCO_2e) / FTE (UK only	0.324	0.362	0.362	0.636
kWh/SQM office space	181	-	-	-
Total location-based emissions (tCO_2e) / FTE (UK only)	0.907	-	-	-

Methodology

Currently all our UK emissions data from energy and travel is measured in carbon dioxide equivalent (CO2e) unless otherwise stated. We use the Department for Environment, Food and Rural Affairs' (Defra) latest factors, that are annually revised, for calculating our emissions.

The Group reports on sources of Scope 1, 2 and Scope 3 (Business Travel) greenhouse gas emissions where it has financial control. Data is sourced from all UK platforms operating in England, Scotland, Wales, and Northern Ireland. Non-UK emissions will be collected in 2023. Material emissions are captured from offices (serviced office, landlord recharged utilities and direct purchases) and business travel (flights, road, rail, hotel, and taxi use). Offices and travel booked outside of the UK do not form part of our SECR disclosures.

The location-based method reflects the average emissions intensity of macro-scale (regional/national) electricity grids where energy consumption occurs. All electricity consumption by the Group that occurred in the UK is multiplied by the UK average grid electricity emission factor for the reporting year to calculate the emissions. The market-based method reflects the emissions from the electricity that a company is purchasing (first circulated for 2022).

Business model

As a leading insurance intermediary, our businesses deliver value adding professional services between clients and insurance and reinsurance companies. We help facilitate the necessary solutions that best suit our clients' needs and charge commissions and advisory fees for our services. We work with insurers to design, price and administer insurance-related products and services that meet a wide variety of market demands, without assuming any underwriting or principal risk in relation to any of the services or products that we provide. We offer a highly diversified proposition with a broad portfolio of insurance-related products and services across the full insurance value chain, to customers ranging from complex multinational corporations to individuals purchasing personal insurance policies to meet specialist needs. Further information on our business model is included in the explanation of the Principal activities and business review in the Strategic Report above on page 5.

Principal risks

The Board is responsible for ensuring that the Group has in place well-established systems and ways of working to ensure that there is proper consideration of new potential risks. See the explanation of the Group's principal risks and uncertainties in the Corporate Governance Report on pages 26 to 30.

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Governance Framework

The Platforms (Ardonagh Advisory, Ardonagh Retail, Ardonagh Specialty and Ardonagh International) explained in the Principal Activities and Business Review above and this Corporate Governance Report are the operating segments included in note 5. Within each Platform, there are several Segments. In section 1 *of this report, when management refer to Segments it is not a reference to the operating segments* reported in section 2 of this report including note 5.

Ardonagh's Governance Framework and organisation structure supports effective decision making, rigorous oversight of performance and risks to support our strategic delivery and our values, and operates as follows:

Tara Topco Limited Board ("Tara Board")
Tara Topco Limited is the ultimate holding company that owns the Ardonagh Midco 2 Group and other assets in the insurance and financial services sector. The Tara Board delegates authority from the shareholders to the Ardonagh Midco 2 Group Boards and approves material acquisitions and disposals.

The Group Board
The Group Board is ultimately accountable for the success of the Group for the benefit of its shareholders as a whole and setting Risk Appetite and frameworks of effective risk management and control. It sets strategic priorities, including the securement of debt and equity and the deployment of capital and, in doing so, it has regard to its stakeholder responsibilities including colleagues, investors, customers, suppliers, regulators and the communities in which the Group operates.

The Group Board delegates authority to the CEO who, through his Executive Committee, ensures that the collective vision, policies, culture and behaviour set by the Board are effectively communicated and embedded. Delegation from Group Board to Platform and Segment Boards and to individuals across the Ardonagh Midco 2 Group is set out in the Ardonagh Accountability Framework. The Group Board has devolved powers set out in the Group Delegated Authority Framework to empower the Boards of our Platforms and Segment businesses across the Group to discharge detailed oversight and challenge over business performance and the management of risk and take investment decisions within shareholder approved limits.

Group Board Committees
The Group Board has delegated specific responsibilities to two standing Board Committees, the Audit Committee and the Remuneration & Nominations Committee, in order to consider and provide oversight over certain matters as set out below. Each Committee has its terms of reference and a forward planning agenda which are reviewed and approved on an annual basis. The Group Board approves the Group's risk appetite and has delegated oversight over risk management to the Platforms. The Group Board and Audit Committee receives regular risk and compliance update reports from the Group CRO, including any material risk escalations.

The current Group Board and Standing Committees are detailed in the table below together with their composition and frequency of meetings in 2022.

Group Board and Committees	2022 Meetings	Board and Committee Members during 2022
Group Board	7	John Tiner (Chair), Pat Butler, Martyn Scrivens, David Ross, *Diane Cougill, Vahe Dombalagian and Scot French*
Audit Committee	4	Martyn Scrivens (Chair), Patrick Butler and Scot French
Remuneration & Nominations Committee	1	John Tiner (Chair), Vahe Dombalagian and Scot French

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Governance Framework

Audit Committee
The Group Board is satisfied that the Committee has adequate recent and relevant financial and business experience to fulfil its responsibilities. The Committee periodically meets with the Group Head of Internal Audit and the External Auditor without management present.

Remuneration & Nominations Committee
The Chief Executive Officer, Chief Financial Officer and the Head of Reward attend Remuneration Committee meetings, however they do not attend where their individual remuneration is discussed, and no Director is involved in deciding their own remuneration.

Platforms and Segments
Our businesses are organised into the following Platforms: Ardonagh Retail, Ardonagh Specialty, Ardonagh Advisory and Ardonagh International. Our Platform Boards set their respective Platform risk appetite within the overall Group risk appetite, agree strategy and annual/multi-year plans. The Platform or Segment Boards, through their Audit and / or Risk Committees, ensure robust oversight over financial and operating risk management and systems of internal control, including compliance with prudential and other regulatory rules. The Committees review and approve the Platform internal audit and compliance work plans and receive regular reports from these function heads. The Platform Boards also approve acquisitions and disposals, set integration/synergy plans and recommend investments over a set limit to the Group and Tara Board for approval. Each of our Platform Boards have constituted a Remuneration Committee to approve matters delegated to them by the Group Remuneration Committee and recommend matters that require approval by the Group Remuneration & Nominations Committee. The composition of our UK Platform Boards is comprised of at least two independent directors (three in respect to Ardonagh Retail).

Within each Platform, there are several Segments subject to separate oversight by Segment Boards. For example, within Advisory there are separate Segment boards for the MGA and the Broking activities.

The Platform and Segment Boards and their Committees operate within clearly defined delegated authorities set out in the Group Delegated Authority Framework and also within a clear escalation policy that ensures material matters are escalated on a timely basis.

Two-way dialogue between the Group, Platform and Segment Boards and Committees are key to the effectiveness of the Ardonagh Governance Framework. Ardonagh-wide meetings of the independent non-executive directors across the Group and Platforms are held, with events hosted periodically by the Group Chairman. In addition, the Group Chairman and Group independent non-executive directors attend Platform Board and Committee meetings on a rolling basis. All independent non-executive directors have scheduled ad-hoc meetings with members of senior management to ensure they have deep and ongoing knowledge of the business and the markets in which they operate.

Application of the Wates Principles and Section 172(1) Statement
The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("s.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole consistent with s.172 Duties.

Below is an explanation of how the Board has fully applied the Wates Principles and, taken together, discharged its Section 172(1) Duties.

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Governance Framework

Principle 1 – *An effective board develops and promotes the purpose of a company, and ensures that its values, strategy, and culture align with that purpose.*

The purpose of the Ardonagh Midco 2 Group is to maintain and grow its position as a leading multi-channel, diversified platform that delivers world class products and services to meet customer needs. This purpose is supported by the Group's strategy, values and culture.

The Group and Platform Boards consider and approve a refreshed business plan each year that reflects the growth ambitions of the Group. The Ardonagh Midco 2 Group's values form part of the Ardonagh Code of Conduct which sets out expectations in respect to fair treatment of our customers and colleagues, and standards of professional integrity and personal performance. The Code of Conduct is supported by mandatory training and financial incentive arrangements that are subject to assessments of conduct and behaviour and employee engagement. The Boards also consider annual reviews of compliance with the Group remuneration policy to ensure incentives are aligned with our values and support the right conduct and behaviours. The Group Board considers and approves the annual Modern Slavery statement that is also subject to review by Platform Boards.

Principle 2 – *Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge.*

The role of Chair and CEO on the Group Board are separated, and the Chairman was considered independent on appointment.

Independent non-executive directors meet with management on a regular basis to discuss issues and progress against agreed actions. All Board Directors are expected to have the time to commit to adequately fulfil their responsibilities and are expected to complete online training on legal and compliance topics.

All newly appointed Directors to the Group, Platform and Segment Boards are provided with a comprehensive and bespoke induction programme aimed at familiarisation with the Ardonagh Midco 2 Group and focus on the challenges, opportunities and risks being faced by the business.

Principle 3 – *The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.*

The Group Board has delegated day-to-day management of the Group to the CEO and the CEO has delegated authority to approve specific issues to Group and Platform management, subject to limits. In turn, the Platform CEOs and CFOs have delegated authority to their Segment counterparts. The Ardonagh Accountability Framework evidences individual accountability under the FCA's Senior Managers and Certification Regime or its International equivalent, as appropriate. The Accountability Framework is supported by Group Policies and Business Standards that set out the key controls and procedures to mitigate risks, including appropriate training, role profiles and an annual attestation process.

The Group and Platform Boards and Committees are supplied with regular, comprehensive, and timely information in a form and quality that enables them to discharge their duties effectively. There is a procedure in place for Directors to take independent professional advice in the course of their duties, if they judge this to be necessary, at the Ardonagh Midco 2 Group's expense.

The Board has put in place procedures to resolve situations where a director has a conflict of interest and Directors have continuing obligations to update the Board on any changes to their disclosed conflicts. A record of actual and potential conflicts of interest is maintained by the Group Company Secretary and is subject to an annual review and attestation by each Director.

Principle 4 – *A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

The Group and Platform Boards consider plans for creating sustainable growth over the long-term. This includes growth through acquiring trade books and businesses. The M&A and Integration Framework aims to ensure the Group maximises equity value in a controlled manner whilst balancing the need for our businesses to maintain their entrepreneurial and opportunistic approach.

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Governance Framework

The Group Board has developed an Enterprise-wide Risk Management approach that applies to all parts of the Ardonagh Midco 2 Group. The key pillars of this approach are the Risk Framework, Conduct Risk Framework, Risk Appetite, Group Policies and Business Standards (which set out key controls) and the Ardonagh Accountability Framework. These frameworks form the Ardonagh Accountability, Risk & Compliance Framework (ARC). The ARC aims to ensure that the interests of customers and their fair treatment is embedded in our decision making, our compliance with laws and regulations, and that our key controls are consistently applied whilst being flexible to enable our businesses to tailor them to their specific circumstances and markets.

The Group and Platform Boards set and annually review risk appetite and our Boards and Risk Committees exercise oversight and challenge over performance against risk appetite and cyber risk metrics. There is a clear policy which articulates the type and severity of risk events that require escalation.

Our Boards are responsible for ensuring that management maintains a system of internal control, which provides assurance over the effectiveness of operations, internal financial controls and compliance with laws and regulations. The Group and Platform Boards and their Committees receive information that helps them oversee the culture and conduct within each business.

Principle 5 – *A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

The Board seeks to ensure that remuneration is competitive, transparent and linked to individual, team and business performance. The Group Remuneration Policy ensures that our remuneration structures support our strategy by:

- Promoting sound and effective risk management through clear objective setting (that is monitored and measured).
- Using balanced scorecards for senior managers that include a range of financial and non-financial measures and are aligned with the Group's long-term strategic plans.
- Incorporating non-financial measures including compliance behaviours and good customer outcomes.
- Adopting sales schemes designed to incentivise the right compliance and customer outcome behaviours.
- Role benchmarking, calibration within and across businesses within the Ardonagh Midco 2 Group by the Group Head of Reward and oversight exercised by the Group and Platform Remuneration Committees.
- Promoting diversity and inclusion.

Employee salaries are reviewed annually, and salary reviews consider individual performance, Group performance and the underlying business environment.

Remuneration strategies are expected to be devised with reference to issues identified in the Group gender pay gap report and our desire to promote Diversity and Inclusion. Management has taken a series of measures including:

- Group-wide executive coaching and peer support programme for women leaders to encourage career progress, focus and accountability.
- Group wide training and representation via dedicated forums has been rolled out.
- Policies such as recruitment and succession planning that supports diversity and inclusion.

The Employee Group Plan is an equity scheme that recognises the wider contribution of employees, identifying key talent and future leaders within the Group. The plan extends to a wide cross-section of our people and has created a more diverse group both in terms of age and gender, that now hold Ardonagh equity and participate in the creation of equity value growth.

Principle 6 – *Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.*

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Governance Framework

Below is an explanation of how the Board engages with its stakeholders and how their views inform Board decision making.

Shareholders and Bondholders
Ongoing engagement with our bondholders is primarily exercised through the use of investor presentations and quarterly bondholder calls, which include a Q&A session with the Group CEO and CFO. Their views and debt market sentiment are discussed at Group Board meetings. Our two main shareholders, MDP and HPS, have representatives on the Group Board who articulate their views during Board discussions.

Employees
Our employees are central to the success of the Ardonagh Midco 2 Group and the remuneration structures across Ardonagh are designed to reward good performance at the individual and business level and support our values. In addition, our businesses focus on providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths and study support and, if appropriate, movement across different Ardonagh businesses.

The Group has in place an Equality and Diversity Policy and the Board believes that equality, diversity and inclusion strengthen the Group, contribute to long-term business performance, and support the Group in attracting key talent. Our Platform boards have taken time to consider management actions and initiatives regarding diversity and inclusion, and they support and monitor management actions to increase the proportion of senior leadership roles held by women and other under-represented groups across Ardonagh.

An annual Groupwide employee pulse survey has been conducted since 2019 in addition to pulse surveys conducted by some of our businesses. 6,602 or 75% of all employees participated in the 2022 pulse survey. The Group achieved an average score of 7.5 (out of 10) across all questions, with positive trends across the Group regarding creating a sense of belonging and purpose, fostering cultures of inclusion and respect, and building strong team and line manager relationships. Ardonagh-wide, the survey highlighted that there is also work to do on recognition and inter-department/brand collaboration. Actions to address issues highlighted by the survey are agreed on a Platform-by-Platform basis, recognising each of their unique challenges, and these are reviewed by the Group and Platform Boards.

Customers
Seeking good customer outcomes is central to the success of the business. Management continues to seek customer views and improve how we track our customers' perceptions of our businesses and bring the voice of our customers into Board and Committee reporting. Our products and services are periodically reviewed to ensure they continue to meet the needs of our customers.

In response to the cost-of-living crisis, management has reviewed and enhanced how we support our vulnerable customers, including dedicated call lines staffed by colleagues who have received specific training and given tools and solutions to help our customers.

In preparation for the new UK Customer Duty launched by the FCA, our UK Segment Boards have each selected an independent non-executive director to act as a Customer Champion who regularly meets with management to discuss and challenge performance against customer related metrics and helps facilitate the voice of the customer to be heard in the Boardroom.

Regulatory relationships
The Board prioritises positive, open and transparent engagement with all our regulatory relationships. Our Boards and Risk Committees receive regular updates on regulatory interactions and new regulatory rules and guidance and how they impact our businesses. We participate in thematic reviews and believe that strong regulatory relationships are a source of competitive advantage.

Insurers
Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with key insurance partners, supported by increasingly sophisticated data, to discuss performance and ways in which we can continue to meet customers' needs.

Governance Framework

Our Suppliers
Management aims to treat all our suppliers fairly and to pay them in accordance with contractual terms. Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement. Management ensures appropriate due diligence is performed on key suppliers before they are engaged. We require that our suppliers have ESG and modern slavery policies that are at least as stringent as our own.

Community
Ardonagh contributes to the communities in which we operate through an Ardonagh Charitable Trust called the Ardonagh Community Trust (ACT), which is an independent registered charity. Further details on how we interact with communities are set out in the above Non-Financial and Sustainability Information Statement.

Case Study in considering stakeholders in decision making.
Our UK Platform Boards considered the new UK Consumer Duty rules and how they will impact our businesses and our stakeholders, as outlined out below:

Our Boards
The Platform Boards considered and approved management's implementation plans to ensure compliance with the new Consumer Duty rules by the regulatory deadline. The Boards received training and each chose an independent non-executive director to undertake the role of Consumer Duty champion on the Board (who also each received additional briefings and training to ensure they can effectively discharge their role). The Boards will receive regular reporting from management to evidence that products and services comply with the new Consumer Duty.

Colleagues
Our Boards received assurances that relevant staff will receive training on the new Consumer Duty rules and regular communications are sent out to staff to ensure awareness of the new rules and support the embedding of the Consumer Duty requirements. Our Boards regularly consider the culture within our businesses and ensure risk frameworks and remuneration policies help drive the right conduct and behaviours.

Customers
Our customers are at the heart of our decision making and our Boards considered how the businesses will ensure 'good customer outcomes' will be achieved and evidenced and how the business treats vulnerable customers. Our Boards have tasked management to build new metrics and reporting to enable compliance with the new rules to be measured and monitored. Management is also seeking ways to enhance customer communications in light of the new rules, and these enhancements will be subject to Board oversight and challenge.

Insurers
Our Boards seek to ensure that management utilise our existing Group-wide insurer relationships to improve capacity and/or terms to better meet the needs of our customers. Our Boards considered how the business will work with our insurer partners in order to comply with the new Consumer Duty rules, in particular how 'fair value' assessments will be conducted.

Regulatory
Our Boards discharge oversight and challenge to ensure the business complies with regulatory deadlines set out in the new Consumer Duty rules. In addition, our Risk Committees consider interactions with the FCA to ensure our regulatory relationship is constructive, transparent and cooperative.

Shareholders
The Group Board regularly updates our main shareholders on progress and the impact of compliance with the new Consumer Duty rules on the business.

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Risk management

Risk Management Framework and risk appetite

In pursuing its business objectives, The Ardonagh Midco 2 Group is exposed to a range of risks. As part of its overall governance and control arrangements the Group operates a Risk Management Framework designed to identify, assess, manage, monitor and report on these risks.

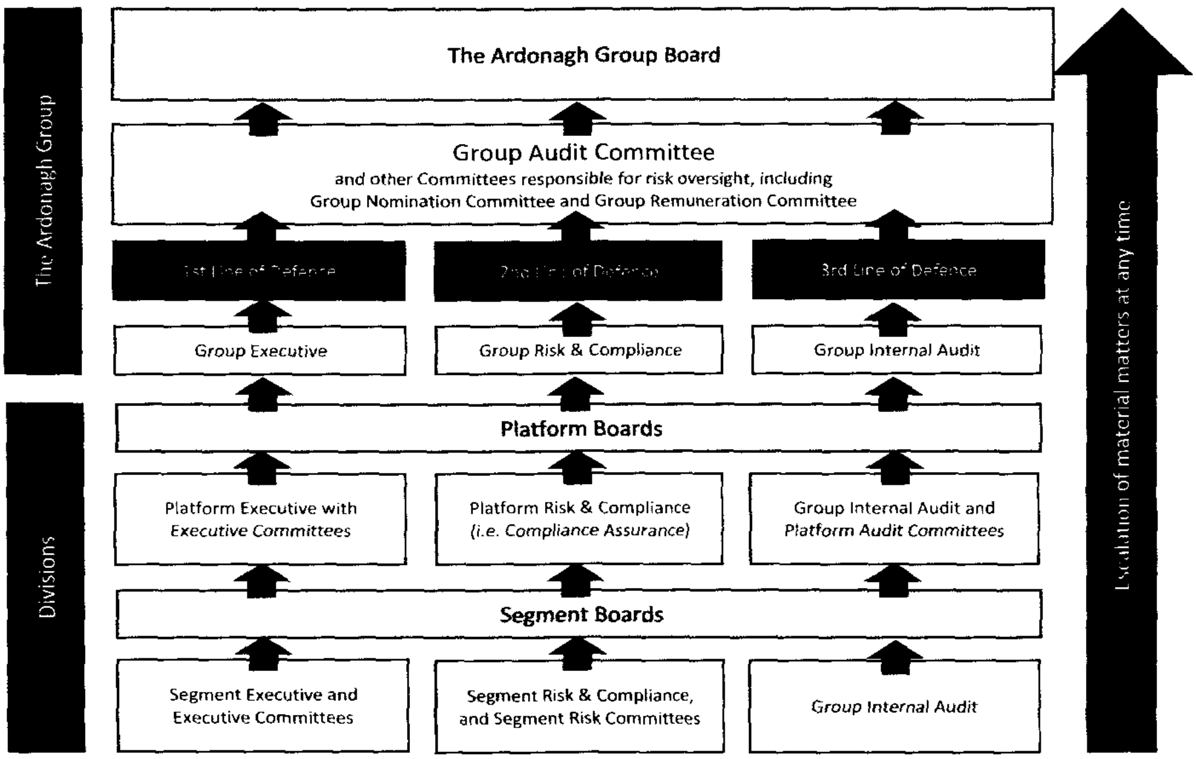
The Group's risk appetite is an expression of the amount and type of risk that it is willing to accept to achieve its strategic objectives. Risk appetite is set by the Board and is reviewed by the Group Audit Committee and the Board on at least an annual basis. Each Platform of the Group also has its own risk appetites, approved and reviewed by Platform Boards, which cannot exceed the Group appetite (individually or in aggregate). Through the Risk Management Framework these governance bodies gain assurance that risks are being appropriately identified and managed within the parameters that have been set. Each area of risk has a Senior Management owner responsible for managing the risk within appetite and ensuring that the controls designed to keep risks within appetite are appropriate as explained below under the Ardonagh Midco 2 Group Governance Framework.

Three lines of defence model

Risk management across The Ardonagh Midco 2 Group is underpinned by the application of a three lines of defence governance model. The first line sits in the business and is responsible for identifying and managing all material risks. The second line is made up of Segment, Platform and Group Risk and Compliance resource and provides challenge, guidance and support to the business on the first line risk assessment. The third line is delivered by Group Internal Audit, which independently assesses the effectiveness of the internal controls, governance and risk management.

Governance

Boards and Committees operate at a 'Segment' and 'Platform' level within our trading Divisions. The Group Audit Committee is chaired by an independent Non-Executive Director and reports relevant matters to the Group Board. Action plans to reduce risks that are approaching or out of appetite are monitored for effectiveness and timely completion. Escalation routes exist such that any material matters can be brought to the attention of Directors of the Group without delay.



CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Principal risks and uncertainties

The Group faces a broad range of risks and uncertainties that are described in more detail in this section.

Additional risks and uncertainties not currently known to us, or that we currently consider immaterial, may also materially and adversely affect our business or operations.

Risk	*Description*
Decline in economic conditions	The Board's strategy is heavily focused on the achievement of long-term sustainable growth through a diversified business portfolio, and the Board believes that this is the most effective way of mitigating the risk of a general decline in economic conditions. Ardonagh is highly diversified and not materially exposed to a single carrier, customer, or market sector. Accordingly, management does not expect increased global political tensions (including those related to the Ukrainian conflict, which we are monitoring and responding to appropriately) to have a significant effect on the Group. Over 40% of the Group's income arises in the Specialty (which arranges insurance for global clients) and International Platforms, thereby diversifying the Group away from the UK compared to past years. Although most of the Group's revenue is in GBP and thus not subject to foreign currency exposure, the Specialty Platform has significant USD revenues that are a natural offset against the interest costs on the Group's USD borrowings (see "Foreign currency risk and interest rate risk" below). The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group's significant UK presence through its Retail and Advisory Platforms exposes it to a downturn in UK business and customer confidence, including due to increased inflation and interest rates. Nevertheless, insurance broking has typically been resilient to past economic and capital market downturns because insurance is often a non-discretionary purchase, so demand is expected to be less volatile than other sectors. Most recently, this was the case during the Covid-19 restrictions in the UK. Energy costs do not form a significant proportion of the Group's cost base and thus global energy price increases do not have significant direct impact on the Group. Increases in costs driven by wage inflation are more relevant to the Group, but remuneration is determined by management and thus within its control, albeit in the context of the ongoing need to retain staff by continuing to provide attractive remuneration packages. Cost increases are also mitigated by revenue increases, including those that result from the impact of inflation in driving higher claims costs that lead to insurers charging higher premiums and consequently results in higher commissions for the Group.
Insurance market volatility	Volatility or declines in premiums, as well as declines in commission rates, may seriously undermine our business and results of operations. We derive most of our revenue from commissions and fees for underwriting and broking services. Our commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a significant adverse effect on our business. On a longer time-horizon, the insurance markets might be disrupted by new technologies, "open finance" or new distribution structures, which may give rise to both risks and opportunities for the Group.
Breach of regulatory requirements	*If we fail to comply with regulatory requirements, we may not be able to conduct* our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. The Group operates a robust risk and control framework (underpinned by the three lines of defence governance model set out on above) and closely monitors changes to the regulatory environment.

Principal risks and uncertainties

Risk	*Description*
Changes to regulatory environment	Our business has a significant UK presence, and our UK businesses are regulated by the Financial Conduct Authority (FCA). The FCA rules have a conduct and customer focus but also impose minimum capital and liquidity requirements on the Group. In 2022, further changes to the UK regulation of general insurance have taken effect, notably in relation to: pricing and value; operational resilience and a duty to achieve good outcomes for consumers. We have a strong track record of managing regulatory change and only regulatory interventions on pricing are anticipated to have a notable financial implication for the general insurance market, with this limited to certain lines of consumer business. As all consumer market participants will be impacted, including the Group's competitors, this is anticipated to give rise to both risks and opportunities for the Group. Moreover, outside of our Retail (consumer) segment, the implications are not significant.
Litigation	We are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors, omissions or unfair provisions in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business. We maintain professional indemnity insurance for errors and omissions claims. The terms of this insurance vary by policy year and our ability to obtain professional indemnity insurance in the future may be adversely impacted by general developments in the market for such insurance, or by our own claims experience. If our insurance coverage proves inadequate or unavailable, there is an increase in liabilities for which we self-insure (see Provisions note 29 that shows the total provision held for litigation matters).
Technology – keeping pace with change	If we are unable to apply technology effectively in driving value for our clients or in gaining internal efficiencies and effective internal controls, our client relationships, growth strategy, compliance programmes and operating results could be adversely affected. Interruption or loss of our information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption, could have a material adverse effect. All parts of the Group maintain effective business continuity plans and capabilities.
Retention and wellbeing of staff	The loss of several senior management or a significant number of our client-facing employees could have a material adverse effect on our business. The inability to attract and retain qualified personnel could also have a material adverse effect. The Group and its platforms maintain appropriate performance management, remuneration, succession planning and other HR policies that are proportionate for their respective businesses. Our businesses have also had to respond to the changing nature of ways of working with the emergence of hybrid or remote working becoming more mainstream which has required us to focus on risk management around data, cyber, capability and wellbeing of employees. Business Continuity Plans are in place across the Group and its Platforms, which include policies to manage employee absences, to ensure access to the wider network of offices, to maintain the efficiency and stability of the Group's infrastructure, and to facilitate home working for a significant portion of our employee base. Leadership teams and working groups led by senior managers are in place to support wellbeing of colleagues and operational resilience.

Principal risks and uncertainties

Risk	*Description*
Relationships with key suppliers, including outsource partners and insurers / other insurance intermediaries	The Group constantly reviews its activities and engages with specialists to improve delivery to its clients and increase efficiencies. This can result in outsourcing certain functions and such transitions are managed by robust governance with senior management oversight. During the final quarter of 2020, Ardonagh Specialty entered a 10-year arrangement with a business process outsourcing services specialist to deliver a technology led transformation of its insurance broking services. If third-party brokers and mortgage intermediaries do not provide customers with competitive levels of service, or if a significant number of them choose not to distribute our products, the level of written premiums we place for customers may decline. A withdrawal by insurance companies of underwriting capacity or products in circumstances where no replacement underwriting capacity or products can be procured, or an excessive increase in the rates charged by an insurance company, would impact our business performance. Capacity, business performance and distribution are kept under proactive management by each of the Group's businesses, as appropriate for their respective operations and needs.
Integration of acquired businesses	Our selective acquisition strategy exposes us to the risk that we may not be able to successfully integrate acquired businesses or that acquisitions may have liabilities that we are not aware of and may not be as profitable as we may have expected them to be. Due diligence in advance of an acquisition is thorough, managed by experienced teams and supported by independent third-party review where appropriate. Integration is subject to robust project planning, governance and continuous oversight until the integration plan has been achieved. This includes, as a minimum, the adoption of the Ardonagh Risk Management and Compliance framework for all acquisitions.
Debt and liquidity risk	The Group requires significant amounts of cash to service its debt, thereby limiting the availability of funds for working capital, acquisitions, business opportunities and other general corporate purposes. There is a risk that the underlying business does not generate sufficient cash to meet the Group's financial obligations as they fall due. Proceeds from debt are also used to fund the acceleration of strategic investments, that in turn support future generation of cash for reinvestment. Consistent with the changes to the Ardonagh Governance Framework that has placed the oversight and delivery of Platform strategies to the Platform Boards, formalised amounts of interest-bearing debt have been allocated to the Platforms from the Corporate segment. This aligns to the Platforms overseeing prudential and financial risk and debt related metrics. The Group has an active cash management process. The Group Treasury function, in conjunction with the Platform finance and treasury teams, undertakes cash flow forecasting and closely monitors and manages the Group's cash balances. Immediate liquidity is available from the committed revolving credit facility (£191.5m available at 31 December 2022) and the undrawn component of the newly secured B5 CAR Facility ($182.5m available as at the reporting date) should any short-term financing be required. The Group actively monitors debt markets to assess additional borrowings and the refinancing of existing borrowings in conjunction with its overall business strategy, including M&A. The Group's borrowings do not mature before 2026 at the earliest.
Counterparty risk	We have a significant amount of trade accounts receivable from some of the insurance companies with which we place insurance. If those insurance companies experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us. Counterparty balances are monitored as part of the credit control process. Significant balances are actively managed through our on-going strategic insurer relationship programme.

Principal risks and uncertainties

Risk	*Description*
Cyber Security and Data Protection	Our computer systems process and store information about our customers and employees, some of which is sensitive personal data. Although we have taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our systems and to ensure that our processing of personal data complies with the General Data Protection Regulations (GDPR) and other relevant data privacy requirements in jurisdictions, as appropriate, our technology may, on occasion, fail to adequately secure the private information we maintain in our systems databases and protect it from theft or inadvertent loss during the course of normal operations. Our people, processes and systems, and the wider public IT infrastructure they rely on, may also be subject to cyber-attack, again potentially resulting in theft of data, preventing data or systems use and/or disrupting business operations. The Group has robust policies, business standards and control frameworks in place for both cyber security and data protection. In addition, a group-wide Cyber Resilience Strategy continues to be in place, with all major business areas of the Group maintaining related cyber remediation roadmaps (with a particular focus on related IT control environments) where required, to manage risks associated with the evolving business strategy and model, and the dynamic threat landscape it faces. These strategies and plans look to continually review and enhance the maturity and capability of cyber and information security processes and controls across the Group. Appropriate mechanisms have also been embedded to help effectively report, track and manage cyber risk and the related controls environment across the Group. In addition, the Group has continued to invest significantly in building and maintaining capable security resources (within Group Functions) to provide appropriate group-wide governance, oversight and security SME services and support. The Group continues to have a cyber insurance policy in place to mitigate financial risks associated with material data breaches and cyber-attacks.
Foreign currency risk and interest rate risk	The Group is exposed to foreign currency risk and interest rate risk from its borrowings, and to foreign currency risk from its revenues and costs, which it mitigates as follows: • Borrowings: Our debt comprises borrowings in GBP, USD, EUR and AUD as set out in the Liquidity and capital resources overview included in Section 1 above, with the majority being in GBP, thus limiting the Group's foreign currency exposure. Following the international diversification, the Group has increased USD and EUR investments and revenues that are natural hedges to the debt profile. As at the reporting date, £1,057.9m (constituting 32%) of Group debt at 31 December is at fixed interest rates for the next 3 years. Subsequent to the reporting date, the Group entered into further interest rate swaps that exchanged floating for fixed interest rates on EUR 450m borrowings, GBP 250m borrowings, and on USD 150m borrowings. Additionally, the Group models its future interest payments on its GBP (£), USD ($) and EUR (€) privately placed term facilities due 2026 and the USD PIK toggle notes due 2027, using forward FX and interest rates, and the Group has sufficient liquidity to meet these forecast payments. Each 1% increase or reduction in SONIA and EURIBOR rates (see Borrowings note 27) will, subject to 0.75% SONIA and 1.00% EURIBOR floors and on an annualised basis, increase/decrease interest paid in 2023 by £23m. At year end, the Group holds £269.6m of available cash (excluding £48.9m of TC2.4 VREQ restricted cash), which combined with a fully undrawn RCF facility, results in a total liquidity of £461.5m, and it closely monitors available liquidity on an ongoing basis.

CORPORATE GOVERNANCE REPORT: YEAR ENDED 31 DECEMBER 2022
Principal risks and uncertainties

Risk	*Description*
Foreign currency risk and interest rate risk	• Revenue: A significant proportion of the Group's revenue is generated in non-GBP currencies, predominantly USD, EUR, AUS and CAD and therefore subject to foreign currency exposure. The Group's operational costs are predominantly GBP and EUR, resulting in a significant proportion of cash generated from operating activities in USD that can be used to meet USD interest payments *if not hedged to GBP. Approximately 44% of FY 2022 USD cash generated* from operating activities was hedged to GBP at an average rate of circa 1.35, with this proportion increasing over the next two years.

The strategic report on pages 5 to 18 was approved by the Board and signed on 30 June 2023 its behalf by:

D Cougill
Director
30 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable UK law. The Directors have also chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. 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 Company and of the profit or loss of the Company for that period.

In preparing the parent company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 financial statements may differ from legislation in other jurisdiction.

SECTION 2

ARDONAGH MIDCO 2 PLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ardonagh Midco 2 Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit and loss and other comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 35 to the consolidated financial statements and 1 to 13 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current period were: • Acquisition accounting under IFRS 3 Business Combinations – Ed Broking Group Limited, Besso Insurance Group Limited • Presentation of Alternative Performance Measures ('APMs'); and • Goodwill impairment.
Materiality	The materiality that we used for the group financial statements was £9m which was determined on the basis of 0.76% of revenue.
Scoping	Scoping coverage included 7 components subject to full scope audits and a further 17 subject to the audit of specified account balances. These scoped in entities represent 77% of revenue and 73% of insurance debtors.
Significant changes in our approach	In the current year, we no longer consider the following as key audit matters: • Going concern was removed as a key audit matter following improvement in the group's operating profit and an improved liquidity position. • We re-visited our risk assessment on revenue recognition in the group and no longer consider the risk associated with the acquisition of Swinton to be a key audit matter. • The Preference share issue: classification as debt or equity was a one-off event in 2021 and is not applicable in 2022.

4. 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 and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Gained an understanding of management's process and controls for performing the going concern assessment.
- Challenged key assumptions underpinning cash flow forecasts, the stresses applied and the reverse stress test by performing an analysis and comparison of actual performance versus prior period going concern forecasts to assess management's ability to forecast.
- Performed a sensitivity analyses over management's forecasts for interest rate volatility and inflation to assess the appropriatness of the headroom.
- Inspected correspondence between the group and its regulators.

Report on the audit of the financial statements

- Performed an analysis of the group's financial performance in the first five months after the balance sheet date.

- Assessed financial statement disclosures in respect of going concern for transparency and inclusion of all facts and circumstances of which we are aware through the performance of the audit work.

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 and parent company's ability to continue as a going concern for a period of at least twelve 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.

5. 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) that we identified. These matters included 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.

5.1 Acquisition accounting under IFRS 3 *Business combinations* – Ed Broking Group Limited, Besso Insurance Group Limited

Key audit matter description	On 1 November 2021 the group acquired the entire issued share capital of Ed Broking Group Limited and Besso Insurance Group Limited ("Ed, Besso"). This transaction constituted a business combination under IFRS 3 *Business combinations*, and resulted in the recognition of £250m of goodwill and £130m separately acquired intangible assets. Management engaged a third-party expert to perform an independent fair value assessment of the acquired intangible assets at the valuation date and perform the Purchase Price Allocation ("PPA") for financial reporting purposes. Management had 12 months from the date of acquisition to finalise the acquisition accounting. This period elapsed during 2022 and the numbers reported in respect of this acquisition are final. Transactions that constitute a business combination under IFRS 3 must be accounted for by applying the acquisition method, so that the assets and liabilities assumed are recognised by the acquirer at their acquisition-date fair values. Key steps in the acquisition method that were completed during the year were: • Recognition and measurement of the assets acquired and liabilities assumed; and • Recognition and measurement of goodwill. The Ed, Besso acquisition is considered a key audit matter due to the scale of the transaction, the complexity of accounting due to the PPA approach, and the impact of these on the financial statements. Refer to Note 11 to the financial statements (Intangible assets).

Report on the audit of the financial statements

How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls over management's process for acquisition accounting. In addition, we performed the following audit procedures: • Assessed management's projections, forecasts and accounting assumptions including the impact of a high inflation environment on the underlying cash flow assumptions, used in the fair value analysis. • Tested the completeness and accuracy of data inputs used in the valuation of goodwill and intangible assets. • Involved our valuation specialists in assessing the reasonableness of the key valuation assumptions and whether the valuation assumptions are consistent with what market participants would use in pricing the item.
Key observations	We are satisfied that the acquisition accounting under IFRS 3 Business combinations for Ed Broking Group Limited and Besso Insurance Group Limited is appropriate.

5.2 Presentation of Alternative Performance Measures (APMs)

Key audit matter description	Adjusted EBITDA is a key metric that management use to assess the quality of the group's earnings. Management removes adjusting items ("Items excluded from Adjusted EBITDA"), being significant acquisition and disposal related items and other costs associated with the ongoing transformation of the group. Pro formas are presented as if the significant acquisition and disposal related transactions occurred on the first day of the comparative period. The group reports a Loss for the period of £280.8m, an EBITDA of £269.8m and Adjusted EBITDA of £373.4m in the Annual Report. This measure and other such non-GAAP measures used are Alternative Performance Measures ("APMs"). An APM is defined by European Securities and Markets Authority ("ESMA") as "a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (e.g. UK adopted IFRS) applied by the entity". The group defines adjusting items in the Glossary in Section 3 of the Annual Report. A risk exists that these adjusting items are not consistently applied across the group. In addition, there is a risk that these adjusting items are not clearly disclosed in note 5 and that undue prominence is given to APMs compared to the statutory results of the group within the financial statements. Refer to section 1 of the Annual Report (Performance review) and section 3 of the Annual Report (Other unaudited financial information).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls over management's process for APMs. In addition, we performed the following procedures: • Tested a sample of items excluded from Adjusted EBITDA to assess consistency with the group's published definition and policies for these items; • Tested the accuracy of a sample of underlying expenses excluded from Adjusted EBITDA to invoices or other supporting evidence; • Assessed whether the use of APMs in the group's financial statements is consistent with the guidelines produced by regulators; • Assessed whether there is appropriate balance between the use of statutory metrics, Adjusted EBITDA and other Pro Forma metrics, together with clear definitions and reconciliations within the Annual Report; • Assessed the prominence given to Adjusted EBITDA and other Pro Forma metrics relative to the group's statutory results; and • Considered whether Adjusted EBITDA and other Pro Forma metrics were consistently applied in the current period's financial statements.
Key observations	We considered that the group's use and presentation of Alternative Performance Measures was acceptable and consistently applied.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

5.3 Goodwill impairment

Key audit matter description	Goodwill arising on business combinations is a significant asset on the balance sheet of the group £2,027m (2021: £1,620m). Goodwill increased significantly during 2022 following significant acquisitions including that of Ed Broking Group Limited and Besso Insurance Group Limited. As required by IAS 36 Impairment of Assets, goodwill is tested for impairment at least annually. During 2022 the group continued to monitor goodwill at the division level as this remained the lowest level of aggregation of cash generating units within the group at which goodwill could be monitored for management purposes. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each division, using the higher of value in use ("VIU") and fair value less costs to dispose ("FVLCD"). The VIU amount is subjective and calculated using an impairment model underpinned by key assumptions including forecast cash flows, discount rates and long-term growth rates. Management use a VIU approach to assess the recoverable amount of all divisions. A headroom calculation is performed as the amount of calculated VIU above the carrying value of the division. Divisions with less head room are at greater risk of impairment where the impairment model is sensitive to key assumptions. Management performed this assessment and concluded an impairment of £41m was required in the MGA division after the higher of value in use ("VIU") and fair value less costs to dispose ("FVLCD") calculated was less than the carrying amount of goodwill allocated to this division. Refer to Note 4 to the financial statements (Key sources of estimation uncertainty) and Note 11 to the financial statements (Intangible assets).
How the scope of our audit responded to the key audit matter	We have gained an understanding of management's process for performing the annual impairment test and obtained an understanding of relevant controls. In addition, we performed the following audit procedures: • challenged management's CGU assessment through assessing the level at which cash inflows are generated and the level at which goodwill is monitored; • challenged the assumptions used in the annual impairment review, in particular forecast growth rates applied to each of the divisions within the five year business plan through assessing segment strategies and planned business development; • tested the accuracy of the calculations behind management's impairment model; • performed an assessment of actual FY 2022 cash flows against prior period forecasts to assess the accuracy of management's forecasting; and • involved our valuation specialists to assess and challenge the discount rate used.

Report on the audit of the financial statements

Key observations	We agree with management's conclusion that an impairment is required to the goodwill allocated to the MGA division as of the date of the impairment exercise. The forecasts used in the annual impairment exercise were consistent with the most recent financial forecasts approved by the Board. Key assumptions including discount rates and growth rates used within business forecasts are reasonable.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£9m (2021: £9m)	£8.1m (2021: £8.1m)
Basis for determining materiality	0.76% of commission and fees (2021: 0.99% of commission and fees)	0.79% of Parent company net assets (2021: 0.79% of Parent company net assets). We apply a materiality cap for the parent company to be lower than the group at 90%. (2021: 90%)
Rationale for the benchmark applied	Commission and fees was determined to be the key driver since it is the key metric for a number of the users of the financial statements. It is the best metric to show the growth of the group and is also the metric given the highest prominence in the strategic report.	Net assets was determined to be the materiality benchmark given the activities of the company. A non-trading holding company with principal activities being to hold intercompany subordinated debt and investment in subsidiaries.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (2021: 60%) of group materiality	60% (2021: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment which included our assessment of the group's overall control environment. The group is still growing quickly and has a developing control environment, as such we decided to not rely on controls over a number of business processes and instead conduct a substantive audit.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.45m (2021 £0.45m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

7 An overview of the scope of our Audit

7.1 Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.
Given the number of components and operating locations within the group, we assessed the extent of audit work required to be performed to give appropriate coverage for the purposes of the group financial statement audit. Our approach considered revenue contribution to the group result as a primary measure of financial significance and scope, and insurance debtors as a secondary balance sheet measure given the significance of the insurance debtors balance to the operational activities of wider group. Coverage obtained on this basis was 77% of revenue (2021: 82%) and 73% of insurance debtors.
Of the group's 24 significant components, 7 were subjected to full scope audits of the financial information of the component and 17 subjected to an audit of one or more account balances, classes of transactions or disclosures. Audits were performed at levels of materiality lower than group materiality with a range of *£2.2m to £3.0m*.
Those subjected to an audit of one or more account balances, classes of transactions or disclosures are not individually financially significant enough to require full scope audit of the financial information of the component for group purposes, but did present specific areas of risk which needed to be addressed.
At the group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit.

Commission and fees

23%

17%

60%

Full audit scope

Specified audit procedures

Review at group level

Insurance Debtors

27%

54%

19%

Full audit scope

Specified audit procedures

Review at group level

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

7.2 Our consideration of the control environment

We obtained an understanding of the control environment, including the significant underlying IT systems. We planned not to rely on the general IT controls or application controls, as the group is still growing quickly and has a developing control environment. We obtained an understanding of the relevant controls relating to the financial reporting environment and the major revenue streams.

7.3 Our consideration of climate-related risks

As part of the audit, we made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact. We used our knowledge of the Group to evaluate management's assessment. We also considered the consistency of the disclosures in relation to climate change made in the other information within the annual report with the financial statements and our knowledge from our audit.

7.4 Working with other auditors

Work on Arachas Corporate Brokers (Ireland) was subject to a full scope audit and Glennon (Ireland), Resilium (Australia), MDS (Brazil) and MDS (Portugal) were subject to specified audit procedures. This was undertaken by Deloitte overseas component audit teams.

We directed and supervised the component teams in the performance of their work through providing detailed instructions setting out the work to be performed, having regular conference calls with the team throughout the audit and by performing a review of their audit working papers over a video conference.

8 Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 the financial statements, the directors are responsible for assessing the group's 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;

- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: goodwill impairment, acquisition accounting under IFRS 3 business combinations – Ed Broking Group Limited, Besso Insurance Group Limited, presentation of alternative performance measures and revenue recognition – cut off in Specialty division. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's FCA permissions and compliance with FCA client assets regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified acquisition accounting under IFRS 3 business combinations – Ed Broking Group Limited, Besso Insurance Group Limited, presentation of alternative performance measures, and goodwill impairment as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA;
- in relation to the cut off risk in Specialty division revenue: we analysed the divisional vs budget performance throughout the year, comparing to market expectations to identify any significant differences on the basis of known rate inflation across the market. We also obtained the December 2022 and January 2023 revenue listings and assessed whether revenue was correctly being recognised in each period.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 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 period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDONAGH MIDCO 2 PLC

Report on the audit of the financial statements

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14 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 auditor's 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.

Stuart McLaren (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
30 June 2023

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Commission and fees	5	1,184,663	915,445
Other income	5	28,404	24,929
Salaries and associated costs	8	(600,293)	(446,709)
Other operating costs	5	(354,065)	(264,862)
Impairment of financial assets	5	(7,242)	(10,066)
Depreciation, amortisation and impairment of non-financial assets	5	(175,756)	(117,447)
Share of profit from joint ventures	16	825	1,151
Share of (loss)/profit from associates	16	(3)	246
Operating profit		76,533	102,687
Gain on revaluation of associate and investments		-	1,972
Finance costs	7	(421,320)	(204,546)
Finance income	7	18,974	5,461
Dividends		10	-
Loss before tax		(325,803)	(94,426)
Tax credit	10	44,965	22,537
Loss for the year		(280,838)	(71,889)
Attributable to:			
Owners of the parent		(280,833)	(73,626)
Non-controlling interests		(5)	1,737
Loss for the year		(280,838)	(71,889)

The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Loss for the year		(280,838)	(71,889)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		34,262	(15,114)
Change in costs of hedging reserve	24	140	3,831
Change in cash flow hedging reserve	24	53,086	(2,221)
Loss on financial assets at fair value through other comprehensive income			(19)
Income tax relating to these items	24	(2,453)	(306)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net pension obligation		(5,449)	1,060
Tax relating to the remeasurement of net pension obligation		1,749	-
Other comprehensive income/(expense) for the year		81,335	(12,769)
Total comprehensive loss for the year		(199,503)	(84,658)
Attributable to:			
Owners of the parent		(199,254)	(86,395)
Non-controlling interests		(249)	1,737
Total comprehensive loss for the year		(199,503)	(84,658)

The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	(As restated)* 31 December 2021 £000
Non-current assets			
Intangible assets	11	**2,775,568**	2,332,319
Property, plant and equipment	12	**33,623**	29,372
Right-of-use assets	13	**41,760**	42,968
Investment in associates and joint ventures	16	**6,870**	6,365
Financial assets at fair value through other comprehensive income	23	**6,352**	7,747
Trade and other receivables	18	**13,572**	94,487
Contract assets	19	**4,808**	2,689
Other assets	20	**11,028**	10,146
Defined benefit pension asset	26	**205**	6,166
Deferred tax asset	28	**33,668**	-
Derivatives	24	**25,093**	173
		2,952,547	2,532,432
Current assets			
Cash and cash equivalents	17	**1,227,310**	1,335,315
Trade and other receivables*	18	**898,435**	693,697
Derivatives	24	**4,225**	1,278
Contract assets	19	**16,299**	15,834
Other assets	20	**33,325**	40,246
Financial assets at fair value through profit or loss	23	**8**	12
Assets held for sale		**-**	146
		2,179,602	2,086,528
Current liabilities			
Trade and other payables	25	**(1,619,073)**	(1,519,506)
Borrowings	27	**(146,849)**	(72,403)
Lease liabilities	13	**(17,334)**	(15,607)
Derivatives	24	**(10,042)**	(47,472)
Contract liabilities	19	**(48,107)**	(44,873)
Provisions	29	**(15,701)**	(12,372)
Current tax liability	28	**(10,446)**	(7,714)
		(1,867,552)	(1,719,947)
Net current assets		**312,050**	366,581
Non-current liabilities			
Trade and other payables	25	**(94,179)**	(74,390)
Borrowings	27	**(3,168,228)**	(2,619,236)
Lease liabilities	13	**(33,255)**	(35,786)
Derivatives	24	**(2,896)**	(1,936)
Contract liabilities	19	**(2,103)**	(3,782)
Defined benefit pension obligation	26	**(8,500)**	(10,926)
Provisions	29	**(15,477)**	(16,282)
Deferred tax liabilities	28	**(51,373)**	(54,489)
		(3,376,011)	(2,816,827)
Net (liabilities)/assets		**(111,414)**	82,186

*Prior year restatement due to the correction of a share buy-back in a subsidiary entity.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	(As restated)* 31 December 2021 £000
Capital and reserves attributable to the Group's shareholders			
Share capital	30	**694,788**	694,788
Share premium		**344,540**	344,540
Capital contribution reserve		**68,288**	60,211
Retained losses*		**(1,368,221)**	(1,073,528)
Hedging reserves		**46,413**	(4,360)
Merger reserve		**61,876**	61,876
Treasury share reserve		**(1,572)**	-
Foreign currency translation reserve		**16,124**	(18,382)
Shareholders' equity		**(137,764)**	65,145
Non-controlling interest		**26,350**	17,041
Total equity		**(111,414)**	82,186

*Prior year restatement due to the correction of a share buy-back in a subsidiary entity.

The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

This set of consolidated financial statements was approved by the Board of Directors on 30 June 2023 and was signed on its behalf by:

D Cougill
Director

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £000	Share premium £000	Capital contribution reserve £000	Merger reserve £000	(As restated)* Retained losses £000
At 1 January 2022*	694,788	344,540	60,211	61,876	(1,073,528)
Loss for the year	-	-	-	-	(280,833)
Other comprehensive (expense)/income	-	-	-	-	(3,700)
	694,788	344,540	60,211	61,876	(1,358,061)
Reclassification of loan notes payable	-	-	8,077	-	-
Decrease in MIP shares	-	-	-	-	(3,875)
NCI on acquisition	-	-	-	-	-
Distribution to non-controlling interests	-	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	(7,857)
Settlement of subsidiary SBP	-	-	-	-	-
At 31 December 2022	694,788	344,540	68,288	61,876	(1,369,793)

	Hedging reserve £000	Foreign currency translation reserve £000	(As restated)* Total share-holders' equity £000	Non-controlling interest £000	(As restated)* Total equity £000
At 1 January 2022*	(4,360)	(18,382)	65,145	17,041	82,186
Loss for the year	-	-	(280,833)	(5)	(280,838)
Other comprehensive (expense)/income	50,773	34,506	81,579	(244)	81,335
	46,413	16,124	(134,109)	16,792	(117,317)
Reclassification of loan notes payable	-	-	8,077	-	8,077
Decrease in MIP shares	-	-	(3,875)	-	(3,875)
NCI on acquisition	-	-	-	9,904	9,904
Distribution to non-controlling interests	-	-	-	(1,032)	(1,032)
Transactions with non-controlling interest	-	-	(7,857)	686	(7,171)
Settlement of subsidiary SBP	-	-	-	-	-
At 31 December 2022	46,413	16,124	(137,764)	26,350	(111,414)

*Prior year restatement due to the correction of a share buy-back in a subsidiary entity.

See note 30 for details of share capital, note 24 for hedging reserves and note 15 for transactions with non-controlling interests.
The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £000	Share premium £000	(As restated)* Retained losses £000	Hedging reserves £000	Capital contribution reserve £000
At 1 January 2021	688,885	-	(933,766)	(5,664)	60,211
(Loss)/profit for the period	-	-	(73,626)	-	-
Other comprehensive (Expense)/income	-	-	1,041	1,304	-
	688,885	-	(1,006,351)	(4,360)	60,211
Share-based payment scheme	-	-	856	-	-
Issue of share capital	-	335,000	-	-	-
Distribution to non-controlling interests	-	-	(300)	-	-
Transactions with non-controlling interest	5,903	9,540	(66,161)	-	-
Foreign exchange on non-controlling interest	-	-	-	-	-
Settlement of subsidiary SBP*	-	-	(1,572)	-	-
At 31 December 2021	694,788	344,540	(1,073,528)	(4,360)	60,211

	Merger reserve £000	Foreign currency translation reserve £000	(As restated)* Total shareholders' equity £000	Non-controlling interest £000	(As restated)* Total equity £000
At 1 January 2021	61,876	(3,268)	(131,726)	(9,706)	(141,432)
(Loss)/profit for the period	-	-	(73,626)	1,737	(71,889)
Other comprehensive (Expense)/income	-	(15,114)	(12,769)	-	(12,769)
	61,876	(18,382)	(218,121)	(7,969)	(226,090)
Share-based payment scheme	-	-	856	-	856
Issue of share capital	-	-	335,000	-	335,000
Distribution to non-controlling interests	-	-	(300)	(543)	(843)
Transactions with non-controlling interest			(50,718)	25,559	(25,159)
Foreign exchange on non-controlling interest	-	-	-	(6)	(6)
Settlement of subsidiary SBP*	-	-	(1,572)	-	(1,572)
At 31 December 2021	61,876	(18,382)	65,145	17,041	82,186

*Prior year restatement due to the correction of a share buy-back in a subsidiary entity.

The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Cash flows from operating activities			
Net cash inflow from operations	21	182,587	687,781
Finance income and Investment income received		5,550	361
Income from associate and joint venture		1,295	1,587
Tax paid		(8,023)	(4,568)
Settlement of forward contracts		(10,322)	3,326
Net cash inflow from operating activities		171,087	688,487
Cash flows from investing activities			
Acquisition of businesses net of cash acquired		(331,131)	(312,404)
Purchase of property, plant, equipment and intangible assets		(37,290)	(25,413)
Purchase of financial asset		(4,635)	(9,357)
Proceeds on disposal of financial asset		-	22,750
Deferred consideration received		2,233	1,863
Contingent consideration paid		(34,439)	(33,729)
Net issue of short-term loans		(21,533)	(66,210)
Net cash outflow from investing activities		(426,795)	(422,500)
Cash flows from financing activities			
Interest paid on borrowings		(181,827)	(117,956)
Repayment of loan notes		(17,050)	-
Repayment of lease liabilities		(18,900)	(16,429)
Transactions with non-controlling interests		(10,132)	365
Purchase of own shares		-	(1,975)
Debt transaction costs		(12,080)	-
Proceeds from borrowings		440,444	633,755
Repayment of borrowings		(62,764)	(9,611)
Net cash inflow from financing activities		137,691	488,149
Net (decrease)/increase in cash and cash equivalents		(118,017)	754,136
Cash and cash equivalents at the start of the period	17	1,335,315	585,637
Effect of movements in exchange rates on cash held		10,012	(4,458)
Cash and cash equivalents at the end of the period	17	1,227,310	1,335,315

Cash and cash equivalents includes restricted cash (see note 17 for details).

The notes on pages 55 to 177 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Ardonagh Midco 2 Plc (the Company) is a company limited by shares with registered number 10679958. It is incorporated and domiciled in the UK. The address of its registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The principal business activities of the Company and its subsidiaries are described in the Strategic Report.

2 Basis of preparation

The consolidated financial statements comprise the Company and its subsidiaries (the Group) and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK-adopted IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are presented in pounds sterling (£), being the functional currency of the company, and in thousands unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with or permitted by IFRS.

Going concern

The financial statements of the Group set out on pages 48 to 54 have been prepared on the basis that the Group is a going concern. At 31 December 2022, the Group had net liabilities of £111.4m (2021: net assets of £82.2m (restated)) and net current assets of £312.0m (2021: £366.6m (restated)). The Group reported an operating profit of £76.5m (2021: £102.7m) for the year ended 31 December 2022, net cash inflows from operating activities of £171.1m (2021: £688.5m), net decrease/(increase) in cash and cash equivalents of £118.0m (2021: £754.1m). Available cash of £269.6m (2021: £411.3m) was reported on 31 December 2022.

The Directors have assessed the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from material acquisitions and capital injections subsequent to year end.
- The principal risks facing the Group. and its systems of risk management and internal control.
- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the reporting period.
- Post year-end operating results and cashflows of the Group continue to be positive.

Key assumptions that the Directors have reflected in the base case cash flow forecasts include that:

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group.
- Interest costs are modelled using current forward interest and FX rates (other than where interest rates on debt have been fixed through interest rate swaps).

2 Basis of preparation *(continued)*

Key stress scenarios that the Directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Additional interest costs on the term and CAR debt facilities based on forward interest rate expectations.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

The Directors have also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the Directors consider such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

The Directors continue to consider the wider operational and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, foreign exchange rates, inflation and increasing interest rates). In particular:

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not unduly exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.
- The Group continues to monitor the risk of cyber-attacks, but the Group has not identified any significant security risks during the period ended 31 December 2022.

Following the assessment of the Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests, the Directors are not aware of any material uncertainties that cast significant doubt on the Group's ability to continue as a going concern.

3 Accounting policies

The summary of significant accounting policies adopted by the Group for the consolidated financial statements are listed below and include new standards effective from 8 December 2021 as described in 'New standards, amendments and interpretations adopted by the Group' (section (q) below).

(a) Basis of consolidation

The Group consolidates those investees that it is deemed to control, referred to as subsidiaries. The Group has control over an investee if all three of the following are met: (i) it has power over the investee, (ii) it is exposed to, or has rights to, variable returns from its involvement with the investee, and (iii) it has ability to use its power over the investee to affect the amount of its own returns. 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 consolidated from the date on which control is transferred to the Group. The assets, liabilities, profits and losses of the subsidiary are added line by line to those of the Group.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting for business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. The Group does not recognise a contingent asset at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs, except costs to issue debt or equity securities, are expensed as incurred.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Some acquisitions involve a put and/or call option. A put option gives the seller the right to require the Group to acquire its shareholdings in the acquiree at a future date. A call option gives the Group the right to require the seller to sell its shareholdings in the acquiree to the Group. The put and/or call options are usually exercisable within specified time periods. The exercise price of the options is usually based on a multiple of EBITDA, net of the net debt of the acquiree for the financial year that immediately precedes the financial year in which the option is exercised. The Group recognises a financial liability where there is a put option, at an amount corresponding to the present value of the option price (the redemption amount), and that liability is classified as 'Share buyout' in the financial statements.

Subsequent changes to the fair value of deferred consideration, contingent consideration or the share buyout balance are recognised in accordance with IFRS 9 'Financial Instruments' in profit or loss, unless the changes occur during the 'measurement period' of up to one year following the acquisition date and are the result of additional information that the acquirer has obtained after the acquisition date about facts and circumstances that existed at the acquisition date. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3 Accounting policies *(continued)*

Disposal of subsidiaries
Where the Group disposes of its controlling interest in a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Goodwill
Goodwill is initially measured as the excess of the fair value of the consideration transferred and of the non-controlling interest over the fair value of the net of the identifiable assets acquired and liabilities assumed. If goodwill is negative (i.e. a shortfall instead of an excess), it is recognised in profit or loss.

Goodwill acquired in the period represents expected synergies from combining operations of the acquiree and the Group, and intangible assets that do not qualify for separate recognition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purposes of impairment testing.

Transactions with non-controlling interests
Transactions with non-controlling interests that do not result in the loss of control are accounted for as equity transactions.

(b) Investments in associates and joint ventures

Associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control nor joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements as a single line in each of the statement of financial position and the statement of profit or loss using the equity method of accounting. The consolidated statement of financial position therefore includes investment in associates measured at cost as adjusted for post-acquisition changes in the Group's economic share of the net assets of the associate, less any impairment in the value of the investment, but the carrying amount cannot fall below zero. The consolidated income statement includes a share of the profit or loss of the associate.

Joint arrangements
The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Investments in joint arrangements are, as required by IFRS 11, classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and has determined them to be joint ventures. Joint ventures are accounted for using the equity method, in a similar manner to associates.

3 Accounting policies *(continued)*

(c) Intangible assets

Customer relationships
Customer relationship intangible assets are recognised on a business combination because the acquirer is able to benefit from selling future new business through existing relationships. Their fair value is calculated as the sum of the present value of projected cash flows in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised on a straight-line basis over their estimated useful lives of between 5 and 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Distribution network
Distribution network intangible assets are recognised on a business combination because the acquirer is able to benefit from already established distribution channels. Their fair value is calculated as the sum of the present value of projected future cash flows generated by existing distribution channels. These assets are amortised on a straight-line basis over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Brand
Brand intangible assets are recognised on a business combination because they are separable or arise from contractual or other legal rights. Their fair value is calculated as the sum of the present value of projected royalty payments that would be paid to license the right to use the brand. These assets are amortised on a straight-line basis over their estimated useful lives of between 1 and 10 years, which considers the Group's track record of retaining brands and experience of the insurance broking market.

Computer software
Computer software is recognised when purchased separately, when acquired as part of a business combination, or when internally-generated. The fair value of computer software that is purchased separately is calculated by reference to the amount paid. The fair value of computer software that is acquired as part of a business combination is calculated using the depreciated replacement cost or relief from royalty approach. The fair value of internally-generated computer software is calculated as described below. These assets are amortised on a straight-line basis over their estimated useful life of 4 years.

Internally-generated computer software and assets under construction (unless acquired on a business combination)
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development of computer software is recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and to use or sell it;
- the ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above and is classified as an asset under construction. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Internally-generated intangible assets are not amortised in the period subsequent to initial recognition but before they are ready for use. Amortisation commences when they are ready for use as intended by management. They are then reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful life of 4 years.

3 Accounting policies *(continued)*

Intellectual property
Intellectual property assets include a bespoke database and online platform. These assets are amortised on a straight-line basis over their estimated useful life of 4 years.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the 'cash generating unit' to which the asset belongs is determined, being the lowest level for which there are separately identifiable cash flows.

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, disclosed separately on the face of the consolidated income statement.

(d) Depreciation

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight-line basis over their estimated useful lives. At the reporting date, the Group's principal rates of depreciation were as follows:

Freehold buildings	- over 50 years (except integral features which are over 20 years)
Leasehold improvements	- over the remaining life of the lease
Furniture and equipment	- over 4 years
Computer equipment	- over 4 years
Fixtures and fittings	- over 4 years
Motor vehicles	- over 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3 Accounting policies *(continued)*

(e) Leases

The Group accounts for lease and non-lease components in a contract as a single lease component.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for certain remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date of the lease less any lease incentives received, plus the estimated costs of restoring the underlying asset to the condition required by the terms of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, which is generally the case. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and it is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low value assets
The Group elects on a lease-by-lease basis whether to apply the lease of low-value assets exemption to non-property leases that are considered to be of low value (i.e. below £5,000). Where the exemption is applied, lease payments on leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Subleases
The Group does not undertake arrangements as a lessor other than as a sublessor. When the Group is a sublessor, it classifies the sublease as a finance lease if the sublease transfers substantially all the risks and rewards incidental to ownership of the asset that is the subject of the sublease, namely the right-of-use asset arising from the head lease. The sublease is otherwise classified as an operating lease.

3 Accounting policies *(continued)*

(f) Financial instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and they are measured initially at fair value. Transaction costs arising on the issue of a financial asset or financial liability are accounted for as follows:

- Transaction costs are added to or deducted from the fair value of the financial asset or financial liability if they are directly attributable to the acquisition of the financial asset or financial liability, respectively, and if the financial asset is measured at fair value through other comprehensive income or if the financial asset or financial liability, respectively, is measured at amortised cost.
- Transaction costs are recognised immediately in profit or loss if they are directly attributable to the issue of a financial asset or financial liability at fair value through profit or loss, or if they are not directly attributable to the issue of a financial asset or financial liability.

Derecognition
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in equity is not reclassified to profit or loss but is included in retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Offsetting
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Classification and subsequent measurement of financial assets
The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); or
- Fair value through profit or loss (FVTPL).

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their classification.

3 Accounting policies *(continued)*

Financial assets classified as amortised cost
Financial assets that meet the following conditions are classified and subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Group's financial assets measured at amortised cost include trade and other receivables (except for certain other receivables measured at FVTPL, see below), advances to related parties, cash and cash equivalents and certain other financial assets.

The Group's trade receivables do not generally have a significant financing component, so their transaction (invoiced) price is considered to be their amortised cost.

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not usually liable as principal for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not, in general, included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, recognition of the insurance transaction does not, in general, occur until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client. An exception exists in relation to funded premium and claim items whereby the Group has a legal obligation to make good any shortfall to client monies in the event of default.

In certain circumstances, the Group advances premiums, refunds or claims to insurers or clients prior to collection. These advances are reflected in the consolidated statement of financial position as part of trade receivables.

Financial assets classified as FVTOCI
Financial assets are classified and subsequently measured at FVTOCI if they meet the criteria to be classified at amortised cost except that the business model is to sell financial assets as well as to hold financial assets to collect contractual cash flows.

The Group may also irrevocably elect to classify and subsequently measure equity investments at FVTOCI. Gains and losses on these equity instruments are never recycled to profit or loss. Dividend income from equity instruments measured at FVTOCI is recognised in profit or loss as part of investment income when the right to payment has been established (provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably), except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. The right to payment is established on the ex-dividend date for listed equity securities, and usually on the date when shareholders approve the dividend for unlisted equity securities. Equity instruments at FVTOCI are not subject to an impairment assessment.

The Group has designated all of its unlisted equity investments as at FVTOCI, because these investments were on initial recognition held as long-term strategic investments that are not expected to be sold in the short to medium term.

3 Accounting policies *(continued)*

Financial assets classified as FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment as FVTOCI on initial recognition.
- Debt instruments (including receivables) that do not meet the amortised cost criteria or the FVTOCI criteria are classified as FVTPL.

Financial assets classified as FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss to the extent they are not part of a designated hedging relationship.

The Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as being measured at FVTPL.

Other financial assets measured at FVTPL include convertible loan receivables, and receivables recognised on a business combination in relation to the Group's right to variable consideration on rolling contracts with customers for which the performance obligation was satisfied prior to the acquisition. These financial assets are not classified as amortised cost or FVTOCI because their cash flows do not represent solely payments of principal and interest.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income; and
- for all other financial assets that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the other operating costs line item.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition. They would only be reclassified if the Group were to change its business model for managing its financial assets, in which case the affected financial assets would be reclassified following that change.

Impairment of financial assets
The Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date.

The Group recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected versus current conditions and the Group's view of economic conditions over the expected lives of the receivables, including the time value of money where appropriate. Scalar factors are typically based on GDP and unemployment rate forecasts.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

3 Accounting policies *(continued)*

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P. The Group measures the loss allowance for such assets at an amount equal to 12 months ECL.

ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a longer or shorter default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of the financial difficulties.

Write-off policy

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3 Accounting policies *(continued)*

Classification and subsequent measurement of financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified and measured as FVTPL when (i) the financial liability is deferred consideration, contingent consideration or a share buyout balance relating to a business combination to which IFRS 3 applies, or (ii) it is a derivative.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

For financial liabilities that are denominated in a foreign currency that are not part of a designated hedging relationship, the foreign exchange gains and losses are recognised in profit or loss.

The Group's financial liabilities include borrowings, trade and other payables, derivatives, deferred consideration, contingent consideration and a share buyout balance.

Borrowings
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 statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 24 hedge accounting. Movements in the cash flow hedging reserve in shareholders' equity are included in the consolidated statement of changes in equity.

Deferred consideration, contingent consideration and share buyout balance
The Group is party to consideration arrangements in the form of deferred consideration, contingent consideration and a share buyout balance. Deferred consideration represents fixed or determinable amounts payable at a specified date in the future. Contingent consideration is consideration that is contingent on a future event, usually the future performance of the acquired business. Share buyout arises as a result of put options held by minority shareholders of acquired businesses. These liabilities are recognised initially at their discounted present value and are remeasured at each reporting date. The discount unwind and the remeasurement of these liabilities are recognised in profit or loss as finance cost.

3 Accounting policies *(continued)*

Cash flow hedges

The Group enters into forward contracts to manage its exposure to foreign exchange rate risks. The Group also enters into interest rate swaps to manage its exposure to interest rate risks. The Group designates these derivatives as cash flow hedges. Where the Group identifies foreign currency borrowings for which changes in foreign exchange rates offset the Group's exposure to changes in cash flows associated with highly probable forecast transactions, such as forecast revenue denominated in that foreign currency, the Group also designates such borrowings as cash flow hedges. In all cases these are hedges of a particular risk associated with the cash flows of highly probable forecast transactions.

At the inception of such hedging transactions the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

When a derivative or other financial instrument is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of such instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The effective portion of changes in the fair value of the instrument that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in finance costs for the derivatives that hedge borrowings and in other operating costs for the instruments that hedge revenue.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, included in the same line as that which the hedged item affects.

Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3 Accounting policies *(continued)*

Derivatives hedging borrowings
The Group's risk management policy is to hedge against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows on the Group's floating-rate borrowings to the extent that it is practicable and cost effective to do so.

Interest rate risk exposures are hedged by the Group using interest rate swap derivatives to offset the variability associated with the variable rates on its floating-rate borrowings.

The Group uses the hypothetical derivative method to determine the changes in fair value of the hedged item. The Group assesses hedge effectiveness by comparing the changes in fair value of a hypothetical derivative reflecting the terms of the floating rate borrowing with the changes in fair value of the derivatives used to hedge the exposure.

The Group determines the hedge ratio by comparing the notional of the derivatives with the principal of the designated portion of the borrowing. The Group has identified the following possible sources of ineffectiveness in these cash flow hedge relationships:

- The variable interest rate of the swap is not subject to a floor, and the borrowing from which the hedged items are expected to flow are subject to a floor of 0.75%. Should the floor have an intrinsic value, this would trigger ineffectiveness going forward.
- The effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the change in the fair value of the hedged items; and
- The possibility of changes to the critical terms of the hedged items due to a refinancing or debt renegotiation such that they no longer match those of the interest rate swap.

Derivatives hedging revenue
The Group's policy is for the critical terms of the forward contracts to align with the hedged item. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the instrument designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates;
- The use of different discounting curves for the hedged item and the hedging instrument, because for the derivatives the discounting curve used depends on collateralisation and the type of collateral used; and
- Changes in the timing of the hedged transactions.

For the forward contracts hedging revenue, the Group designates the entire hedging instrument (i.e. the currency forward inclusive of the forward element). Given the size of the notional, tenure and currency pairs involved in the currency forwards, the forward points are not considered to be significant enough to warrant separation as costs of hedging and so are included in the measurement of the hedged item.

3 Accounting policies *(continued)*

Finance income and finance costs
The Group's finance income and finance costs include:

- Interest income
- Interest expense
- Interest on defined benefit pension schemes
- Unwind of discount on provisions
- Unwind of discount on financial assets or liabilities, including on lease liabilities and lease receivables
- Unwind of discount and fair value remeasurement of deferred consideration, contingent consideration and the share buyout balance
- The net gain or loss reclassified from other comprehensive income to profit or loss in relation to derivatives hedging borrowings
- Gains and losses on convertible loan receivables

Interest income and expense are recognised using the effective interest method for debt instruments classified as amortised cost and as FVTOCI.

(g) Provisions for liabilities and charges

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

(h) Share capital

Ordinary shares are classified as equity, as are preference shares if the holder does not have a put option *and if any dividends or redemption date can be deferred indefinitely. Incremental costs directly* attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer.

Commission and fees
Revenue includes commission and fees receivable by the Group. Commission and fees relate mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised at the later of policy inception date and when the policy placement has been completed and confirmed.

The Group charges fees and retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis, at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered the option to pay in instalments or are directed to a third-party premium credit provider for which the Group is entitled to additional consideration that is recognised at policy inception. Some of the policies are rolling until the customer cancels the policy.

3 Accounting policies *(continued)*

Post-placement performance obligations
The Group may also have post-placement obligations in contracts with customers, which mainly consist of claims services associated with the claims life cycle, e.g. first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/loss adjusting services and management information, but which may also include other performance obligations such as the provision of mid-term adjustments.

To the extent that commission and fees received (or receivable) relate to both placement and post-placement performance obligations, a suitable proportion of income related to post-placement obligations is deferred based on the estimated standalone selling prices of the performance obligations in the contract and is presented as a contract liability. Revenue for post-placement obligations is recognised over the period of providing the services.

Variable consideration
The Group is a party to the following material arrangements where the consideration receivable by the Group is variable:

- Trading deals – profit share arrangements and loss corridor arrangements:
  Trading deals are arrangements with insurers which include incentives and penalties based on the performance of the book of business. Revenue related to these arrangements is recognised on a best estimate basis, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur (a constraint).

  Under some of these arrangements (e.g. profit share arrangements), an additional commission is earned from the insurer based on the profit from the underlying book of business or the volume of policies placed. The estimated additional commission is recognised as a contract asset and is reclassified to trade and other receivables when the underlying results are determined. Some of the additional commissions may be provided in advance, in which case they can be subject to a clawback. Advanced commission is recognised as a contract liability until the Group satisfies the underlying performance obligations.

  Under loss corridor arrangements, the commission received by the Group is subject to a clawback if a set loss ratio exceeds an agreed threshold. When the threshold is exceeded, a payment calculated as a percentage of the loss (between 1% and 4% of the loss) is due to the insurer up to a maximum. Expected clawbacks under loss corridor arrangements are recognised in trade and other payables.

  Payment terms of the above arrangements vary across the Group and depend on the specific agreement with the insurer. Because of the time required for policies to earn out and for claims to mature, final settlement of profit share and loss corridor arrangements may take up to 2-3 years from the point at which the Group places a policy (i.e. satisfies its performance obligation).

- Cancellation rights:
  Some contracts with customers include cancellation rights, whereby the consideration receivable by the Group is subject to a clawback. If no claims are made under the policy, then cancellations usually entitle the policyholder to a proportional refund of the consideration. When the effect is material, the Group adjusts the estimated consideration for the expected clawback based on historical experience of average cancellations and recognises revenue only on the amount that is not expected to be refunded. The Group reassesses at the end of the reporting period whether the estimated clawback needs to be revisited. Amounts that are expected to be refunded for consideration that has been received or invoiced are recognised in trade and other payables.

- Rolling contracts:
  Some policies placed by the Group are rolling until the customer cancels the policy. Revenue recognised on rolling contracts (based on the expected consideration net of cancellations) is presented in contract assets until the consideration is invoiced (except where acquired as part of a business combination, in which case it is presented in trade and other receivables as a financial asset measured at fair value).

3 Accounting policies *(continued)*

Other income

Other income includes;

- Fair value gains and losses on financial assets at FVTPL that are recognised on a business combination in relation to the Group's right to variable consideration on rolling contracts with customers for which the performance obligation was satisfied prior to the acquisition.
- Rent receivable and service charges receivable in respect of sub-let properties.
- Profit on termination of leases.

(j) Contract costs

Contract costs give rise to assets recognised in accordance with IFRS 15 which consist of:

- Costs to fulfil – salary and other costs of customer-facing employees who undertake activities necessary to satisfy anticipated contracts with the customer. The Group estimates the proportion of costs that are eligible to be capitalised based on the time spent by customer-facing employees on relevant inception/renewal activities. Capitalised costs are released to profit or loss on inception or renewal of the contract with the customer, which normally takes place within one to three months of the reporting period.
- Costs to obtain – incremental fees paid to distributors (usually aggregator websites) for obtaining new business. These costs are amortised, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, over the average life of the relationship with the customer.

The Group utilises the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract costs are presented within 'other assets' when recognised in the statement of financial position.

(k) Operating segments

Under IFRS 8 'Operating Segments', the Group determines and presents operating segments based on the information that is reviewed by the Group Executive Committee, which is the Group's chief operating decision maker. The operating segments reflect the Group's operational structure. Segments are reviewed and revised as necessary following structural changes within the Group or acquisitions of new companies.

(l) Employee benefits

Pension costs

The Group operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group has no legal or constructive obligations to pay further contributions.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

3 Accounting policies *(continued)*

Long-Term Incentive Plans
The Group operates a number of Long-Term Incentive Plans (LTIPs), under which the Group receives services from employees as consideration for cash settled incentives which vest over a number of years based on achievement against certain performance measures and/or service conditions. The incentives are earned by participants in the relevant performance and/or service period (the performance period) and they must remain in employment in order to be entitled to payment.

The Group recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Group makes participants aware of their right to participate in the LTIP and ends on conclusion of the performance period.

Where an LTIP is payable in instalments the Group recognises an expense based on either (i) the staged vesting approach, or (ii) the plan's benefit formula, depending on the specific facts and circumstances of the relevant award. Where benefits are materially higher in later years the expense is recognised on a straight-line basis over the vesting period.

At the end of each reporting period the Group revises its estimate of the expected pay-out, and it recognises the impact of the revision to the original estimate, if any, in the income statement with a corresponding adjustment to the related accrual or prepayment (there can be a prepayment if an interim payment has been made subject to a clawback period) as relevant.

Defined benefit pension arrangements
The Group has defined benefit arrangements. The cost of providing benefits for these schemes is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements comprising actuarial gains and losses, and the return on plan assets (excluding interest income), including the tax thereon, are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Current service costs are recognised in profit or loss within salaries and associated expenses, as are any past service costs such as those arising from curtailments or settlements. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs (note 7). Defined benefit costs are split into three categories:

- Service costs, which includes current service cost and past service cost; and
- Interest on the pension obligation; and
- Remeasurement of net pension obligation, which includes:
  - The impact on the liabilities of changes in financial assumptions, which are based on market conditions at the reporting date, and demographic assumptions, such as life expectancy, compared with those adopted at the start of the period; and
  - The impact on the liabilities of actual experience being different to assumptions made at the start of the period; and
  - The return on plan assets above or below the interest income on those plan assets.

The net pension obligation (or pension surplus) recognised in the consolidated statement of financial position represents the deficit (or surplus) in a defined benefit plan. Any surplus is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3 Accounting policies *(continued)*

Share-based payments
The Group operates equity-settled and cash-settled share-based payment schemes. For equity-settled share-based payment schemes, the fair value of the services received in exchange for the grant of the shares is recognised as an expense, measured based on the grant date fair value of the shares and recognised on a straight-line basis over the vesting period, which generally depends on service and performance conditions being met. For cash-settled share-based payment schemes, the Group recognises an expense and a corresponding liability over the vesting period based on the fair value of the shares at the reporting date.

The shares issued under the schemes generally have no dividend or voting rights and cannot be sold. The shares of an equity-settled share-based payment scheme are normally convertible to ordinary shares of the Group on the occurrence of a crystallisation event, being the earlier of a liquidity event, an Initial Public Offering (IPO) and a winding-up. The Group has the option to repurchase the shares if an employee leaves the Group prior to the occurrence of a crystallisation event.

(m) Foreign currencies

The Group's consolidated financial statements are presented in GBP, the Group's presentation currency.

Foreign currency transactions and balances
Foreign currency transactions are converted into the functional currency of the respective Group entity, using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted into GBP using the exchange rate at the reporting date, with differences recognised in profit or loss.

Non-monetary items are not retranslated at the reporting date and are measured at the historical rate (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Profits or losses arising from derivatives taken out to hedge foreign currency exposure are recognised in the income statement unless such contracts are designated as cash flow hedges, in which case they are accounted for as described above in (f) Cash flow hedges.

Foreign operations
On consolidation, the results and financial position of foreign subsidiaries and branches are translated into the presentation currency of the Group from their functional currencies, i.e. the currency of the primary economic environment in which the entity operates. Assets and liabilities of foreign subsidiaries and branches are translated into GBP at the exchange rate at the reporting date. Income and expenses are translated into GBP at average exchange rates. The impact of these currency translations is recorded in other comprehensive income and recognised in the foreign currency translation reserve in equity.

(n) Taxation

Current tax
Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is recognised in respect of taxable temporary differences at the reporting date (except in relation to goodwill or a transaction which is not a business combination and does not affect profit nor taxable profit). Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or against future taxable profits. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

The tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is recognised directly to equity if it relates to items that are recognised directly to equity.

3 Accounting policies *(continued)*

(o) Dividend distribution

Dividends proposed or declared after the statement of financial position date are not recognised as a liability at the reporting date. Final dividends are recognised as a charge to equity once approved, and interim dividends are recognised once paid.

(p) Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of an entity (which will have been a cash-generating unit or group of cash-generating units) that either has been disposed of, or it is classified as held for sale, and:

- it represents a separate major line of business or geographical area of operations; or
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

Discontinued operations, if there are any, are excluded from the results of continuing operations and are presented as a single amount in 'total comprehensive profit or loss for the period attributable to discontinued operations' in the income statement.

(q) New standards, amendments and interpretations adopted by the Group

Several amendments to standards are mandatorily effective for annual periods beginning on 1 January 2022. None of these had a material effect on the Group's consolidated financial statements.

(r) Application of new and revised International Financial Reporting Standards (IFRS)

There are no standards, amendments to standards or interpretations which are not yet effective and that are expected to materially impact the Group's consolidated financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Key sources of estimation uncertainty
Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. The last annual impairment test was performed as at 1 October 2022.

An impairment test of an asset or cash-generating unit (or group of cash-generating units) is performed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, where its value in use is the present value of its future cash flows. An impairment test requires the application of significant judgement because it relies on key assumptions, including forecast cash flows, a discount rate, a terminal growth rate and an Adjusted EBITDA multiple.

Goodwill arising from a new business combination is, for the purposes of impairment testing, allocated to those cash-generating units that are expected to benefit from the goodwill that was acquired. Impairment testing is performed at the level of the smallest groups of cash-generating units at which goodwill is monitored, known as the divisions.

Forecast cash flows used in the value in use calculation were determined by considering historic business performance, by overlaying it with assumptions to reflect areas where growth or income improvement was expected, and by taking into account the expected results of cost management programmes to which the Group was committed. These forecasts were extrapolated to subsequent years using a steady growth rate being the CPI inflation rate of 3.8%, and a terminal value was calculated using the perpetual growth model. The discount rate of 9.16% to 10.79% that was applied to the forecasts was a market participant weighted average cost of capital calculated by reference to the Capital Asset Pricing Model.

The fair value of the Group was calculated based on multiples of forecast 2022 Adjusted EBITDA and on information provided by external advisors, where that information is based on recent transactions in the insurance broking industry. The fair value of a division was estimated by apportioning the fair value of the Group between the divisions based on the value in use of each division. The estimated costs of disposal are assumed, based on market experience, to be 1.5% of the fair value of the division.

See note 11 for the carrying values of goodwill and intangible assets at the period end.

5 Segmental analysis

Descriptions of the Group's operating segments can be found in Section 1.

Under IFRS 8 'Operating Segments', the Group determines and presents operating segments based on the information that is provided to the Group Executive Committee, which is the Group's chief operating decision maker.

Segments are reviewed and revised as necessary following structural changes within the Group or acquisitions of new companies.

The Group Executive Committee assesses the performance of the operating segments based on an Adjusted EBITDA measure. The presentation of the segment information reflects that. The Group Executive Committee assesses the financial position of the Group on a consolidated Group basis and therefore does not regularly receive measures of total assets or total liabilities on an operating segment basis. Accordingly, no financial position measures are reported within the Group's segmental analysis.

The results include items directly attributable to an operating segment as well as those that can be allocated on a reasonable basis.

Commission and fees represent the Group's revenue from contracts with customers, which is recognised in accordance with IFRS 15. The Group's operating segments reflect its disaggregation of revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Segmental analysis *(continued)*

31 December 2022	Ardonagh Retail £000	Ardonagh Advisory £000	Ardonagh Specialty £000	Ardonagh International £000	Corporate £000	Total £000
Commission and fees	244,563	429,464	306,570	204,066	-	1,184,663
Other income	20,032	6,899	-	1,473	-	28,404
Salaries and associated costs	(85,305)	(206,635)	(175,134)	(111,242)	(21,977)	(600,293)
Other operating costs	(99,082)	(128,097)	(64,939)	(56,610)	(5,337)	(354,065)
Impairment of financial assets	(6,711)	(445)	55	(141)	-	(7,242)
Depreciation, amortisation and impairment of non-financial assets	(45,101)	(81,035)	(26,528)	(22,024)	(1,068)	(175,756)
Share of profit from joint venture	795	-	30	-	-	825
Share of loss from associate	-	(3)	-	-	-	(3)
Operating profit/(loss)	29,191	20,148	40,054	15,522	(28,382)	76,533
Finance costs	92	(9,397)	(42,208)	(2,106)	(367,701)	(421,320)
Finance income	120	576	3,419	783	14,076	18,974
Dividends receivable	-	6	-	4	-	10
Profit/(loss) before tax	29,403	11,333	1,265	14,203	(382,007)	(325,803)
Tax credit						44,965
Loss for the year						(280,838)
Finance costs						421,320
Tax credit						(44,965)
Depreciation, amortisation and impairment of financial assets						175,756
Loss on disposal of non-financial assets						625
Foreign exchange movements						(8,247)
MSA recharge						6,170
Dividends receivable						(10)
Transformational hires						8,295
Business transformation costs						45,581
Other costs						17,554
Regulatory costs						2,228
Acquisition and financing costs						29,948
Adjusted EBITDA	84,631	133,305	89,723	68,867	(3,109)	373,417

5 Segmental analysis *(continued)*

31 December 2021	Ardonagh Retail £000	Ardonagh Advisory £000	Ardonagh Specialty £000	Ardonagh International £000	Corporate £000	Total £000
Commission and fees	260,620	376,188	158,221	120,252	164	915,445
Other income	21,144	3,023	-	762	-	24,929
Salaries and associated costs	(84,172)	(182,768)	(85,802)	(65,041)	(28,926)	(446,709)
Other operating costs	(97,532)	(87,260)	(37,979)	(34,843)	(7,248)	(264,862)
Impairment of financial assets	(5,221)	(11)	(27)	(146)	(4,661)	(10,066)
Depreciation, amortisation and impairment of non-financial assets	(33,277)	(53,095)	(10,277)	(19,451)	(1,347)	(117,447)
Share of profit from joint venture	1,080	-	71	-	-	1,151
Share of profit from associate	-	246	-	-	-	246
Operating profit/(loss)	62,642	56,323	24,207	1,533	(42,018)	102,687
Gain on revaluation of associate	-	-	1,972	-	-	1,972
Finance costs	(3,275)	(4,258)	(1,137)	(7,658)	(188,218)	(204,546)
Finance income	(274)	(205)	424	290	5,226	5,461
Profit/(loss) before tax	59,093	51,860	25,466	(5,835)	(225,010)	(94,426)
Tax credit						22,537
Loss for the year						(71,889)
Finance costs						204,546
Tax credit						(22,537)
Depreciation, amortisation and impairment of non-financial assets						117,447
Profit from disposal of assets						(40)
Foreign exchange movements						(3,127)
Transformational hires						4,609
Business transformation costs						32,061
Legacy and other costs						18,830
Regulatory costs						8,541
Acquisition and financing costs						33,806
Gain on revaluation of associate and investments						(1,972)
Adjusted EBITDA	105,402	122,966	53,463	45,048	(6,604)	320,275

5 Segmental analysis *(continued)*

Revenue from external customers has been identified based on the location of the insured for insurance business and the location of the reinsurance company for reinsurance business.

The Group's revenue disaggregated by primary geographical markets is as follows:

	31 December 2022 £000	31 December 2021 £000
United Kingdom	**747,647**	684,470
Europe	**136,539**	83,251
North America	**218,936**	111,240
Australia	**28,793**	13,594
Other countries	**81,152**	47,819
	1,213,067	940,374

The Group's non-current assets by geographical region have not been disclosed as this information is not readily available.

6 Profit or loss items

The following items have been charged in arriving at the operating profit:

	31 December 2022 £000	31 December 2021 £000
Amortisation of intangible fixed assets		
Software costs	**14,959**	18,468
Other intangible assets	**93,632**	78,085
Impairment of goodwill	**41,300**	-
Depreciation on property, plant and equipment	**11,545**	8,994
Depreciation of right-of-use assets	**14,320**	11,900
Pension service costs	**227**	-
	175,983	117,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Finance income and finance costs

	31 December 2022 £000	31 December 2021 £000
Financial assets measured at amortised cost		
Interest income – own funds	1,575	203
Interest income – fiduciary funds	2,153	127
Interest income – discount unwind	468	199
Interest income – other	7,683	2,001
Financial liabilities measured at amortised cost		
Unwinding of transaction costs and discount on financial liabilities	(40,034)	(19,076)
Interest expense - bank and other borrowings	(298,805)	(217,389)
Foreign exchange on borrowings	(110,657)	-
Interest expense - commitment and other fees	(587)	(1,140)
Interest expense - other loans	(2,438)	(2,198)
Modification gain on amendment to borrowings	-	44,158
Other finance income/(costs)		
Interest income: convertible loan receivable	5,819	2,733
Amounts reclassified from the cash flow hedging reserve	34,291	(758)
Amortisation of costs of hedging	(626)	(1,460)
Changes to share buyout liability	878	(3,363)
Changes to contingent consideration liability	3,095	2,615
Effective interest on lease liabilities	(5,237)	(5,783)
Hedge ineffectiveness	229	80
Unwinding of discount on provisions	(78)	(35)
Net interest on defined benefit pension schemes	(75)	1
Net finance costs	(402,346)	(199,085)
Analysed as:		
Finance income	18,974	5,461
Finance costs	(421,320)	(204,546)
Net finance costs	(402,346)	(199,.085)

During the year, the coupon interest expense on the Group's debt totalled £259.1m (2021: £217.4m). A further £34.1m (2021: £10.1m), of interest expense was recognised during the year relating to the unwind of the discount on these instruments as part of accounting for them at amortised cost using the effective interest rate.

The Group's interest income on fiduciary funds arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the year amounted to £899.7m (2021: £377.0m) which were denominated principally in GBP. The average return for 2022 was 0.02% (2021: 0.04%).

8 Employee information

Salaries and associated expenses

	31 December 2022 £000	31 December 2021 £000
Wages and salaries	519,175	384,131
Share-based payment costs	4,457	7,379
Social security costs	51,879	37,649
Other pension costs	24,782	17,550
	600,293	446,709

Analysis of employees

Average monthly number of Group employees during the year	31 December 2022	31 December 2021
Administration	3,606	3,355
Sales	4,254	3,969
Management	955	863
	8,815	8,187

Key management compensation

Key management personnel are defined as senior management and the Board. Their compensation during the year was as follows:

	31 December 2022 £000	31 December 2021 £000
Fees, salaries and other short-term benefits	6,828	8,475
Share-based payment costs	363	328
Post-employment benefits	146	1
	7,337	8,804

8 Employee information *(continued)*

Directors' remuneration

	31 December 2022 £000	31 December 2021 £000
Aggregate emoluments	3,330	3,338
	3,330	3,338

The aggregate emoluments of the highest paid Director were £2.0m (2021: £2.0m) and company pension contributions of £nil (2021: £nil) were made to a money purchase pension scheme on their behalf.

For the year ended 31 December 2022, no directors exercised share options (2021: zero) and no directors (2021: zero) were in receipt of share options under long term incentive schemes.

No Directors are accruing retirement benefits in money purchase schemes (2021: zero).

Long-term incentives
See note 3 for the accounting policy for long-term incentive schemes.

9 Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor and its associates. The amounts in the table are all exclusive of irrecoverable VAT:

	31 December 2022 £000	31 December 2021 £000
Fees payable for the audit of the parent company and of the consolidated financial statements	323	50
Fees payable for other services		
Audit of subsidiaries pursuant to legislation	4,246	3,366
Audit related assurance services	919	666
All other services	180	20
	5,668	4,102

Fees paid to the auditor for non-audit services to the Company itself are not disclosed in the individual financial statements of Ardonagh Midco 2 Plc because the Company's consolidated financial statements are required to disclose such fees on a consolidated basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income and deferred tax

	31 December 2022 £000	31 December 2021 £000
Corporation tax – current year	(14,237)	(7,515)
Corporation tax – adjustment in respect of prior year	2,240	(2,510)
Deferred tax – current year	45,821	44,545
Deferred tax – adjustment in respect of prior year	(3,651)	(7,279)
Effect of tax rate change on opening balance	14,792	(4,704)
	44,965	22,537

	31 December 2022 £000	31 December 2021 £000
Deferred tax (charged)/credited to other comprehensive income		
In respect of remeasurement of net pension obligation	1,749	-
In respect of hedging reserve	(2,453)	(306)
Deferred tax through Other Comprehensive Income	(704)	(306)

The tax on the Group's loss before tax differs from the theoretical amount that would arise from applying the UK corporation tax rate for the year of 19% (2021: 19%) to the consolidated losses of the Group, as follows:

	31 December 2022 £000	31 December 2021 £000
Loss before taxation on continuing operations	(325,803)	(94,426)
Tax calculated at UK corporation tax rate of 19% (2021: 19%)	61,903	17,941
Expenses not deductible for tax purposes	(40,696)	(2,296)
Effects of income taxed at rates other than the UK corporation tax rate	3,464	(574)
Revaluation of brought forward deferred tax assets	8,025	22,670
Deferred tax (charge)/credit regarding changes in tax rates or laws	14,792	(4,704)
Tax adjustment in respect of prior years – current tax	2,240	(2,510)
Tax adjustment in respect of prior years – deferred tax	(3,651)	(7,279)
Other	(1,113)	(711)
Income tax credit on continuing operations	44,965	22,537

10 Income and deferred tax *(continued)*

Future tax impacts
In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2022 are measured at the rate on the dates that the respective assets and liabilities will reverse.

A number of countries (including the UK) have published draft legislation to implement the OECD "Pillar 2" reforms of the international tax system and introduce a global minimum rate of corporate income tax of 15% with effect from 1 January 2024 or have indicated they are considering how to adapt their tax legislation in the light of these reforms. Whilst the potential impact cannot yet be reliably estimated in the absence of clear understanding of how the rules will be implemented in all the jurisdictions in which we operate, it is not expected that the impact will be material.

11 Intangible assets

The tables below provide a schedule of movements in the carrying amount of intangible assets held on the statement of financial position as at 31 December 2022.

2022 Cost	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Beginning of year	1,705,954	777,565	116,231	12,971
Additions	-	5,391	-	8,757
Business combinations	420,283	100,143	544	(240)
Disposals	-	-	-	(135)
Transfer between classes	-	-	-	(13,305)
Transfer to property, plant and equipment	-	-	-	(505)
Foreign exchange movement	27,973	10,151	-	28
End of year	2,154,210	893,250	116,775	7,571

2022 Cost	Brand £000	Computer software £000	Intellectual property £000	Total £000
Beginning of year	86,354	80,651	4,045	2,783,771
Additions	-	11,535	-	25,683
Business combinations	1,878	2,595	5,598	530,801
Disposals	-	(151)	-	(286)
Transfer between classes	-	13,305	-	-
Transfer to property, plant and equipment	-	-	-	(505)
Foreign exchange movement	539	399	-	39,090
End of year	88,771	108,334	9,643	3,378,554

During the period ended 31 December 2022, the Group recognised an additional £8.5m (2021: £4.2m) as intangible assets related to internally generated software.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Intangible assets *(continued)*

2022 Amortisation	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Beginning of year	86,400	205,427	69,792	-
Charge for year	-	73,815	11,466	-
Disposals	-	-	-	-
Impairment	41,300	-	-	-
Foreign exchange movement	-	1,469	-	-
End of year	127,700	280,711	81,258	-

2022 Amortisation	Brand £000	Computer software £000	Intellectual property £000	Total £000
Beginning of year	38,392	48,553	2,888	451,452
Charge for year	6,387	14,959	1,964	108,591
Disposals	-	(8)	-	(8)
Impairment	-	-	-	41,300
Foreign exchange movement	105	77	-	1,651
End of year	44,884	63,581	4,852	602,986

2022 Net book value (NBV)	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Cost at end of year	2,154,210	893,250	116,775	7,571
Amortisation at end of year	(127,700)	(280,711)	(81,258)	-
End of year	2,026,510	612,539	35,517	7,571

2022 Net book value (NBV)	Brand £000	Computer software £000	Intellectual property £000	Total £000
Cost at end of year	88,771	108,334	9,643	3,378,554
Amortisation at end of year	(44,884)	(63,581)	(4,852)	(602,986)
End of year	43,887	44,753	4,791	2,775,568

Included within computer software NBV as at 31 December 2022 was internally generated software NBV of £20.5m (2021: £11.5m).

11 Intangible assets *(continued)*

The tables below provide a schedule of movements in the carrying value of intangibles assets held on *the statement of financial position as at 31 December 2021.*

2021 Cost	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Beginning of year	1,278,402	477,372	102,402	8,693
Additions	-	1,733	-	7,740
Business combinations	437,968	301,481	13,829	-
Disposals	-	-	-	(464)
Transfer between classes	-	-	-	(2,871)
Transfer to property, plant and equipment	-	-	-	(127)
Foreign exchange movement	(10,416)	(3,021)	-	-
End of year	1,705,954	777,565	116,231	12,971

2021 Cost	Brand £000	Computer software £000	Intellectual property £000	Total £000
Beginning of year	58,925	68,449	2,254	1,996,497
Additions	-	8,249	-	17,722
Business combinations	27,554	7,205	1,791	789,828
Disposals	(94)	(6,016)	-	(6,574)
Transfer between classes	-	2,871	-	-
Transfer to property, plant and equipment	-	-	-	(127)
Foreign exchange movement	(31)	(107)	-	(13,575)
End of year	86,354	80,651	4,045	2,783,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Intangible assets *(continued)*

2021 Amortisation	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Beginning of year	86,400	142,649	58,779	-
Charge for year	-	63,181	11,013	-
Disposals	-	-	-	-
Transfer to property, plant and equipment	-	-	-	-
Foreign exchange movement	-	(403)	-	-
End of year	86,400	205,427	69,792	-

2021 Amortisation	Brand £000	Computer software £000	Intellectual property £000	Total £000
Beginning of year	35,729	35,895	1,723	361,175
Charge for year	2,726	18,468	1,165	96,553
Disposals	(94)	(5,828)	-	(5,922)
Transfer to property, plant and equipment	-	6	-	6
Foreign exchange movement	31	12	-	(360)
End of year	38,392	48,553	2,888	451,452

2021 Net book value (NBV)	Goodwill £000	Customer relationships £000	Distribution network £000	Assets under construction £000
Cost at end of year	1,705,954	777,565	116,231	12,971
Amortisation at end of year	(86,400)	(205,427)	(69,792)	-
End of year	1,619,554	572,138	46,439	12,971

2021 Net book value (NBV)	Brand £000	Computer software £000	Intellectual property £000	Total £000
Cost at end of year	86,354	80,651	4,045	2,783,771
Amortisation at end of year	(38,392)	(48,553)	(2,888)	(451,452)
End of year	47,962	32,098	1,157	2,332,319

11 Intangible assets *(continued)*

The divisions are the cash generating units (CGUs) or groups of CGUs of the Group. A summary of goodwill allocated to the divisions is presented in the tables below:

	Goodwill 31 December 2021 £m	Acquisitions and disposals £m	Interdivision reclassifications £m	Impairment £m	Foreign exchange £m	Goodwill 31 December 2022 £m
Retail	297	18	26	-	-	341
Advisory	551	10	80	-	-	641
MGA	129	19	(107)	(41)	-	-
Capital Solutions	-	-	18	-	-	18
Specialty	321	65	(23)	-	5	368
Europe	219	106	-	-	15	340
Global Partners	103	202	6	-	8	319
	1,620	420	-	(41)	28	2,027

	Goodwill 31 December 2020 £m	Acquisitions and disposals £m	Interdivision reclassifications £m	Foreign exchange £m	Goodwill 31 December 2021 £m
Retail	179	30	88	-	297
Paymentshield	84	-	(84)	-	-
Advisory	518	59	(26)	-	551
Schemes & Programmes	41	-	(41)	-	-
MGA	81	1	47	-	129
Europe	181	50	-	(12)	219
Global Partners	-	104	-	(1)	103
Specialty	108	194	16	3	321
	1,192	438	-	(10)	1,620

'Interdivision reclassifications' arise from the reclassification of goodwill (and profits) across divisions. 'Foreign exchange' arises from the retranslation, using the exchange rate at the reporting date, of goodwill that resulted from the acquisition of a foreign operation.

Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired. The annual impairment test is performed as at 1 October each year. An impairment, if any, that results from that annual impairment test would be reflected in the 31 December financial statements.

Goodwill is, for the purposes of impairment testing, allocated to CGUs or groups of CGUs expected to benefit from the business combination associated with that goodwill, where a CGU is the smallest identifiable group of assets that generate independent cash inflows. Management reviewed business performance, as at 1 October 2022, based on the CGUs or groups of CGUs that are divisions. The divisions represented the lowest level within the Group at which goodwill was monitored for internal management purposes, so the annual impairment test was performed by reference to the divisions.

11 Intangible assets *(continued)*

An impairment test of goodwill is performed by comparing the carrying amount of each division (i.e. CGU or group of CGUs), including the goodwill, with the recoverable amount of the division. The recoverable amount of a division is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU), where the VIU of the division is the present value of its future cash flows. If the recoverable amount of a division is lower than its carrying amount, an impairment loss is recognised.

The impairment test of the divisions as at 1 October 2022 resulted in an impairment charge of £41m to goodwill in MGA division. The impairment loss of £41m in MGA division is driven by a decrease in forecasted cashflows of the business as compared to previous assessment and increase in the discount rate due to the prevailing economic environment. The impairment charge is recorded within depreciation, amortisation and impairment of non-financial assets line in the statement of profit or loss. Following the impairment test but during the year, MGA business was reorganised and transferred to Retail, Advisory and Capital Solutions based on synergies with the respective divisions. The key data is summarised in the following tables:

Table 1	Goodwill 1 October 2021 £m	*Acquisitions and disposals* £m	*Interdivision reclassifications* £m	*Foreign Exchange* £m	Goodwill *1 October* 2022 £m
Retail	296	2	-	-	298
Advisory	549	20	-	-	569
MGA	128	-	-	-	128
Specialty	129	223	-	52	404
Europe	187	38	-	5	230
Global Partners	107	(2)	-	11	116
	1,396	281	-	68	1,745

Table 2 1 October 2022	FVLCD £m	VIU £m	Recoverable amount £m
Retail	1,288	1,680	1,680
Advisory	2,275	2,665	2,665
MGA	30	169	169
Specialty	2,690	3,434	3,434
Europe	543	965	965
Global Partners	363	408	408
	7,189	9,321	9,321

Table 3 1 October 2022	Goodwill £m	Carrying amount £m	Recoverable amount £m	Headroom £m
Retail	298	496	1,680	1,184
Advisory	569	897	2,665	1,768
MGA	128	210	169	(41)
Specialty	404	711	3,434	2,723
Europe	230	330	965	635
Global Partners	116	140	408	268
	1,745	2,784	9,321	6,537

11 Intangible assets *(continued)*

Table 1	Goodwill 1 October 2020 £m	Acquisitions and disposals £m	Interdivision reclassifications £m	Foreign Exchange £m	Goodwill 1 October 2021 £m
Retail	179	28	89	-	296
Advisory	513	62	(26)	-	549
Paymentshield	84	-	(84)	-	-
Schemes & Programmes	41	-	(41)	-	-
MGA	81	1	46	-	128
Europe	184	13	-	(10)	187
Global Partners	-	108	-	(1)	107
Specialty & International	108	5	16	-	129
	1,190	217	-	(11)	1,396

Table 2 1 October 2021	FVLCD £m	VIU £m	Recoverable amount £m
Retail	1,293	1,593	1,593
Advisory	1,837	2,263	2,263
MGA	250	308	308
Europe	326	402	402
Global Partners	414	511	511
Specialty	1,130	1,392	1,392
	5,250	6,469	6,469

Table 3 1 October 2021	Goodwill £m	Carrying amount £m	Recoverable amount £m	Headroom £m
Retail	296	570	1,593	1,023
Advisory	549	888	2,263	1,375
MGA	128	219	308	89
Europe	187	281	402	121
Global Partners	107	193	511	318
Specialty	129	269	1,392	1,123
	1,396	2,420	6,469	4,049

11 Intangible assets *(continued)*

Further information is provided below about the amounts in the above tables:

- *Goodwill:*
  The 'Interdivision reclassifications' column in table 1 reflects the impact on goodwill of the reclassification of certain businesses between divisions during the period presented. There were no interdivision reclassifications during the period from 1 October 2021 to 1 October 2022.

  The 'Foreign exchange' column in table 1 reflects the retranslation, using the exchange rate at the reporting date, of goodwill that resulted from the acquisition of a foreign operation.

  The 'Acquisitions and disposals' column in table 1 reflects the impact on goodwill of the acquisitions by the Group during the period to 1 October 2022 of:
  - The share capital of Hooper Dolan companies, the goodwill of which is included in the Europe division;
  - The share capital of Ed Broking and Besso companies, the goodwill of which is included in the Specialty division;
  - The share capital of Lorega Holdings Limited, the goodwill of which is included in the Advisory division;
  - The share capital of Stuart Insurances Limited, the goodwill of which is included in the Europe division;
  - The business and assets of Oneglobal Broking Limited, the goodwill of which is included in the Specialty division;
  - The goodwill of various other individually not material businesses.

- *Carrying amount:*
  The 'Carrying amount' column in table 3 includes the carrying amounts of the divisions. These amounts are determined by adding back external debt and lease liabilities to the net assets of each division and the Corporate non-operating segment, by allocating the resulting adjusted net assets of the Corporate non-operating segment across the divisions pro rata to the resulting adjusted net assets of each division, and by adding these amounts to the goodwill of the divisions after first grossing that goodwill up for the non-controlling interest.

- *Value in use:*
  The 'VIU' column in table 2 includes the present value of future cash flows of the divisions together with an allocation of the cash flows of the Corporate non-operating segment, where the cash flows are based on the most recent five-year forecast for Adjusted EBITDA as approved by management, pro forma for completed transactions as at 1 October 2022. These forecasts were determined by considering historic business performance, by overlaying it with assumptions to reflect areas where growth or income improvement is expected, and by taking into account the expected results of cost management programmes to which the Group is committed. The 2027 forecast is extrapolated to subsequent years using a steady growth rate being the forecast CPI inflation rate of 3.8% per annum, and a terminal value is calculated using the perpetual growth model. The discount rates that have been applied to the forecasts, in particular 10.33% for Advisory, 10.33% for Retail, 10.20% for Specialty, 10.15% for MGA, 9.39% for Europe, and 10.85% for Global Partners, are market participant weighted average cost of capitals calculated by reference to the Capital Asset Pricing Model.

- *Fair value less costs of disposal:*
  The 'FVLCD' column in table 2 is determined by reference to the fair value of the Group, which is calculated based on multiples of forecast 2023 Adjusted EBITDA and on information provided by external advisors. The estimated costs of disposal, which are assumed based on market experience to be 1.5% of the fair value of the division, are then deducted to determine the FVLCD of the division.

- *Recoverable amount:*
  The 'Recoverable amount' column in tables 2 and 3 is equal to the VIU for all divisions, as VIU is greater than FVLCD in all cases.

11 Intangible assets *(continued)*

The key assumption to which the VIU and thus the recoverable amount is most sensitive is the five-year forecast for Adjusted EBITDA. If the five-year forecast for Adjusted EBITDA were to be further decreased by 10%, impairment to the MGA division will be increased to £57m. If the five-year forecast for Adjusted EBITDA were to be decreased by 65.85%, there would also be an impairment to the Global Partners division. If the five-year forecast for Adjusted EBITDA were to be decreased by 66,41%, there would also be an impairment to the Europe division. If the five-year forecast for Adjusted EBITDA were to be decreased by 67.04%, there would also be an impairment to the Advisory division. No further reasonably possible change in this assumption alone would result in an impairment to any other CGU.

12 Property, plant and equipment

The tables below provide a schedule of the movements in the carrying amount of property, plant and equipment held on the statement of financial position at 31 December 2022.

2022 - Cost	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Start of the year	5,115	10,477	353	2,299
Additions	-	2,090	-	1,146
Business combinations	769	125	1,436	1,985
Disposals	(319)	(3,723)	-	(1,685)
Transfer between classes	-	-	(138)	(1,055)
Transfer from intangible assets	-	-	-	-
Foreign exchange movement	35	39	2	73
End of year	5,600	9,008	1,653	2,763

2022 - Cost	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Start of the year	32,762	7,089	68	58,163
Additions	4,429	1,320	-	8,985
Business combinations	1,553	1,029	318	7,215
Disposals	(6,624)	(1,787)	(181)	(14,319)
Transfer between classes	1,510	(317)	-	-
Transfer from intangible assets	505	-	-	505
Foreign exchange movement	270	1	4	424
End of year	34,405	7,335	209	60,973

12 Property, plant and equipment *(continued)*

2022 Depreciation	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Start of the year	1,067	2,793	-	(42)
Charge for the year	269	2,286	-	893
Disposals	-	(3,080)	-	(1,680)
Transfer between classes	-	103	-	(1,035)
Transfer (to)/from intangible assets	-	-	-	-
Foreign exchange movement	6	-	-	13
End of year	1,342	2,102	-	(1,851)

2022 Depreciation	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Start of the year	22,779	2,154	40	28,791
Charge for the year	6,249	1,752	96	11,545
Disposals	(6,529)	(1,682)	(196)	(13,167)
Transfer between classes	1,223	(288)	(3)	-
Transfer (to)/from intangible assets	-	-	-	-
Foreign exchange movement	146	4	12	181
End of year	23,868	1,940	(51)	27,350

2022 Net book value (NBV)	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Cost at end of the year	5,600	9,008	1,653	2,763
Depreciation at end of year	(1,342)	(2,102)	-	1,851
NBV at end of the year	4,258	6,906	1,653	4,614

2022 Net book value (NBV)	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost at end of the year	34,405	7,335	209	60,973
Depreciation at end of year	(23,868)	(1,940)	51	(27,350)
NBV at end of the year	10,537	5,395	260	33,623

12 Property, plant and equipment *(continued)*

The tables below provide a schedule of the movements in the carrying amount of property, plant and equipment held on the statement of financial position at 31 December 2021.

2021 - Cost	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Start of the year	4,192	8,927	594	2,280
Additions	2	1,700	383	860
Business combinations	1,033	168	240	576
Disposals	(77)	(512)	(17)	(1,103)
Transfer between classes	(12)	201	(547)	(299)
Transfer (to)/from intangible assets	-	-	(300)	187
Foreign exchange movement	(23)	(7)	-	(202)
End of year	5,115	10,477	353	2,299

2021 - Cost	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Start of the year	30,866	5,233	38	52,130
Additions	3,284	1,485	-	7,714
Business combinations	1,455	866	146	4,484
Disposals	(2,716)	(1,021)	(115)	(5,561)
Transfer between classes	352	305	-	-
Transfer (to)/from intangible assets	5	235	-	127
Foreign exchange movement	(484)	(14)	(1)	(731)
End of year	32,762	7,089	68	58,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Property, plant and equipment *(continued)*

2021 Depreciation	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Start of the year	1,045	1,055	-	551
Charge for the year	165	1,957	-	669
Disposals	(77)	(279)	-	(1,037)
Transfer between classes	(61)	61	-	(104)
Transfer to intangible assets	-	-	-	-
Foreign exchange movement	(5)	(1)	-	(121)
End of year	1,067	2,793	-	(42)

2021 Depreciation	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Start of the year	20,872	1,483	14	25,020
Charge for the year	4,688	1,488	27	8,994
Disposals	(2,517)	(926)	-	(4,836)
Transfer between classes	(16)	120	-	-
Transfer to intangible assets	(6)	-	-	(6)
Foreign exchange movement	(242)	(11)	(1)	(381)
End of year	22,779	2,154	40	28,791

2021 Net book value (NBV)	Freehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and office equipment £000
Cost at end of the year	5,115	10,477	353	2,299
Depreciation at end of year	(1,067)	(2,793)	-	42
NBV at end of the year	4,048	7,684	353	2,341

2021 Net book value (NBV)	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost at end of the year	32,762	7,089	68	58,163
Depreciation at end of year	(22,779)	(2,154)	(40)	(28,791)
NBV at end of the year	9,983	4,935	28	29,372

13 Leases

The majority of the Group's leases are for properties in the UK and these leases typically run for a period of 5-10 years. Some of the Group's leases are being held over beyond the original end date of the lease. Rent is normally fixed but may be subject to a review every few years. Many of the Group's long-term contracts have an option to terminate the lease prior to its end date, but in most cases termination options are not reasonably certain to be exercised so that the lease liability reflects all lease payments through to the ultimate end date of the lease. Service charges and other contractual payments to the lessor are excluded from the measurement of the lease liability. VAT (including when it is irrecoverable) and business rates are also excluded from the measurement of the lease liability as they do not constitute a lease payment under IFRS 16.

The Group does not act as a lessor other than as a sublessor. Subleases are not considered material for the Group.

Leases of low value assets, for which the Group applies the practical expedient not to recognise a lease liability, are not considered material for the Group.

The table below provides a schedule of the movements in the carrying amount of the right-of-use assets and lease liabilities (when the Group acts as a lessee) that are held on the statement of financial position during the year ended 31 December 2022.

	Right-of-use assets			
	Property £000	Non-property £000	Total £000	Lease liabilities £000
As at 1 January 2022	40,256	2,712	42,968	(51,393)
Additions	9,464	874	10,338	(8,901)
Business combinations	5,404	384	5,788	(5,788)
Terminations/modifications	(1,480)	130	(1,350)	419
Depreciation	(12,543)	(1,777)	(14,320)	-
Interest expense	-	-	-	(5,237)
Lease payments	-	-	-	18,900
Foreign exchange movements	(1,664)	-	(1,664)	1,411
As at 31 December 2022	39,437	2,323	41,760	(50,589)
Current				(17,334)
Non-current				(33,255)
				(50,589)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Leases *(continued)*

The table below provides a schedule of the movements in the carrying amount of the right-of-use assets and lease liabilities (when the Group acts as a lessee) that are held on the statement of financial position during the year ended 31 December 2021.

	Right-of-use assets			
	Property £000	Non-property £000	Total £000	Lease liabilities £000
As at 1 January 2021	37,889	3,163	41,052	(49,879)
Additions	6,028	1,043	7,071	(6,520)
Business combinations	8,073	12	8,085	(7,175)
Terminations/modifications	(1,079)	(29)	(1,108)	1,216
Depreciation	(10,423)	(1,477)	(11,900)	-
Interest expense	-	-	-	(5,783)
Lease payments	-	-	-	16,429
Foreign exchange movements	(232)	-	(232)	319
As at 31 December 2021	40,256	2,712	42,968	(51,393)

Current	(15,607)
Non-current	(35,786)
	(51,393)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Leases *(continued)*

In addition to the above, the Group recognised the following in profit or loss for the period in relation to leases:

	31 December 2022 £000	31 December 2021 £000
Variable lease payments expensed (presented within other operating expenses and mainly relates to service charges)	3,821	3,935
Expense relating to irrecoverable VAT on rent payments and business rates (presented within other operating costs)	2,413	2,178
Net (profit)/loss on termination of leases (presented within other income)	(94)	4
Finance income on finance subleases (presented within finance income)	-	-
Income from operating subleases (presented within other income)	(7)	-
	6,133	6,117

During the year ended 31 December 2022, the estimated total cash outflows for leases (excluding cash inflows for sub-leases and lease incentives), constituting rent payments (excluding VAT, whether recoverable or not) and variable lease payments (that do not form part of the lease liability - mainly service charges), was £18.9m (2021: £20.4m).

Maturity analysis

The following table provides a maturity analysis of the Group's undiscounted lease liability:

	31 December 2022 £000	31 December 2021 £000
Within one year	17,282	17,047
In two to five years	36,092	41,361
In over 5 years	8,825	10,013
Total undiscounted value	62,199	68,421

14 Business combinations

The Group made the acquisitions below during the period ended 31 December 2022. The principal reason for these business combinations was to complement existing operations and to expand the geographical footprint of the Ardonagh Group.

- On 1 July 2022, the Group purchased the entire share capital of Lorega Holdings Limited for a consideration of £22.6m cash and ordinary shares with a fair value of £6.3m (over which a put and call option exists) in a company that is a member of the Group. The acquisition has been included in the Ardonagh Specialty operating segment.
- On 1 July 2022, the Group purchased the entire share capital of Stuart Insurances Limited, Murphy Stuart Insurances Limited and Stuart Insurances (SouthEast) Limited (collectively, "Stuart Insurances") for a consideration of €15.0m cash and deferred contingent consideration with a fair value of €1.0m. The acquisition has been included in the Ardonagh International operating segment.
- On 3 October 2022, the Group purchased Leobros B.V. The consideration paid was €48.0m cash, deferred consideration of €3m, 117,896 ordinary shares (11.79% interest) and 2,111,075 preference shares in the acquiring entity (Ardonagh Netherlands Bidco B.V., a subsidiary of the Group) that are accounted for as a share buyout obligation with fair value €7.2m, plus release of the sellers from a receivable of €0.1m. The acquisition has been included in the Ardonagh International operating segment.
- On 1 December 2022, the Group purchased the entire issued share capital of Frank Glennon Limited and of A&M Services Limited (together Glennon) for a consideration of €116.7m cash. The acquisition has been included in the Ardonagh International operating segment.
- On 2 December 2022, the Group acquired the entire share capital of MDS SGPS sa, for €209.6m. The acquisition has been included in the Ardonagh International operating segment.
- On 22 December 2022, the Group acquired the entire share capital of Brokers De Seguros Limited. The consideration paid was BRL 64.9m cash, plus contingent consideration with a fair value of BRL 96.1m. The total amount of goodwill that is expected to be deductible under Brazilian tax laws amounts to BRL33.8m. The acquisition has been included in the Ardonagh International operating segment.
- The Group purchased other individually immaterial business combinations, the aggregate consideration for which was £48.2m, being £30.3m cash, £6.3m deferred consideration, £7.5m contingent consideration and £4.1m share buy out.

Acquisition costs arising as a result of these transactions have been recognised as part of other operating costs in the statement of profit or loss.

14 Business combinations *(continued)*

	Lorega Holdings Limited £000	Stuart Insurances £000	Leobros B.V. £000	Frank Glennon Limited £000
Purchase consideration				
Cash paid	22,551	12,891	41,665	100,224
Issue of share premium	-	-	-	-
Deferred consideration	-	-	2,602	-
Contingent consideration	-	840	-	-
Contingent consideration receivable	-	-	-	-
Share buy out	6,273	-	6,226	-
Loan notes	-	-	-	-
Other debtors	-	-	-	-
Other creditors	-	-	-	-
Foreign exchange movements	-	-	-	-
Non-controlling interest				
Minority interest	-	-	6,138	-
Total purchase and other consideration	28,824	13,731	56,631	100,224
Net (liabilities)/assets acquired	4,425	2,806	5,037	18,752
Net identifiable intangible assets/(liabilities) acquired	7,528	3,286	15,478	20,368
Deferred tax	(1,808)	(411)	(3,993)	(2,546)
Goodwill	18,679	8,050	40,109	63,650
Total purchase consideration	28,824	13,731	56,631	100,224
Net assets acquired				
Non-current assets				
Property, plant and equipment	13	186	266	136
Right-of-use assets	112	-	1,213	-
Investment in associates and joint ventures	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Trade and other receivables	-	-	-	-
Other assets	-	25	-	-
Current assets				
Cash and cash equivalents	4,608	3,565	8,471	21,739
Trade and other receivables	2,860	1,704	2,763	10,232
Derivatives	-	-	-	-
Contract assets	-	31	-	-
Other assets	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Current liabilities				
Trade and other payables	(2,748)	(2,698)	(6,294)	(13,856)
Borrowings	-	-	-	-
Lease liabilities	-	-	-	-
Derivatives	-	-	-	-
Contract liabilities	-	-	-	-
Provisions	-	-	-	-
Current tax liability	(248)	(7)	(169)	403
Non-current liabilities	-	-	-	-
Trade and other payables	-	-	-	-
Borrowings	-	-	-	-
Lease liabilities	(112)	-	(1,213)	-
Derivatives	-	-	-	-
Contract liabilities	-	-	-	-
Defined benefit pension obligation	-	-	-	-
Provisions	-	-	-	-
Deferred tax liability	(60)	-	-	98
Net (liabilities)/assets acquired	**4,425**	**2,806**	**5,037**	**18,752**

14 Business combinations *(continued)*

	MDS SGPS sa £000	Brokers De Seguros Limited £000	Aggregated immaterial business combinations £000	Prior Period Measurement adjustments £000	Total £000
Purchase consideration					
Cash paid	179,732	10,436	30,287	(10)	397,776
Issue of share premium	-	-	-	-	-
Deferred consideration	-	-	6,289	-	8,891
Contingent consideration	-	15,450	7,565	138	23,993
Contingent consideration receivable	-	-	-	16,434	16,434
Share buy out	-	-	4,094	-	16,593
Loan notes	-	-	-	-	-
Other debtors	-	-	-	-	-
Other creditors	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-
Non-controlling interest					
Minority interest	3,766	-	-	-	9,904
Total purchase and other consideration	183,498	25,886	48,235	16,562	473,591
Net (liabilities)/assets acquired	(37,678)	216	(16,501)	(12,806)	(35,749)
Net identifiable intangible assets/(liabilities) acquired	66,353	7,701	27,229	(37,425)	110,518
Deferred tax	(16,449)	(2,618)	(6,942)	13,306	(21,461)
Goodwill	171,272	20,587	44,449	53,487	420,283
Total purchase consideration	183,498	25,886	48,235	16,562	473,591
Net assets acquired					
Non-current assets					
Property, plant and equipment	4,514	42	2,075	(17)	7,215
Right-of-use assets	3,267	-	889	307	5,788
Investment in associates and joint ventures	-	-	-	876	876
Financial assets at fair value through other comprehensive income	1,105	-	1	(7,455)	(6,349)
Trade and other receivables	-	-	-	(110)	(110)
Other assets	-	-	1,297	-	1,322
Current assets	-	-	-	-	-
Cash and cash equivalents	18,875	94	9,293	-	66,645
Trade and other receivables	20,701	89	6,681	(230)	44,800
Derivatives	-	-	-	-	-
Contract assets	-	-	25	(6,325)	(6,269)
Other assets	-	-	5	-	5
Financial assets at fair value through profit or loss	-	-	-	-	-
Current liabilities	-	-	-	-	-
Trade and other payables	(54,701)	-	(36,731)	1,222	(115,806)
Borrowings	(11,001)	-	-	-	(11,001)
Lease liabilities	-	-	(756)	(68)	(824)
Derivatives	-	-	-	-	-
Contract liabilities	-	-	-	6,727	6,727
Provisions	-	-	(9)	(398)	(407)
Current tax liability	(366)	(9)	(353)	84	(665)
Non-current liabilities					
Trade and other payables	(6,974)	-	(241)	(3,031)	(10,246)
Borrowings	(10,527)	-	-	-	(10,527)
Lease liabilities	(3,267)	-	(133)	(239)	(4,964)
Derivatives	-	-	-	-	-
Contract liabilities	-	-	-	57	57
Defined benefit pension obligation	-	-	-	-	-
Provisions	-	-	(43)	(4,206)	(4,249)
Deferred tax liability	696	-	1,499	-	2,233
Net (liabilities)/assets acquired	(37,678)	216	(16,501)	(12,806)	(35,749)

14 Business combinations *(continued)*

The above table reflects the impact of measurement period adjustments made in 2022, relating to acquisitions completed in 2021. The significant measurement period adjustments are listed below:

- Acquisition of Ed Broking Group Limited and Besso Insurance Group Limited (the 'Ed Broking and Besso companies') – A measurement period adjustment was recorded to adjust the estimated net asset recoverable figure, to correct an investment value, add a provision for an E&O liability and an accrual for bonuses payable along with other re-allocations. Following these adjustments and the receipt of the external purchase price allocation report ('PPA report') the identifiable intangible assets were re-classified and as a result customer relationships reduced by £(47.9)m, brand reduced by £(3.2)m, Intellectual property increased by £5.6m and the deferred tax liability reduced by £12.1m. As a result, Goodwill increased by £62.0m.

- Acquisition of AccuRisk Solutions LLC – A measurement period adjustment was recorded to allocate the identifiable intangible assets recognised on acquisition. Customer relationships decreased by £(3.4)m, brand increased by £0.8m and the deferred tax liability decreased by £2.4m. As a result, Goodwill increased by £0.2m.

- Acquisition of Usay Group Limited – A measurement period adjustment was recorded to allocate the identifiable intangibles recognised on acquisition. Customer relationships decreased by £(6.0)m, brand increased by £4.3m, intellectual property increased by £2.4m and the deferred tax liability decreased by £1.0m. As a result, Goodwill decreased by £(0.6)m.

- Acquisition of the Hooper Dolan companies – A measurement period adjustment was recorded to allocate the identifiable intangibles recognised on acquisition. Customer relationships increased by £8.3m, brand increased by £0.2m and the deferred tax liability increased by £(1.1)m. As a result, Goodwill decreased by £(7.3)m.

The acquisitions were accounted for under IFRS 3 'Business Combinations', which requires that the identifiable assets acquired and the liabilities assumed, including certain contingent liabilities, are measured at their acquisition date fair value. Goodwill is calculated as the difference between the acquisition consideration and the acquisition date fair value of the net assets/(liabilities) acquired. Goodwill represents expected synergies from combining operations of the acquiree and the Group, and/or intangible assets that do not qualify for separate recognition, and is allocated to the acquirer's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies from combing operations of the acquiree and the Group.

The amounts recognised in the year end consolidated financial statements are all provisional for 2022 acquisitions and adjustments may occur during the remainder of the measurement period, which is twelve months from the date of acquisition.

The revenue and loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period is disclosed in Section 3.

15 Transactions with non-controlling interests

On 26 September 2022 the Group completed on the transaction to exercise call options held to purchase 350,000 Option Pool Shares, representing 35% of the equity of Sino Insurance Brokers Limited, held by minority shareholders in exchange for Hong Kong Dollars (HKD) 55,542,274.

On 1 December 2022, the Group exchanged USD 2,500,000 of loan notes payable to a minority shareholder for membership units (equity) Alpha AA JV LLC.

On 1 March 2022 Price Forbes Chile, S.A issued 7,000 ordinary shares (representing 35% of the equity of issuer) for South African Rand (ZAR) 16,000,000 cash, to external investors.

On 31 May 2022 the Group purchased 2,867,694 A Ordinary shares and 460,195 B Ordinary shares of Nevada 5 Midco 2 Limited from minority shareholders in exchange for £3,889,662 (€). Nevada 5 Topco Limited is the direct parent of Nevada 5 Midco 2 Limited. It is the shares of Nevada 5 Midco 2 Limited that are bought by its direct parent from minority shareholders.

The effect on the equity attributable to the owners of the Group during the year ended 31 December 2022 is summarised as follows:

31 December 2022	Price Forbe Chile, S.A £000	Nevada 5 Midco 2 Plc £000	Sino Insurance Brokers Limited £000	Alpha AA JV LLC £000	Total £000
Carrying amount of non-controlling interests purchased/(issued)	(776)	(1,564)	3,693	(2,039)	(686)
Fair value consideration paid to non-controlling interests:					
Cash	776	(3,890)	(6,062)	-	(9,176)
Loan notes	-	-	-	2,039	2,039
Total fair value consideration (paid)/receivable	776	(3,890)	(6,062)	2,039	(7,137)
Excess of fair value of consideration paid/payable recognised within equity	-	(5,454)	(2,369)	-	(7,823)

15 Transactions with non-controlling interests *(continued)*

The effect on the equity attributable to the owners of the Group during the year ended 31 December 2021 is summarised as follows:

31 December 2021	Ardonagh Australia Pty Limited £000	Atlanta Investment Holdings 3 Limited £000	Nevada 5 Midco 2 Limited £000	RDG Midas Holdings (NI) Limited £000
Carrying amount of non-controlling interests purchased/(issued)	(2,025)	5,630	(7,806)	(2,441)
Fair value consideration paid to non-controlling interests:				
Cash	2,025	-	-	(60)
Reduction in debtor	-	-	-	-
Loan notes	-	(16,535)	-	-
Payable	-	-	-	-
Shares in the Company	-	(22,281)	(15,443)	-
Transaction costs	-	-	(213)	-
Total fair value consideration (paid)/receivable	2,025	(38,816)	(15,656)	(60)
Excess of fair value of consideration paid/payable recognised within equity	-	(33,186)	(23,462)	(2,501)

31 December 2021	Ardonagh Specialty Holdings Limited £000	Bravo Investment Holdings Limited £000	Total £000
Carrying amount of non-controlling interests purchased/(issued)	-	(824)	(7,466)
Fair value consideration paid to non-controlling interests:			
Cash	-	(364)	1,601
Reduction in debtor	-	(61)	(61)
Loan notes	-	-	(16,535)
Payable	(5,732)	-	(5,732)
Shares in the Company	-	-	(37,724)
Transaction costs	(29)	(2)	(244)
Total fair value consideration (paid)/receivable	(5,761)	(427)	(58,695)
Excess of fair value of consideration paid/payable recognised within equity	(5,761)	(1,251)	(66,161)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Investment in associates and joint ventures

Associates

Investment in associates	31 December 2022 £000	31 December 2021 £000
Start of the year	1,202	5,124
Remeasurement (business combination achieved in stages)	-	1,459
Derecognition (business combination achieved in stages)	-	(5,537)
Business combinations	-	-
Foreign exchange movement	101	(90)
Share of (loss)/profit for the period	(3)	246
Dividend received	-	-
End of the year	1,300	1,202

Summarised financial information in respect of the Group's interest in Solis Re Agency Inc and Mrald Limited is set out below:

Investment in associates	31 December 2022 £000	31 December 2021 £000
Non-current assets	1,146	412
Current assets	97	151
Current liabilities	-	-
Equity attributable to the owners of the parent	1,243	563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Investment in associates and joint ventures *(continued)*

Investment in associates	31 December 2022 £000	31 December 2021 £000
Revenue	628	683
Profit after tax	182	245

Joint ventures

Investment in joint ventures	31 December 2022 £000	31 December 2021 £000
Start of the year	5,163	3,635
Remeasurement (business combinations achieved in stages)	1	-
Business combinations	876	1,964
Share of profit for the year	825	1,151
Dividend received	(1,295)	(1,587)
End of the year	5,570	5,163

Summarised financial information in respect of the Group's interest in Carole Nash Legal Services LLP and Neutral Bay Investments Limited is set out below:

Investment in joint ventures	31 December 2022 £000	31 December 2021 £000
Net current assets	7,416	4,173
Equity attributable to the owners of the parent	7,416	4,173

Investment in joint ventures	31 December 2022 £000	31 December 2021 £000
Revenue	987	2,496
Profit after tax	438	1,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Cash and cash equivalents

	31 December 2022 £000	31 December 2021 £000
Own funds	269,636	411,343
Own funds - restricted	48,882	51,638
Fiduciary funds	908,792	872,334
	1,227,310	1,335,315

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Restricted own funds comprised of £48.9m (2021: £51.6m) as at 31 December 2022 of restricted cash kept in segregated accounts pursuant to the FCA's Threshold Condition 2.4 (applicable to the insurance broking industry), for ensuring that funds are available to pay any costs and expenses necessary to achieve an orderly wind down of the Group's business in the event its broking operations cease to operate or are otherwise closed. The amount of cash required to be held is determined by management and agreed by the FCA

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commission and other income. Fiduciary funds are not available for general corporate purposes.

18 Trade and other receivables

The Group had exposures as at 31 December 2022 to numerous individual trade counterparties within trade receivables. In accordance with Group policy, trade receivable balances are continually monitored against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

	31 December 2022 £000	(As restated)* 31 December 2021 £000
Trade receivables	300,923	227,064
Less: expected credit loss allowance	(24,730)	(22,863)
Trade receivables - net	276,193	204,201
Prepayments	32,043	38,595
Accrued income	22,263	21,885
Convertible loan receivable	-	63,833
Other receivables	33,201	53,349
Other debtors*	84,334	35,235
Related party debtors	458,832	343,711
Deferred and contingent consideration receivable	5,141	27,375
	912,007	788,184
Current*	898,435	693,697
Non-current	13,572	94,487
	912,007	788,184

*Prior year restatement due to the correction of a share buy-back in a subsidiary.

Other receivables include amounts recognised on business combinations in relation to the Group's right to variable consideration on contracts with customers for which the performance obligation was satisfied prior to the acquisition. These receivables are classified as fair value through profit or loss. The variable consideration on these contracts as at 31 December 2022 is £5.1m (2021: £27.4m).

19 Contract balances

	31 December 2022 £000	31 December 2021 £000
Contract assets	21,107	18,523
Current	16,299	15,834
Non-current	4,808	2,689
Contract liabilities		
Post-placement performance obligations	(14,365)	(22,654)
Other deferred income	(35,845)	(26,001)
	(50,210)	(48,655)
Current	(48,107)	(44,873)
Non-current	(2,103)	(3,782)
	(50,210)	(48,655)

Contract assets are amounts of revenue recognised by the Group that are subject to variability.

Contract liabilities represent the Group's obligation to transfer services to customers for which the Group has received the consideration (or the amount is due) from the customer.

The Group applies the practical expedient in IFRS 15 not to disclose information about the transaction price associated with performance obligations to be completed after the reporting date, if the performance obligation is part of a contract that has an original expected duration of one year or less. With respect to contracts with an original expected duration of more than a year, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of the reporting date is £14.4m. This amount is expected to be recognised as revenue as follows:

	31 December 2022 £000	31 December 2021 £000
Within 12 months of the reporting date	13,223	16,103
Between 12 and 24 months of the reporting date	1,142	6,551
More than 24 months after the reporting date	-	-
	14,365	22,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Other assets

	31 December 2022 £000	31 December 2021 £000
Costs to fulfil contracts with customers	14,413	21,568
Costs to obtain contracts with customers	29,940	28,824
	44,353	50,392
Current	33,325	40,246
Non-current	11,028	10,146
	44,353	50,392

The Group's cost to fulfil balance at each reporting period reflects salaries and other costs of customer-facing employees who undertake activities necessary to satisfy anticipated contracts with the customer. This is subsequently released to the profit or loss when the Group recognises the related revenue from those contracts, which is usually after the reporting date (1-3 months). The net impact on profit or loss for the year ending 31 December 2022 in staff costs was £0.4 (2021: £0.4m).

Costs to obtain include incremental fees paid to aggregator websites for obtaining new business and are amortised, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, over the average life of the relationship with the customer.

Amortisation amounting to £28.5m (2021: £18.1m) was recognised in the profit or loss during the period ending 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Cash generated from operations

Cash flows from operating activities	31 December 2022 £000	31 December 2021 £000
Loss for the year after tax	(280,838)	(71,889)
Depreciation of property, plant and equipment and right-of-use assets	25,865	20,894
Amortisation	149,891	96,553
Loss/(gain) on disposal and impairment of non-financial assets	625	(40)
Other losses/(gains)	8,323	(148)
Transaction costs on completed and aborted acquisitions accrued in the period	14,825	21,834
Transaction costs on completed and aborted acquisitions paid in the period	(12,831)	(20,967)
Finance costs - net of finance income	402,346	199,212
Share of profit from associate and joint venture	(822)	(1,397)
Tax credit	(44,965)	(22,537)
Recycling to income statement from cash flow hedging reserve and interest rate hedges	9,467	(2,987)
(Increase)/decrease in trade and other receivables	(69,416)	32,587
(Decrease)/increase in trade and other payables	(14,347)	445,075
(Increase)/decrease in contract assets	(8,853)	6,754
Decrease/(increase) in other assets	7,366	(14,143)
Decrease in contract liabilities	8,338	12,867
Effect of movements in exchange rates on cash held	(10,012)	4,458
Hedge ineffectiveness	(164)	-
Decrease in provisions	(2,211)	(18,345)
Net cash inflow from operations	182,587	687,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Reconciliation of liabilities to cash flows arising from financing activities

Year ended 31 December 2022	Trade and other payables £000	Borrowings £000	Lease liabilities £000	Financing cash flows relating to equity transactions £000	Other financial liabilities - derivatives £000	Total £000
At the beginning of the year	17,039	2,691,639	51,393	-	-	2,760,071
Interest paid on borrowings	-	(172,764)	-	-	(9,063)	(181,827)
Repayment of borrowings	-	(62,764)	-	-	-	(62,764)
Repayment of loan notes	(17,050)	-	-	-	-	(17,050)
Net proceeds from borrowings	-	428,364	-	-	-	428,364
Repayment of lease liabilities	-	-	(18,900)	-	-	(18,900)
Transactions with non-controlling interests	-	-	-	(10,132)	-	(10,132)
	(17,050)	192,836	(18,900)	(10,132)	(9,063)	137,691
Non-cash changes:						
Acquisitions and disposals	-	21,528	5,788	-	-	27,316
Effect of changes in foreign exchange rates	(260)	113,333	(1,411)	-	-	111,662
Interest expense	209	269,279	5,237	-	-	274,725
Unwind of discount	2	34,134	-	-	-	34,136
Settlement of forward currency contracts	-	-	-	-	9,551	9,551
Settlement of interest rate swaps	-	-	-	-	769	769
Accrued transaction costs	-	(1,976)	-	-	(1,257)	(3,233)
New leases/lease modifications	-	-	8,482	-	-	8,482
Reclassification of liabilities	5,696	(5,696)	-	-	-	-
Equity related	-	-	-	10,132	-	10,132
At the end of the year	5,636	3,315,077	50,589	-	-	3,371,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Reconciliation of liabilities to cash flows arising from financing activities *(continued)*

Year ended 31 December 2021	Trade and other payables £000	(As restated)* Borrowings £000	Lease liabilities £000	Financing cash flows relating to equity transactions £000	*Other financial liabilities - derivatives £000	(As restated)* Total £000
At the beginning of the year	564	1,969,262	49,879	(10,834)	-	2,008,871
Interest paid on borrowings	(917)	(117,039)	-	-	-	(117,956)
Repayment of borrowings	-	(9,611)	-	-	-	(9,611)
Net proceeds from borrowings	-	633,755	-	-	-	633,755
Repayment of lease liabilities	-	-	(16,429)	-	-	(16,429)
Transactions with non-controlling interests	-	-	-	365	-	365
Purchase of own shares	-	-	-	(1,975)	-	(1,975)
	(917)	507,105	(16,429)	(1,610)	-	488,149
Non-cash changes:						
Acquisitions and disposals	-	10,063	7,175	-	-	17,238
Effect of changes in foreign exchange rates	-	650	(319)	-	-	331
Interest expense	905	221,553	5,783	-	-	228,241
Modification gain on amendment to borrowings	-	(44,158)	-	-	-	(44,158)
Unwind of discount	-	10,088	-	-	-	10,088
Accrued transaction costs	(53)	1,998	-	-	-	1,945
New lease/ lease modifications	-	-	5,304	-	-	5,304
New loan with holding company*	-	15,078	-	-	-	15,078
Equity related	16,540	-	-	12,444	-	28,984
At the end of the year*	17,039	2,691,639	51,393	-	-	2,760,071

*The 2021 note has been restated to reconcile to note 27

23 Financial instruments

Financial instruments classification

A description of each category of financial assets and financial liabilities and the related accounting policies can be found in note 3. The carrying amounts of the Group's financial assets and liabilities in each category are as follows:

Financial assets - 2022	Derivatives in hedging relationship £000	Derivatives not in hedging relationship £000	FVTPL £000	Amortised cost £000	FVTOCI £000	Total £000
Unlisted investments	-	-	-	-	6,352	6,352
Trade receivables excluding prepayments	-	-	-	276,193	-	276,193
Other receivables	-	-	33,209	565,429	-	598,638
Contingent and deferred consideration	-	-	5,141	-	-	5,141
Cash and cash equivalents	-	-	-	1,227,310	-	1,227,310
Derivatives	16,526	12,792	-	-	-	29,318
At 31 December 2022	16,526	12,792	38,350	2,068,932	6,352	2,142,952

Financial assets - 2021	Derivatives in hedging relationship £000	Derivatives not in hedging relationship £000	FVTPL £000	Amortised cost £000	FVTOCI £000	Total £000
Unlisted investments	-	-	-	-	7,747	7,747
UCIS assets	-	-	12	-	-	12
Convertible loan receivable	-	-	63,833	-	-	63,833
Trade receivables excluding prepayments	-	-	-	204,201	-	204,201
Other receivables	-	-	31,695	424,057	-	455,752
Contingent and deferred consideration	-	-	27,375	-	-	27,375
Cash and cash equivalents	-	-	-	1,335,315	-	1,335,315
Derivatives	1,451	-	-	-	-	1,451
At 31 December 2021	1,451	-	122,915	1,963,573	7,747	2,095,686

23 Financial instruments *(continued)*

Financial instruments classification *(continued)*

Financial liabilities - 2022	Derivatives in hedging relationship £000	Derivatives not in hedging relationship £000	FVTPL £000	Amortised cost £000	Total £000
Borrowings	-	-	-	(3,315,077)	(3,315,077)
Trade and other payables, excluding deferred income	-	-	-	(1,054,645)	(1,054,645)
Contingent and deferred consideration	-	-	(66,184)	-	(66,184)
Share buyout	-	-	(67,479)	-	(67,479)
Derivative liabilities	(11,999)	(939)	-	-	(12,938)
At 31 December 2022	(11,999)	(939)	(133,663)	(4,369,722)	(4,516,323)

Financial liabilities - 2021	*Derivatives in* hedging relationship £000	*Derivatives* not in hedging relationship £000	FVTPL £000	Amortised cost £000	Total £000
Borrowings	-	-	-	(2,691,639)	(2,691,639)
Trade and other payables, excluding deferred income	-	-	-	(969,304)	(969,304)
Contingent and deferred consideration	-	-	(56,522)	-	(56,522)
Share buyout	-	-	(55,459)	-	(55,459)
Derivative liabilities	(49,408)	-	-	-	(49,408)
At 31 December 2021	(49,408)	-	(111,981)	(3,660,943)	(3,822,332)

23 Financial instruments *(continued)*

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices, or indirectly derived from prices; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on an ongoing basis:

31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Trade and other receivables	-	-	33,209	33,209
Contingent consideration receivable	-	-	5,141	5,141
Derivatives hedging borrowings	-	16,526	-	16,526
Derivatives not designated in a hedging relationship	-	12,792	-	12,792
Financial assets at fair value through other comprehensive income				
Unlisted investments	-	-	6,352	6,352
Total financial assets at fair value	-	29,318	44,702	74,020
Contingent and deferred consideration payable	-	-	(66,184)	(66,184)
Share buyout	-	-	(67,479)	(67,479)
Derivatives hedging forecast revenue	-	(11,999)	-	(11,999)
Derivatives not designated in a hedging relationship	-	(939)	-	(939)
Total financial liabilities at fair value	-	(12,938)	(133,663)	(146,601)
Net fair value at 31 December 2022	-	16,380	(88,961)	(72,581)

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23 Financial instruments *(continued)*

Fair value measurement *(continued)*

31 December 2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
UCIS recovered assets	-	-	12	12
Trade and other receivables	-	-	31,695	31,695
Convertible loan receivable	-	-	63,833	63,833
Contingent consideration receivable	-	-	27,375	27,375
Derivatives hedging borrowings	-	1,227	-	1,227
Derivatives not designated in a hedging relationship	-	224	-	224
Financial assets at fair value through other comprehensive income				
Unlisted investments	-	-	7,747	7,747
Total financial assets at fair value	-	1,451	130,662	132,113
Contingent and deferred consideration payable	-	-	(56,522)	(56,522)
Share buyout	-	-	(55,459)	(55,459)
Derivatives hedging forecast revenue	-	(45,248)	-	(45,248)
Derivatives not designated in a hedging relationship	-	(4,160)	-	(4,160)
Total financial liabilities at fair value	-	(49,408)	(111,981)	(161,389)
Net fair value at 31 December 2021	-	(47,957)	18,681	(29,276)

23 Financial instruments *(continued)*

Fair value measurement *(continued)*

The following valuation techniques are used for instruments categorised in Levels 2 and 3:

Derivative financial instruments (Level 2)
The Group's derivatives are categorised within level 2 of the fair value hierarchy. These contracts are not traded in an active market, but the fair value is determined using valuation techniques and available market data, such as forward exchange rates corresponding to the maturity of the contract observable at the statement of financial position date and an appropriate sector credit spread.

***Trade and other receivables/contingent consideration receivable* (Level 3)**

Trade and other receivables at 31 December 2022 includes assets at fair value through profit or loss that were recognised on a business combination in relation to the Group's right to variable consideration on rolling contracts with customers for which the performance obligation was satisfied prior to the acquisition. The fair value is a level 3 valuation and is calculated as the present value of future cash flows where those cash flows take into account expected cancellation rates and the life of the underlying insurance product.

Contingent consideration, share buyout and deferred proceeds (Level 3)

The contingent consideration, deferred consideration and share buyout liability were acquired on the acquisition of, Lorega Holdings Limited, Leobros B.V. Frank Glennon Limited, and other acquisitions that are individually not material.

Share buyout is the liability arising from put options granted to minority shareholders of certain consolidated subsidiaries, giving the holders the right to sell all of their interest in those subsidiaries to the Group. The fair value of the share buyout payments is determined based on the discounted present value of the forecast option strike price, where the discount rate is the Group WACC if the strike price is a multiple of forecast EBITDA less net debt.

Contingent consideration payments are generally contingent on the post-acquisition performance of the acquired business and achievement of certain performance thresholds. The fair value of contingent consideration is determined based on actual and forecast business performance of the acquired business, discounted using the Group WACC as the discount rate.

23 Financial instruments *(continued)*

Unlisted investments at fair value through other comprehensive income (Level 3)
Unlisted investments are categorised within level 3 of the fair value hierarchy. The valuation technique applied, except where specific market price information is available, is cost less any provision for impairment.

Fair value of financial instruments measured at amortised cost
The Directors consider the carrying amounts for trade and other receivables, trade and other payables, and the current portion of financial liabilities that are not measured at fair value, to approximate their fair values. The fair value of the Group's borrowings is disclosed in note 27.

Reconciliation of recurring fair value measurements within level 3
The table below provides a schedule of movements in the carrying amount in the statement of financial position of financial assets with recurring fair value measurements within level 3:

	Financial liabilities at FVTPL £000	Financial assets at FVTPL £000	Financial assets at FVTOCI £000	Total £000
At start of year	(111,981)	122,915	7,747	18,681
Gains and losses	(7,266)	14,722	8	7,464
Acquired assets/liabilities	(13,016)	24,519	(6,349)	5,154
Consideration for business acquisitions and disposals	(49,477)	(16,434)	4,946	(60,965)
Settlements	48,077	(107,637)	-	(59,560)
Movement to reserves	-	265	-	265
At 31 December 2022	(133,663)	38,350	6,352	(88,961)

	Financial liabilities at FVTPL £000	Financial assets at FVTPL £000	Financial assets at FVTOCI £000	Total £000
At start of year	(21,114)	30,728	285	9,899
Gains and losses	(8,881)	18,833	513	10,465
Acquired assets/liabilities	(19,084)	61,909	7,579	50,404
Consideration for business acquisitions and disposals	(105,974)	26,937	(630)	(79,667)
Settlements	43,072	(15,490)	-	27,582
Movement to reserves	-	(2)	-	(2)
At 31 December 2021	(111,981)	122,915	7,747	18,681

Gains and losses on the above instruments that are recognised in profit or loss are classified within other income and other operating costs respectively.

As at 31 December 2022, trade and other receivables include £33.2m (2021: £26.0m) assets classified at FVTPL that were recognised on business combinations in relation to the Group's right to variable consideration on rolling contracts with customers for which the performance obligation was satisfied prior to the acquisition date.

23 Financial instruments *(continued)*

Financial instruments risk

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. As part of its overall governance and control arrangements, the Group operates a risk management framework (RMF) designed to identify, assess, manage, monitor and report on these risks.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk.

Foreign currency risk

The Group's main exposure to foreign currency risk arises from: (i) its USD borrowings, and (ii) the settlement in foreign currency, principally USD, of brokerage and fees relating to the placement of insurance business originating overseas. The Group uses derivatives, specifically forward contracts to mitigate its foreign currency risk.

The Group has forward contracts that mitigate its exposure to foreign currency risk on certain USD revenue arising on the placement of premiums denominated in USD, which is not the presentation nor functional currency of the Group. Based on forecast transactions, the Group effectively sells USD revenue by reference to individual brokerage transactions. The hedged USD revenues currently exclude the USD revenues resulting from the acquisition on 1 November 2021 of Ed Broking Group Limited. These revenues are designated as hedged items against the USD PIK toggle note.

For further information on hedge accounting please refer to note 24.

Interest rate risk

The Group has USD 500.0m of PIK toggle notes, but that is at fixed interest rates and thus does not give rise to interest rate risk. The Group's main exposure to interest rate risk arises from its £1,592.8m floating rate senior secured term loan, which has exposure to EURIBOR, SOFRA and SONIA (previously GBP LIBOR) benchmark interest rates. The Group uses derivatives, specifically interest rate swaps, to mitigate this interest rate risk.

The Group is also exposed to USD LIBOR on the USD 540.0m CAR facility and has entered into derivatives to mitigate this interest rate exposure.

The Group is also exposed to changes in interest rates through its secured revolving credit facility borrowings at variable interest rates. However, these borrowings were undrawn as at 31 December 2022.

23 Financial instruments *(continued)*

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk as it has a significant amount of trade receivables due from policyholders and from insurance companies with which it places insurance. However, most of the credit risk with policyholders is mitigated by the Group's ability to cancel the underlying policies and recoup a portion of the amount from insurers.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised below:

	31 December 2022 £000	31 December 2021 £000
Cash and cash equivalents	**1,227,310**	1,335,315
Trade and other receivables excluding prepayments	**879,964**	751,161
Contract assets	**21,107**	18,523
Convertible loan receivable	**-**	63,833
Other financial assets at fair value through profit or loss	**5,149**	27,387
	2,133,530	2,196,219

Counterparty balances are monitored as part of the credit control process. Significant balances are actively managed through the Group's ongoing strategic insurer relationship programme.

The Group had certain trade receivables as at 31 December 2022 that had not been settled by the contractual due date but that were not considered to be impaired.

The credit risk for cash and cash equivalents, money market funds and derivative financial instruments is considered negligible as the counterparties are reputable financial institutions with high quality external credit ratings. The Group does not hold any collateral as security.

23 Financial instruments *(continued)*

Expected credit losses

The estimated ECL for the current period is calculated based on actual credit loss experience over two years by segment. Actual credit loss experience is, where appropriate, adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scalar factors are based on GDP and unemployment rate forecasts (source: HM Treasury 'Forecasts for the UK Economy') and include the following:

- GDP: A 119.02% decrease in the growth in GDP is expected, from 4.08% in 2022 to (0.78%) in 2023 which indicates that historical credit loss experience should be increased.

- Unemployment rate: A 14.57% increase in unemployment rates is expected, from 3.78% in 2022 to 4.33% in 2023, which indicates that historical credit loss experience should be increased.

ECL is measured on the basis that the counterparties are a single group and the calculation is not further distinguished between the Group's different customer types.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Not credit impaired			
Lifetime ECL	Collectively assessed £000	Individually assessed £000	Credit impaired £000	Total £000
At start of the year	(9,108)	(13,755)	-	(22,863)
Alignment of accounting policy	(48)	(868)		(916)
Amounts written off	7,789	1,450	-	9,239
Amounts recovered	(194)	980	-	786
Change in loss allowance due to new trade receivables net of those derecognised for settlement	(6,440)	(1,588)	-	(8,028)
Foreign exchange gains and losses	(253)	(93)	-	(346)
Changes in risk parameters	(120)	3	-	(117)
Acquisition of companies	2	(2,487)	-	(2,485)
Balance at 31 December 2022	(8,372)	(16,358)	-	(24,730)

The Group has credit risk exposure on balances on loans due, but the ECL on these is not material.

23 Financial instruments *(continued)*

Expected credit losses

Lifetime ECL	Not credit impaired Collectively assessed £000	 Individually assessed £000	Credit impaired £000	Total £000
At start of the year	(7,079)	(2,433)	-	(9,512)
Amounts written off	5,131	2,664	-	7,795
Amounts recovered	112	1	-	113
Change in loss allowance due to new trade receivables net of those derecognised for settlement	(4,508)	(4,421)	-	(8,929)
Foreign exchange gains and losses	34	2	-	36
Changes in risk parameters	6	37	-	43
Acquisition of companies	(2,804)	(9,605)	-	(12,409)
Balance at 31 December 2021	(9,108)	(13,755)	-	(22,863)

23 Financial instruments *(continued)*

The following table sets out details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and ECL recognised at 31 December 2022:

	Expected credit loss rate %	Estimated total gross carrying amount at default £000	Lifetime ECL £000	Total £000
Not past due	0.6%	94,734	(595)	94,139
Past due:				
- not more than three months	2.5%	126,261	(3,159)	123,102
- more than three months but not more than six months	3.9%	26,173	(1,023)	25,150
- more than six months but not more than a year	4.9%	20,351	(1,004)	19,347
- more than a year	56.7%	33,404	(18,949)	14,455
At 31 December 2022	8.2%	300,923	(24,730)	276,193

The following table sets out details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and ECL recognised at 31 December 2021:

	Expected credit loss rate %	Estimated total gross carrying amount at default £000	Lifetime ECL £000	Total £000
Not past due	0.6%	75,472	(447)	75,025
Past due:				
- not more than three months	3.1%	93,455	(2,909)	90,546
- more than three months but not more than six months	2.6%	22,851	(602)	22,249
- more than six months but not more than a year	13.1%	11,345	(1,487)	9,858
- more than a year	72.8%	23,941	(17,418)	6,523
At 31 December 2021	10.1%	227,064	(22,863)	204,201

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23 Financial instruments *(continued)*

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations.

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. The Group is cash generative and has an active cash management process. The Group Treasury function undertakes short term cash flow forecasting and closely monitors and manages the Group's cash balances. Immediate liquidity is available from the revolving credit facility (RCF) should any short-term financing be required. Drawings permissible under the RCF are limited by the Group's credit facility arrangements. The RCF facility was undrawn as at 31 December 2022.

The following are the remaining undiscounted contractual maturities (excluding interest payments) of non-derivative financial liabilities at the reporting date, except for lease liabilities (note 13). Information about derivative financial liabilities is given in note 24.

31 December 2022	Carrying amount £000	Undiscounted amount £000	Within 12 months £000	Within 1-2 years £000	Within 2-5 years £000	More than 5 years £000
B1 term facility due 2026	1,533,378	1,608,076	-	-	1,608,076	-
B2 (GBP) facility - GBP 300.0m CAR facility due 2026	292,089	302,070	-	-	302,070	-
B3 (USD) facility - USD 540.0m CAR facility due 2026	431,999	446,384	-	-	446,384	-
B3 (EUR) facility - EUR 187.3m CAR facility 2026	160,767	165,809	-	-	165,809	-
B4 (EUR) facility - EUR 240.0m CAR facility 2026	206,298	212,421	-	-	212,421	-
USD 500.0m PIK toggle notes due 2027	507,617	529,405	-	-	529,405	-
AUD 40.0m CAR facility	7,225	7,891	-	-	7,891	-
Other borrowings	24,844	24,926	12,630	-	12,296	
Trade and other payables	1,713,252	1,713,252	1,619,309	42,773	51,170	-
At 31 December 2022	4,877,469	5,010,234	1,631,939	42,773	3,335,522	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Financial instruments *(continued)*

Liquidity risk analysis

31 December 2021	Carrying amount £000	Undiscounted amount £000	Within 12 months £000	Within 1-2 years £000	Within 2-5 years £000	More than 5 years £000
Term facility due 2026	1,500,479	1,564,137	-	-	1,564,137	-
USD500.0m PIK toggle notes due 2027	398,353	369,519	-	-	-	369,519
£300.0m CAR facility due 2026	287,710	300,000	-	-	300,000	-
USD 540.0 CAR facility due 2026	384,823	399,081	-	-	399,081	-
Trade and other payables	1,593,896	1,593,896	1,519,507	74,237	152	-
At 31 December 2021	4,165,261	4,226,633	1,519,507	74,237	2,263,370	369,519

24 Hedge accounting

See the principal risks and uncertainties section in the Strategic Report with respect to the Group's exposure to foreign currency risk and interest rate risk, and how the Group mitigates those risks. Further details are provided below.

Derivatives and other financial instruments designated as hedging instruments

The Group has economic hedge relationships that mitigate foreign exchange risk arising from its USD revenue and interest rate risk on USD Libor borrowings, which have been designated in a hedge accounting relationship. The Group applies hedge accounting for those hedge relationships that meet the hedge accounting criteria detailed in note 3. The Group manages all other risks associated with these exposures, such as credit risk, but it does not apply hedge accounting for those risks.

The Group has the following derivative financial instruments in designated hedging relationships, as at the end of the year:

	31 December 2022 £000	31 December 2021 £000
Non-current assets		
Derivatives hedging forecast revenue	-	173
Derivatives hedging borrowings	12,301	-
Derivatives not designated in a hedging relationship	12,792	-
Current assets		
Derivatives hedging forecast revenue	-	51
Derivatives hedging borrowings	4,225	1,227
Derivatives not designated in a hedging relationship	-	-
Current liabilities		
Derivatives hedging forecast revenue	(9,103)	(2,224)
Derivatives hedging borrowings	-	(45,248)
Derivatives not designated in a hedging relationship	(939)	-
Non-current liabilities		
Derivatives hedging forecast revenue	(2,896)	(1,936)
Derivatives hedging borrowings	-	-
Derivatives not designated in a hedging relationship	-	-
Net derivative financial instrument liabilities	16,380	(47,957)

The carrying amount of the non-derivative hedging instrument (PIK toggle notes) is £507.6m (2021: £398.4m) as shown in note 27 borrowings.

See note 23 for information on fair values and the assumptions and methods used to measure fair value.

24 Hedge accounting *(continued)*

The following table contains the notional amounts of items designated as hedging instruments:

	31 December 2022 £000
Derivatives hedging forecast revenue (USD 135.4m)	111,917
Derivatives hedging borrowing (USD 540.0m)	446,384
PIK toggle notes (USD 620.7m)	513,085
	1,071,386

Derivatives hedging borrowings

The Group had interest rate swaps to hedge the floating rate exposures on its privately placed term facility due 2026 comprising £1,412.8m denominated in GBP paying SONIA and €180.0m denominated in Euros paying EURIBOR. These interest rate swaps matured in July 2022.

The Group entered into interest rate swaps of USD 200.0m, USD 200.0m and USD 140.0m on 23 June 2022, 1 July 2022 and 26 July 2022 respectively, the purpose of which was to hedge the USD LIBOR rate exposure on its USD 540.0m CAR facility due 2026. The 23 June 2022 and 26 July 2022 swaps mature on 14 January 2027. The 1 July 2022 swap matures on 14 January 2026. All three instruments exchange a floating interest rate with a fixed interest rate. Interest rate swaps referencing USD LIBOR will transition during 2023 to replacement rates using the standard International Swaps and Derivatives Association transition process.

Derivatives hedging forecast revenue

The Group enters into forward contracts to mitigate the exposure resulting from USD revenue arising on the placement of certain premiums denominated in USD, which is not the presentation currency nor functional currency of the Group.

Based on forecast transactions, the Group effectively sells accumulated USD revenue by reference to individual brokerage transactions. The Group's track record in receiving USD revenue from long established clients provides a high degree of confidence that forecast transactions are highly probable for hedge accounting purposes.

On 1 October 2022, the Group designated its PIK toggle notes in a hedging relationship with this forecast USD revenue.

24 Hedge accounting *(continued)*

Cash flow hedging reserves

The following table provides a reconciliation of components of equity resulting from applying cash flow hedge accounting to derivatives that mitigate foreign exchange risk and interest rate risk:

31 December 2022	Cash flow hedging reserve £000	Costs of hedging reserve £000
At start of year	(4,245)	(115)
Changes in fair value recognised via other comprehensive income		
Foreign currency risk – derivatives hedging forecast revenue	(16,260)	-
Foreign currency risk – PIK toggle notes hedging forecast revenue	43,340	-
Interest rate risk - derivatives hedging borrowings	52,233	(486)
Amounts reclassified to profit or loss		
Foreign currency risk – derivatives hedging forecast revenue	9,467	-
Foreign currency risk – PIK toggle notes hedging forecast revenue	(1,403)	-
Interest rate risk – derivatives hedging borrowings	(34,291)	626
	53,086	140
Tax on movements on reserves	(2,426)	(27)
At 31 December 2022	46,415	(2)

31 December 2021	Cash flow hedging reserve £000	Costs of hedging reserve £000
At start of year	(2,446)	(3,218)
Changes in fair value recognised via other comprehensive income		
Foreign currency risk – derivatives hedging forecast revenue	(3,751)	-
Foreign currency risk – PIK toggle notes hedging forecast revenue	2,176	2,420
Interest rate risk - derivatives hedging borrowings	1,583	(49)
Amounts reclassified to profit or loss		
Foreign currency risk – derivatives hedging forecast revenue	(2,987)	-
Foreign currency risk – PIK toggle notes hedging forecast revenue	79	1,127
Interest rate risk – derivatives hedging borrowings	679	333
	(2,221)	3,831
Tax on movements on reserves	422	(728)
At 31 December 2021	(4,245)	(115)

24 Hedge accounting *(continued)*

Cash flow hedging reserves

The gain/(loss) included in the statement of profit or loss and other comprehensive income during the year ending 31 December 2022 in relation to items designated as hedging instruments, including hedge ineffectiveness, were as follows:

	Derivatives hedging foreign currency risk		Derivatives hedging interest rate risk
31 December 2022	Forecast revenue £000	Borrowings £000	Borrowings £000
Amounts reclassified from OCI to profit or loss			
Commission and fees	(8,064)	-	-
Finance costs – interest expense and foreign exchange differences	-	-	34,291
Finance costs – cost of hedging	-	-	(626)
Amounts recognised directly in profit or loss			
Other operating costs – foreign exchange differences	(2,059)	-	-
Other operating costs - ineffectiveness	(65)	-	-
Finance costs - ineffectiveness	-	-	229
	(10,188)	-	33,894

The gain/(loss) included in the statement of profit or loss and other comprehensive income during the year ending 31 December 2021 in relation to items designated as hedging instruments, including hedge ineffectiveness, were as follows:

	Derivatives hedging foreign currency risk		Derivatives hedging interest rate risk
31 December 2021	Forecast revenue £000	Borrowings £000	Borrowings £000
Amounts reclassified from OCI to profit or loss			
Commission and fees	2,987	-	-
Finance costs – interest expense and foreign exchange differences	-	(79)	(679)
Finance costs – cost of hedging	-	(1,127)	(333)
Amounts recognised directly in profit or loss			
Other operating costs – foreign exchange differences	(342)	-	-
Other operating costs - ineffectiveness	(60)	-	-
Finance costs - ineffectiveness	-	-	80
	2,585	(1,206)	(932)

24 Hedge accounting *(continued)*

The following table indicates the periods in which the undiscounted cash flows associated with the hedging instruments and derivatives not designated in hedging relationships are expected to occur and the carrying amount of these instruments:

31 December 2022	Carrying amount £000	Total £000	One to six months £000	Six to twelve months £000	One to two years £000	More than two years £000
Net settled Derivatives						
Derivatives hedging borrowings (interest rate swaps) - net cash inflows	16,526	17,470	-	4,351	8,212	4,907
Gross settled Derivatives						
Derivatives hedging revenue (forward contracts) - cash inflows		92,017	31,936	31,837	28,244	-
Derivatives hedging revenue (forward contracts) - cash outflows		(105,160)	(36,772)	(36,733)	(31,655)	-
Derivatives hedging revenue (forward contracts) - net cash outflows	(11,999)	(13,143)	(4,836)	(4,896)	(3,411)	-
Derivatives not designated in hedging relationships (cross-currency swaps) - cash inflows		224,672	-	9,730	20,365	194,577
Derivatives not designated in hedging relationships (cross-currency swaps) - cash outflows		(211,611)	-	(10,487)	(20,583)	(180,541)
Derivatives not designated in hedging relationships (cross-currency swaps) - net cash inflows/(outflows)	12,113	13,061	-	(757)	(218)	14,036
Derivatives not designated in hedging relationships (forward contracts) - cash inflows		4,344	4,344	-	-	-
Derivatives not designated in hedging relationships (forward contracts) - cash outflows		(4,602)	(4,602)	-	-	-
	(260)	(258)	(258)	-	-	-
	16,380	17,130	(5,094)	(1,302)	4,583	18,943

The terms of the interest rate swap include a floor to align with the terms of the floating rate privately placed term facility, which it hedges. The fair value of the interest rate swap includes the intrinsic value attributable to this floor.

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24 Hedge accounting *(continued)*

31 December 2021	Carrying amount £000	Total £000	One to six months £000	Six to twelve months £000	One to two years £000	More than two years £000
Net settled Derivatives						
Derivatives hedging borrowings (interest rate swaps) - *net cash inflows*	1,209	(604)	(529)	(75)	-	-
Gross settled Derivatives						
Derivatives hedging borrowings (forward contracts) - cash inflows		500,787	-	500,787	-	-
Derivatives hedging borrowings (forward contracts) - cash outflows		(547,706)	-	(547,706)	-	-
Derivatives hedging borrowings (forward contracts) - net cash outflows	(45,231)	(46,919)	-	(46,919)	-	-
Derivatives hedging revenue (forward contracts) - cash inflows		146,003	35,319	37,023	59,539	14,122
Derivatives hedging revenue (forward contracts) - cash outflows		(150,300)	(36,324)	(38,249)	(61,672)	(14,055)
Derivatives hedging revenues (forward contracts) - *net cash inflows*	(3,935)	(4,297)	(1,005)	(1,226)	(2,133)	67
	(47,957)	(51,820)	(1,534)	(48,220)	(2,133)	67

24 Hedge accounting *(continued)*

The Group does not currently use derivative contracts to hedge the currency risk on its €180.0m privately placed term facility or its USD 540.0m CAR facility, but there is a natural currency hedge with the Euro investments and with the USD investment in Ed Broking Group Limited. The translation differences arising on the foreign denominated borrowings are recognised within finance costs in the income statement, whereas the translation differences arising on the foreign operations are recognised in other comprehensive income, in the foreign currency translation reserve in equity.

A 10% strengthening (weakening) of GBP against the USD and EUR at the reporting date would have the following impact on the Group income statement and equity:

	31 December 2022 £000	31 December 2021 £000
10% strengthening in USD		
Income statement	(51,164)	32,926
Equity	(97,634)	(421)
10% weakening in USD		
Income statement	41,684	(40,243)
Equity	79,704	514
10% strengthening in EUR		
Income statement	(58,849)	13,748
Equity	58,334	(12,169)
10% weakening in EUR		
Income statement	48,149	(16,803)
Equity	(47,728)	14,873
10% strengthening in AUD		
Income statement	(200)	-
Equity	18,422	-
10% weakening in AUD		
Income statement	164	-
Equity	(15,073)	-
10% strengthening in BRL		
Income statement	(1,672)	-
Equity	9,714	-
10% weakening in BRL		
Income statement	1,368	-
Equity	(7,948)	-

24 Hedge accounting *(continued)*

The Group also entered into forward contracts on its USD forecast revenue with the Specialty segment, excluding USD revenues from Ed Broking Group Limited. A 10% strengthening (weakening) of the GBP against the USD at the reporting date would have the following impact on the Group's equity:

	31 December 2022 £000	31 December 2021 £000
Derivatives hedging revenue		
10% strengthening	9,188	13,577
10% weakening	(11,230)	(16,594)

The Group entered into a GBP 175.0m / USD 196.0m (at an exchange rate of 1.1187) cross-currency swap on 3 November 2022 that exchanges floating SOFR +7.98% for floating SONIA +7.00%. A 10% strengthening (weakening) of the GBP against the USD at the reporting date would have the following impact on the Group's equity:

	31 December 2022 £000	31 December 2021 £000
Derivative not designated in a hedging relationship		
10% strengthening	17,460	-
10% weakening	(21,340)	-

The Group has entered into interest rate swaps on its $540m LIBOR borrowings. A 50bps increase or decrease in the floating rates of interest would have the following impact on Group equity:

	31 December 2022 £000	31 December 2021 £000
Derivatives hedging interest rate		
50bps increase	7,166	2,491
50bps decrease	(7,135)	(1,294)

The Group entered into forward contract on 25 August 2022 to buy USD / sell EUR on 9 January 2023 at 1.0101. A 10% strengthening (weakening) of the EUR against the USD at the reporting date would have the following impact on the Group's equity:

	31 December 2022 £000	31 December 2021 £000
Derivative not designated in a hedging relationship		
50bps increase	(416)	-
50bps decrease	509	-

25 Trade and other payables

	31 December 2022 £000	31 December 2021 £000
Insurance creditors	990,770	913,448
Social security and other taxes	20,128	20,567
Other creditors	58,645	44,248
Related Party Creditor	346,586	339,407
Deferred consideration payable	7,137	5,016
Contingent consideration payable	30,754	35,142
Share buyout	6,823	6,810
Share based payment liability	-	2,231
Loan notes*	5,636	16,540
Deferred income	2,400	354
Accruals	150,194	135,743
Total current liabilities	1,619,073	1,519,506
Deferred consideration payable	-	1,337
Contingent consideration payable	28,293	15,027
Share buyout	60,656	48,649
Share-based payment liabilities	1,197	4,685
Other creditors	4,033	4,692
Total non-current liabilities	94,179	74,390

*The loan notes payable were repaid in February 2023.

Insurance creditors include an amount of £4.9m (2021: £4.2m) which provides for the estimated losses recoverable by the insurer for net premiums earned to date on those schemes with loss corridor arrangements.

The Directors consider the carrying amount of trade payables approximates to their fair value.

26 Employee benefits

Long-term incentive plans

The Group has a number of long-term incentive schemes. The amounts that will ultimately vest are dependent on achievement against various performance measures (including Group EBITDA and individual contribution targets) and/or service conditions. The incentives are paid to participants at the end of the relevant performance and/or service period.

Defined contribution pension schemes

Contributions by the Company into defined contribution schemes during the period were £24.6m.

Defined benefit pension schemes

The Group operates two unfunded defined benefit schemes in Germany (the 'German schemes') and one funded defined benefit scheme in the UK, the Cooper Gay (Holdings) Limited Retirement Benefits Scheme (the 'UK scheme'). The projected unit credit actuarial cost method has been used in determining the present value of the defined benefit obligation, the current service cost and, where applicable, past service cost.

Responsibility for governance of the UK plan, including investment decisions and contribution schedules, lies with trustees, who are required to consult Ed Broking Holdings (London) Limited, which is the only employer company that participates in the UK Scheme.

The Group cash contributions to the pension schemes are determined by reference to actuarial valuations undertaken by the schemes' actuaries at intervals not exceeding three years, and not by the provisions of IAS 19. These funding valuations can differ materially from the requirements of IAS 19. In particular the discount rate used to determine the value of liabilities under IAS 19 is determined by reference to the yield on high grade corporate bonds of comparable duration to the liabilities. In contrast, the discount rate used in the funding valuation is determined by reference to the yield on the schemes' current and projected future investment portfolio. The UK scheme operates under the terms of funding proposals that are reviewed by the relevant pension authority.

Full actuarial valuations were carried out as at December 2021 for the German Schemes and as at 31 December 2018 for the UK Scheme, with an updated valuation at 31 December 2021 completed. In general, actuarial valuations are not available for public inspection, but the results of valuations are advised to the members of the scheme.

Description of Funding Arrangements and Funding Policy That Affect Future Contributions

All schemes are closed to new entrants.

The German Schemes are unfunded and as such no funding arrangements apply. One German scheme is closed whilst the other is open to future accrual.

The UK defined benefit scheme is open to future accrual. Where a funding valuation reveals a deficit in a scheme, the Group will generally agree a schedule of contributions with the Trustees designed to address the deficit over an agreed future time horizon. The triennial actuarial valuation of the UK Scheme was last carried out as at 31 December 2021, and a recovery plan of £1.92m per annum was agreed with the previous owners of the company, which runs to 31 July 2026. Pursuant to the sale and purchase agreement between the Group and the sellers, the sellers will continue to contribute towards this actuarial deficit until July 2025, or when the scheme is no longer in actuarial deficit. The Group has recognised a contingent consideration receivable on the balance sheet for the payments due from the seller. Expected employer contributions for the next financial year are £2.1m.

26 Employee benefits *(continued)*

Employee benefit plan risks

The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility: The plan liabilities are calculated using a discount rate set by reference to corporate bond yields. If assets underperform this yield this will create a deficit. The plans hold equities and other growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure that it remains appropriate given the plans' long-term objectives.

Discount rates: The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. Changes in discount rates impact the quantum of the liabilities.

Inflation risk: Some of the Group pension obligations have an inflation linkage; higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The rate of inflation is derived from the retail price index in the UK. The breakeven rate in the Eurozone is used for the basis for the German inflation assumption.

Longevity risk: In the majority of cases, the Group defined benefit schemes provide benefits for the life of the member, so increases in life expectancy will therefore give rise to higher liabilities.

The size of the obligation is sensitive to judgemental actuarial assumptions. These include demographic assumptions covering mortality, economic assumptions covering price inflation and benefit increases, together with the discount rate. The expected return on plan assets is also a key judgement.

The principal actuarial assumptions are as follows:

Key assumptions used	**German Schemes 31 December 2022**	German Schemes 31 December 2021	**UK Schemes 31 December 2022**	UK Schemes 31 December 2021
Rate of increase in pension payments	**2.50%**	1.75%	**3.45%**	3.50%
Discount rate	**3.81%**	0.85%	**4.75%**	1.95%
Inflation rate (RPI)	**n/a**	n/a	**3.10%**	3.35%
Inflation rate (CPI)	**2.50%**	1.75%	**2.70%**	2.90%

Assumptions regarding future mortality experience are set based on information from published statistics and experience in all geographic regions, and they are selected to reflect the characteristics and experience of the membership of the relevant plans. In relation to the UK, this has been done by adjusting standard mortality tables to reflect recent research into mortality experience in the respective regions combined with an allowance for improvement factors. The average life expectancy, in years, of a pensioner retiring at 65 is as follows:

Key assumptions used	**German Schemes 31 December 2022 Years**	German Schemes 31 December 2021 Years	**UK Schemes 31 December 2022 Years**	UK Schemes 31 December 2021 Years
Males	**21**	21	**24**	24
Females	**24**	24	**25**	25

26 Employee benefits *(continued)*

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	German Schemes 31 December 2022 £000	UK Schemes 31 December 2022 £000
Current service cost	-	(227)
Interest income on plan assets	-	1,276
Interest expense on pension obligation	(216)	(1,135)
Components of defined benefit costs recognised in profit or loss	**(216)**	**(86)**

	German Schemes 31 December 2021 £000	UK Schemes 31 December 2021 £000
Current service cost	-	(39)
Interest income on plan assets	-	198
Interest expense on pension obligation	(15)	(182)
Components of defined benefit costs recognised in profit or loss	(15)	(23)

The interest expense has been included within finance costs (note 7), the interest income is included within finance income (note 7), and the return on plan assets (other than the interest income) and other remeasurement of the net pension obligation is included in other comprehensive income.

Analysis of amount recognised in other comprehensive income (OCI)

	German Schemes 31 December 2022 £000	UK Schemes 31 December 2022 £000	Total 31 December 2022 £000
Actual return on assets excluding amounts included in net interest	-	(27,646)	(27,646)
Actuarial gains on scheme obligations	2,506	19,691	22,197
Remeasurement gain recognised in OCI	**2,506**	**(7,955)**	**(5,449)**

	German Schemes 31 December 2021 £000	UK Schemes 31 December 2021 £000	Total 31 December 2021 £000
Actual return on assets excluding amounts included in net interest	-	409	409
Actuarial gains on scheme obligations	103	548	651
Remeasurement gain recognised in OCI	103	957	1,060

The amounts included in the statement of financial position arising from the Group obligations in respect of its defined benefit pension scheme are as follows:

26 Employee benefits *(continued)*

	German Schemes	UK Schemes	Total	Total
	31 December 2022	31 December 2022	31 December 2022	31 December 2021
	£000	£000	£000	£000
Present value of defined benefit obligations	(8,500)	(38,952)	(47,452)	(70,001)
Fair value of scheme assets	-	39,157	39,157	65,241
Net surplus/(deficit) recognised in the statement of financial position	(8,500)	205	(8,295)	(4,760)
Presented as				
Defined benefit pension asset*	-	205	205	6,166
Defined benefit pension obligation	(8,500)	-	(8,500)	(10,926)

* *The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of refund of surplus from the remaining assets of a plan at the end of the plan's life.*

Movements in the present value of defined benefit obligations were as follows:

	German Schemes	UK Schemes	Total	Total
	31 December 2022	31 December 2022	31 December 2022	31 December 2021
	£000	£000	£000	£000
At 1 January 2022	(10,926)	(59,075)	(70,001)	(70,834)
Current service costs	-	(227)	(227)	(39)
Interest expense	(216)	(1,135)	(1,351)	(197)
Actuarial gain on financial assumptions	2,650	20,396	23,046	826
Actuarial gain on demographic assumptions	-	1,360	1,360	320
Actuarial gain on experience	(143)	(2,064)	(2,207)	(495)
Effect of changes in foreign exchange rates	(324)	-	(324)	51
Benefits paid	459	1,793	2,252	367
Defined benefit obligation as at 31 December	(8,500)	(38,952)	(47,452)	(70,001)

26 Employee benefits *(continued)*

Movements in the fair value of plan assets were as follows:

	31 December 2022 £000	31 December 2021 £000
Start of year	65,241	64,587
Interest income	1,276	198
Employer contributions	2,539	346
Actual return on plan assets (excluding interest income)	(27,647)	410
Benefits paid	(2,252)	(300)
Fair value of plan assets as at 31 December	39,157	65,241

The aggregation of the pension surplus on the UK scheme and the pension obligation on the German schemes, before related deferred tax, changed to £(8.3)m at 31 December 2022 from £(4.7)m on acquisition.

The fair value of total plan assets relating to the Group's defined benefit pensions schemes decreased to £39.2m (2021: £65.2m) at 31 December 2022.

The UK defined benefit pension scheme plan is open to future accrual but closed to new entrants.

The salaries upon which UK members earn pension benefits was frozen following a benefit change on 1 January 2007 and has not increased since then (and will not increase in future).

Maturity analysis

The maturity analysis for the German and UK schemes in aggregate, is set out in the table below:

Expected benefit payments	31 December 2022 Projected Amounts £000	31 December 2021 Projected Amounts £000
Within one year	2,353	2,096
Between one and two years	2,371	2,205
Between two and three years	2,361	2,231
Between three and four years	2,554	2,232
Between four and five years	2,624	2,499
Between five and ten years	14,576	13,981
Between ten and fifteen years	14,951	14,388
Between fifteen and twenty years	14,657	13,817
	56,447	53,449

26 Employee benefits *(continued)*

The weighted average duration of the UK defined benefit obligation is 13 years, and for the German schemes it is 11 years.

Sensitivity of Pension Liability to Judgemental Assumptions

		Impact on Scheme Liabilities		
Assumptions	Change in assumption	German Schemes £000	UK Schemes £000	Total £000
Discount rate increases	If discount rate was 50bp higher, defined benefit obligation would decrease by:	(434)	(2,423)	(2,857)
Discount rate decreases	If discount rate was 50bp lower, defined benefit obligation would increase by:	474	2,699	3,173
Inflation increase	Inflation increases by 25bp	-	-	-
Inflation decrease	Inflation decreases by 25bp	-	-	-
Rate of mortality	Members assumed to live 1 year longer	286	1,363	1,649
Rate of mortality	Members assumed to live 1 year less	(255)	(1,363)	(1,618)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements in discount rates, inflation rates and mortality assumptions for scheme beneficiaries.

The UK trustees invest the funds in a range of assets with the objective of maximising the fund return with a view to containing the cost of funding the scheme whilst at the same time maintaining an acceptable risk profile. In assessing the risk profile, the Trustees take account of the nature and duration of the liabilities. Approximately 37% of the UK funds are invested in liability matching investments with the UK Scheme having hedged broadly 77% of its interest and inflation risk (when measured on a gilts basis). The trustees review investment strategy regularly.

The major categories and fair values of the UK scheme's assets as at 31 December 2022 for each category are as follows:

	31 December 2022 £000
Equity instruments	
Cash	9,201
Equity instruments	1,683
Debt instruments	7,850
Investment funds	14,402
Other	6,021
Gross scheme assets	39,157

Actuarial gains and losses and the associated movement in deferred tax are recognised in retained income via the Statement of Profit or Loss and Other Comprehensive Income.

27 Borrowings

	31 December 2022 £000	31 December 2021 £000
Interest payable	134,219	72,343
Other borrowings	12,630	60
Total current borrowings	146,849	72,403
Interest payable	68	24,443
B1 term facilities due 2026	1,533,378	1,500,479
B2 (GBP) - GBP 300.0m CAR facility due 2026	292,089	287,710
B3 (USD) facility - USD 540.0m CAR facility due 2026	431,999	384,823
B3 (EUR) facility - EUR 187.3m CAR facility due 2026	160,767	-
B4 (EUR) facility - EUR 240.0m CAR facility due 2026	206,298	-
USD 500.0m PIK toggle notes due 2027	507,617	398,353
AUD 40m CAR facility	7,225	-
Loans from related parties	16,573	16,573
Other borrowings	12,214	6,855
Total non-current borrowings	3,168,228	2,619,236

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27 Borrowings *(continued)*

The borrowings comprise the following (excluding interest payable, AUD and other borrowings):

	Date issued	Currency	Nominal interest rate*	Year of maturity	Face value	31 December 2022 Face value including PIK interest	31 December 2022 Carrying amount	31 December 2021 Face value EUR/USD/ £000	31 December 2021 Carrying amount £000
B1 (GBP) facility - GBP 1,412.8m Term facility due 2026	14.07.2020	GBP	7.00%	2026	1,412,838	1,445,074	1,378,467	1,412,838	1,355,233
B1 (EUR) facility - EUR 180.0m CAR facility 2026	14.07.2020	EUR	7.00%	2026	180,000	184,164	154,911	180,000	145,246
B2 (GBP) facility - GBP 300.0m CAR facility due 2026	22.10.2020	GBP	7.00%	2026	300,000	302,070	292,089	300,000	287,710
B3 (USD) facility – USD 540.0m CAR facility due 2026	28.10.2021	USD	5.75%	2026	540,000	540,000	431,999	540,000	384,823
B3 (EUR) facility - EUR 187.3m CAR facility 2026	14.10.2022	EUR	5.75%	2026	187,336	187,336	160,767	-	-
B4 (EUR) facility - EUR 240.0m CAR facility 2026	30.11.2022	EUR	6.50%	2026	240,000	240,000	206,298	-	-
USD 500.0m PIK toggle notes due 2027	14.07.2020	USD	11.50%	2027	500,000	640,432	507,617	500,000	398,353
Total							3,132,148		2,571,365

* The nominal interest rates stated are the margins of the relevant loan (which for the term facilities due 2026 are based on leverage) plus the relevant floating rate (SONIA, LIBOR, SOFR or EURIBOR) floored at 0.75% for the GBP and USD borrowings and at 1.00% for the EUR borrowings.

The Group entered into a GBP 175.0m / USD 196.0m (at an exchange rate of 1.1187) cross currency swap on 3 November 2022 that exchanges floating SOFR +7.98% for floating SONIA +7.00%. The swap includes an exchange of principal at maturity.

27 Borrowings *(continued)*

The fair value of the Term facilities due 2026, USD 500.0m PIK toggle notes due 2027 and the CAR facilities due 2026 as at 31 December 2022, which is categorised within level 2 of the fair value hierarchy and is given for disclosure purposes only, is estimated as follows:

	Carrying amount £000	Fair value £000
B1 (GBP) facility - GBP 1,412.8m term facility due 2026	1,378,467	1,413,136
B1 (EUR) facility - EUR 180.0m term facility due 2026	154,911	159,399
B2 (GBP) - GBP 300.0m CAR facility due 2026	292,089	295,394
B3 (USD) facility - USD 540.0m CAR facility due 2026	431,999	436,519
B3 (EUR) facility - EUR 187.3m CAR facility due 2026	160,767	160,767
B4 (EUR) facility - EUR 240.0m CAR facility due 2026	206,298	206,298
USD 500.0m PIK toggle notes due 2027	507,617	479,698
Borrowings at 31 December 2022	3,132,148	3,151,211

28 Current tax and deferred tax

The analysis of current tax assets and current tax liabilities is as follows:

	31 December 2022 £000	31 December 2021 £000
Corporation tax payable	(5,429)	(5,777)
Overseas Corporation tax payable	(5,017)	(1,937)
	(10,446)	(7,714)

The movement in deferred tax balances during the year is as follows:

2022 - Temporary difference	Net balance at 1 January £000	Recognised in profit or loss £000	Recognised in OCI £000	Other movement £000	Acquired in business combination £000	Net balance at 31 December £000	UK net deferred tax £000	Overseas net deferred tax £000
Property, plant and equipment	40,072	22,427	-	-	(25)	62,474	62,474	-
Tax losses	33,450	12,867	-	-	1,539	47,856	47,856	-
Interest restriction	20,703	16,822	-	-	-	37,525	37,525	-
Derivatives	1,077	-	(2,453)	-	-	(1,376)	(1,376)	-
Other	(965)	(757)	1,750	(247)	793	574	(54)	628
Intangible assets	(148,826)	5,603	-	-	(21,535)	(164,758)	(112,757)	(52,001)
	(54,489)	56,962	(703)	(247)	(19,228)	(17,705)	33,668	(51,373)

28 Current tax and deferred tax *(continued)*

The movement in deferred tax balances during the year is as follows:

2021 - Temporary difference	Net balance at 1 January £000	Recognised in profit or loss £000	Recognised in OCI £000	Other movement £000	Acquired in business combination £000	Net balance at 31 December £000	Deferred tax assets £000	Deferred tax liabilities £000
Property, plant and equipment	31,193	8,879	-	-	-	40,072	40,072	-
Tax losses	10,451	22,999	-	-	-	33,450	33,450	-
Interest restriction	16,677	4,026	-	-	-	20,703	20,703	-
Derivatives	1,383	-	(306)	-	-	1,077	1,077	-
Other	913	(2,849)	-	971	-	(965)	-	(965)
Intangible assets	(71,206)	(494)	-	-	(77,126)	(148,826)	-	(148,826)
	(10,589)	32,561	(306)	971	(77,126)	(54,489)	95,302	(149,791)

28 Current tax and deferred tax *(continued)*

Deferred tax assets are recognised in the subsidiaries of Midco2 to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be recovered.

In assessing the probability of recovery of the deferred tax assets, a review is undertaken of the 5 year forecasts and other assumptions relating to future profitability. Where applicable, these deferred tax assets are limited to the level of the consolidated deferred tax liability, as an estimate of the reasonableness of future profitability within the Ardonagh Group. This deferred tax liability has been taken at the level of Ardonagh Group Holdings Limited as this is the level at which the group is managed at and provides the basis for the measurement of deferred tax for group subsidiary companies.

The total gross deferred tax liability at the AGHL level is £337m, with a total deferred tax asset of £152m resulting in a net deferred tax liability of £185m. The total gross deferred tax liability at Midco2 is £166m, with a total deferred tax asset of £148m resulting in a net deferred tax liability of £18m. . Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same taxation authority *on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and* assets on a net basis or to realise the assets and settle the liabilities simultaneously.

As a result of offsetting the net deferred tax liability of £18m comprises a deferred tax asset of £34m relating to UK and a deferred tax liability of £52m relating to non UK jurisdictions.

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2022 are measured at the rate that the respective assets and liabilities will reverse.

The Group did not recognise deferred income tax assets in respect of deductible temporary differences as follows:

	31 December 2022 £000	(As restated)* 31 December 2021 £000
Property, plant and equipment*	46,845	23,084
Other temporary differences*	21,180	13,220
Intangible assets*	7,178	-
Tax losses*	443,256	259,220
Total	518,459	295,524
The expiry of the losses can be shown as follows:		
Less than 20 years	2,207	-
No expiry date	441,049	259,220
Unrecognised tax losses	443,256	259,220

* The disclosure above represents the gross temporary differences on which deferred tax is not recognised. This is a revised disclosure from the 2021 Annual Report and Accounts where the tax impact of such temporary differences was disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Provisions

The Group held the following provisions as at 31 December 2022:

	Future renewal scheme £000	Property £000	Litigation matters £000	Other £000	Total £000
At start of year	6,406	12,446	6,324	3,478	28,654
Additional provisions made during the year	1,168	301	8,083	7,331	16,883
Transferred from/(to) other debtors/creditors	(3,583)	-	4,315	(4,896)	(4,164)
Business combinations	-	442	4,189	25	4,656
Utilised during the period	-	(1,241)	(6,633)	(2,933)	(10,807)
Unused amounts reversed during the year	-	(3,079)	(920)	(152)	(4,151)
Unwind of discount	-	78	-	-	78
Foreign exchange movement	-	9	4	16	29
At 31 December 2022	3,991	8,956	15,362	2,869	31,178

The Group discounts provisions to their present value, where appropriate. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

Analysis of total provisions	31 December 2022 £000	31 December 2021 £000
To be utilised in more than one year	15,477	16,282
To be utilised within one year	15,701	12,372
	31,178	28,654

29 Provisions *(continued)*

General provision for litigation matters (including E&O claims)

In the normal course of business, the Group may receive claims in respect of alleged errors and omissions and other matters. Provisions are made in respect of such litigation matters, representing the best estimate of the liability based on legal advice where appropriate. The outcome of the currently pending and future proceedings, in relation to errors and omissions and other matters, cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that are in excess of the presently established provisions.

Property provision

Onerous lease £1.2m (2021: £1.7m)
This provision provides for costs incurred on vacant properties, excluding rent costs (which are subject to lease accounting).

Dilapidations £7.8m (2021: £10.8m)
This provision provides for the estimated amounts payable for dilapidations on each property at the end of the lease term.

Future renewal scheme

The provision for the future renewal scheme for the Towergate Health business represents the estimated costs to be paid to appointed representatives that meet certain eligibility criteria under a contract termination scheme introduced by the acquiree and is based on the amount that would be receivable by each appointed representative in respect of their portfolio if they remain active as an appointed representative.

Amounts are paid to appointed representatives over a period of four years from when the eligibility criteria under the scheme are met and they cease to act as an appointed representative. The amount paid is dependent on factors such as the size of the portfolio of the appointed representative and the rate of renewal commission on the underlying policies.

When the retirement of an appointed representative is agreed, the related liability is transferred to other creditors (within trade and other payables).

Other provision

The other provision balance at 31 December 2022 includes a £0.7m restructuring provisions for onerous contracts.

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30 Share capital

Authorised Share capital	31 December 2022 (Thousands)	31 December 2021 (Thousands)
Ordinary shares of £0.01 each	69,478,804	69,478,804
	69,478,804	69,478,804

Issued and Fully Paid Shares	31 December 2022 **No**	31 December 2022 £'000	31 December 2021 £'000
Ordinary shares of £0.01 each	694,788,055	694,788	694,788
	694,788,055	694,788	694,788

Ordinary shares

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution rights, including on a winding up; they do not confer any rights of redemption. dividend rights differ per class of share.

31 Share-based payments

Equity-settled share-based payment schemes:

The Group operates the Ardonagh MIP III schemes, comprising the Tier 1 arrangements and the Enterprise Growth Plan (EGP) scheme, which were implemented and issued in 2022 and early 2023, both of which are equity-settled share-based payment schemes with the corresponding shares being the MIP III A and MIP III B shares respectively, issued by Ardonagh Holdco Limited which is the parent company of Ardonagh New Midco 1 Limited, which is a parent of the Company. In addition, Tara Topco Limited (the parent of Ardonagh Holdco Limited and the ultimate parent of the Company) grants B Ordinary shares to the Group's employees and key management at fair value. These shares have no dividend or voting rights and vest on the occurrence of a crystallisation event, being the earlier of a liquidity event, an IPO and a winding up.

The fair value of the services received in exchange for the grant of the shares is recognised as an expense, measured based on the grant date fair value of the shares and recognised on a straight-line basis over the vesting period. In the arrangements listed above, shares were granted in exchange for fair value consideration and therefore no expense was recognised in the current year in relation to these.

The number of shares held by employees or third parties under equity-settled share-based payment arrangements is as follows:

Number of shares 2022	Start of period	Granted	Exchanged	Forfeited	Bought back	31 December 2022
TAGL Ordinary B shares	51,004,589	-	(49,098,473)	(46,104)	(1,860,012)	-
Tara Ordinary B shares	-	4,640,676	49,098,473	-	-	53,739,149
MIP III A shares	-	82,378	-	-	-	82,378
MIP III B shares	-	2,449,622	-	-	-	2,449,622

Number of shares 2021	Start of period	Granted	Exchanged	Forfeited	Bought back	31 December 2021
TAGL Ordinary B shares	65,529,725	42,277,949	-	(1,752,091)	(55,050,994)	51,004,589
Tara Ordinary B shares	124,970	-	-	-	(124,970)	-
MIP III A shares	76,811	16,535	-	-	(93,346)	-
MIP III B shares	2,503,512	2,740,856	-	-	(5,244,368)	-

31 Share-based payments *(continued)*

The grant date fair value of the Ardonagh MIP III scheme is calculated using a Probability Weighted Expected Returns model (PWERM), which takes a market approach on a forward-looking basis before applying a net present value adjusted. The valuation also includes discounts for the opportunity cost of equity and lack of control. The weighted-average fair value of shares granted during the period and the significant inputs used in the measurement of fair value were as follows:

	Tara Ordinary B shares 2022	2021	TAGL Ordinary B shares 2022	2021	MIP III A shares 2022	2021
Weighted average fair value (per share)	**£2.85**	n/a	**n/a**	£2.85	**£22.16**	n/a
Significant inputs:						
Equity value of issuing entity (£m)	**2,985**	n/a	**n/a**	2,673	**2,985**	n/a

	MIP III B shares 2022	2021	MIP A shares 2022	2021	MIP B shares 2022	2021
Weighted average fair value (per share)	**£0.07**	n/a	**n/a**	£20.86	**n/a**	£0.02
Significant inputs:						
Equity value of issuing entity (£m)	**2,985**	n/a	**n/a**	2,673	**n/a**	2,673

The total expense recognised for share-based payments is £4.5m, comprising £2.9m in relation to equity-settled share-based payment schemes and £1.6m in relation to cash-settled share-based payment schemes.

Cash-settled share-based payment schemes:

The Group operates cash-settled share-based payment schemes under which employees hold shares in some of the Group's subsidiaries that entitle them to put those shares back to the Group for a cash amount that is based on the value of the shares. The shares track the value of certain businesses in the Group within the Ardonagh Specialty operating segment. The fair value of the liability is estimated based on multiples of forecast Adjusted EBITDA of the businesses whose values the shares track.

The number of shares held by employees under these schemes are as follows:

	Number of shares
Start of the year	117,000
Granted during the year	**334,114**
Brought back during the year	**(31,000)**
Outstanding at 31 December 2022	**420,114**

The Group recognises a liability for its obligation to settle these share-based payments in cash, where that liability is measured at the reporting date as the accrued portion of the fair value by reference to the vesting period. The Group recognised an employee expense of £41.6m in the period ended 31 December 2022 and the liability as at 31 December 2022 was £0.1m.

32 Contingent liabilities, assets and commitments

Guarantees

The main debt facilities of the Group are explained in the 'Liquidity and capital resources' section of the performance review included in section 1 of this report and in the Borrowings note 27. They are the USD PIK toggle notes due 2027, the GBP, USD and EUR privately placed term facilities due 2026 (B1, B2 B3, B4 and B5 facilities) and an AUD 200.0m privately placed syndicated facility in an Australian subsidiary due 2028, which was undrawn as at 31 December 2022 but fully drawn in January 2023. On 9 January 2023 the Company secured a new USD 365m B5 CAR Facility and on 30 January the Company drew USD 182.5m of the new B5 Facility and USD 182.5m of the B5 facility is undrawn at the issue date of this report.

As of 19 August 2021, the list of Group company guarantors was reduced to Ardonagh Finco Plc and Ardonagh Services Limited as guarantors under both the £1.575 billion Senior Facilities Agreement and the USD 500m Senior Unsecured Notes, with Ardonagh Midco 3 Plc being the Issuer of the private debt and a guarantor of the public notes. The Group has also provided limited recourse share charges in favour of the lenders in respect of the following group companies:

Arachas Corporate Brokers Limited

Ardonagh Advisory Holdings Limited

Ardonagh Specialty Holdings Limited

Paymentshield Limited

Ardonagh Specialty Limited

Atlanta Insurance Intermediaries Limited

Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited)

Atlanta Investment Holdings 3 Limited

Nevada 5 Topco Limited

32 *Contingent liabilities, assets and commitments (continued)*

Contractual obligations

The following table summarises material commitments as of 31 December 2022 that are not recognised as a liability in the statement of financial position:

	Less than one year £000	One to five years £000	More than five years £000	Total £000
Contractual commitments - intangibles	553	192	-	745
Contractual commitments - other	11,604	7,846	-	19,450
	12,157	8,038	-	20,195

The total contractual commitments in the above table relates to capital expenditure on intangible assets.

The Group has no contingent liabilities as at 31 December 2022 save as those arising in the usual conduct of business and disclosed elsewhere in the notes to the financial statements.

32 Contingent liabilities, assets and commitments *(continued)*

Parental guarantee exemption

The Company has provided a guarantee for all outstanding liabilities as at 31 December 2022 of the subsidiaries listed below, until those liabilities are satisfied in full. The named subsidiaries are therefore exempt, in accordance with section 479A of the Companies Act 2006, from the requirement to obtain an audit of their separate financial statements.

Companies House No:	Legal Entity	Companies House No:	Legal Entity
07377957	4C Platform.com Limited	10631288	Berry Investment Holdings Limited
13872228	Alpha Investment Holdings 2 Limited	02918893	Besso Insurance Group Limited
13292978	Alpha Investment Holdings Limited	02973900	Besso Insurance Services Limited
10583874	Arachas Topco Limited	OC383208	Besso LLP
11550030	Ardonagh Advisory Holdings Limited	05277286	Besso Special Groups Limited
14194415	Ardonagh Advisory Platform Holdings Limited	05277247	Besso Transportation Limited
13512650	Ardonagh Europe Limited	01121132	Bishop Skinner Insurance Brokers Limited
09424525	Ardonagh Finco plc	12253586	Bishopsgate Energy Limited
13802514	Ardonagh Global Partners Investment Holdings 1 Limited	11728557	Bishopsgate North American Binders Limited
12935253	Ardonagh Overseas Investments Limited	06530302	BM Property Insurance Services Limited
04194472	Ardonagh Portfolio Solutions Limited	11869947	Box Investment Holdings Limited
13708340	Ardonagh Specialty Employment Services Limited	SC161696	Boyd & Company Limited
13803579	Ardonagh Specialty Holdings 3 Limited	10125090	Bravo Investment Holdings 3 Limited
05938669	Arista Insurance Limited	12061209	Bravo Investment Holdings 4 Limited
12217095	Aspalls Investment Holdings Limited	10124075	Bravo Investment Holdings Limited
10162225	Atlanta Investment Holdings 3 Limited	05044510	Broker Network Holdings Limited
10983743	Atlanta Investment Holdings A Limited	12216708	C&N Investment Holdings Limited
11581827	Atlanta Investment Holdings B Limited	03596571	C.B. Hughes Limited
12775919	Atlanta Investment Holdings D Limited	02904994	Cassidy Davis Underwriting Agency Limited
12775915	Atlanta Investment Holdings D1 Limited	05879041	CCV Risk Solutions Limited
10162605	Atlanta Investment Holdings Limited	05080368	Chambers and Newman Limited
11580858	Atlanta Investment Holdings Midco B Limited	03299980	Chase Templeton Limited
14203043	Atlanta MGA Holdings Limited	10118175	Compass Broker Holdings Limited
05402688	Bennett Christmas Insurance Brokers Ltd	10118181	Compass Broker Networks Limited
01600910	B.I.B. (Darlington) Limited	10118186	Compass Broker Services Limited
02321506	B.I.B. Underwriters Limited	01992860	Countrywide Insurance Management Limited
05216169	B.I.B.U. Acquisitions Limited	05587424	Cullum Capital Ventures Limited
10124466	Bravo Investment Holdings 2 Limited	NI045854	Dawson Whyte Limited
01823860	Bernard Saxon General Insurance Services Limited	07453031	Drayton Ins. Limited

32 Contingent liabilities, assets and commitments *(continued)*

Companies House No:	Legal Entity	Companies House No:	Legal Entity
02088841	Ed Broking (2016) Limited	10408264	Marmalade Network Limited
00142067	Ed Broking (UK) Limited	01393740	Mastercover Insurance Services Limited
07254605	Ed Broking Group Limited	01317860	McMorrow Murphy Limited
02767989	Ed Broking Holdings (2016) Limited	02103848	Millennium Insurance Brokers Limited
00998625	Ed Broking Holdings (London) Limited	02696420	Morgan Law Limited
OC339420	Ed Broking Holdings LLP	10737611	Nevada Investment Holdings 5 Limited
11285573	Eddie Investment Holdings Limited	10738036	Nevada Investment Holdings 6 Limited
04731977	Edwards & Swan Insurance Brokers Limited	10738214	Nevada Investment Holdings 7 Limited
10276896	Ethos Partner Holdings Limited	10674667	Nevada Investments 1 Limited
04251300	Finch Commercial Insurance Brokers Ltd	10675029	Nevada Investments 3 Limited
04849648	Four Counties Insurance Brokers Limited	10674705	Nevada Investments 4 Limited
05241217	Fusion Insurance Services Scandinavia Limited	10674827	Nevada Investments 5 Limited
02190136	Geo Service Solutions Limited	10675067	Nevada Investments 6 Limited
05555838	Geo Specialty Group Holdings Limited	10735121	Nevada Investments 7 Limited
10623655	Geo Specialty Liability Limited	10735273	Nevada Investorco Limited
01019647	Guy Penn & Company Limited	13207645	Nevada Partners Limited
09155471	GWMJ Limited	05919794	Paymentshield Group Holdings Limited
11029731	Hawkwood Investment Holdings Limited	04494541	Perry Appleton Private Clients Limited
04851495	Headley Group Limited	03754156	Perry Appleton Risk Services Ltd.
06424515	Headley Holdings Limited	05574861	PFIH Limited
04907859	Health and Protection Solutions Limited	09807404	PFP Tax Services Limited
03209135	Healthy Pets Limited	07695403	Price Forbes Group Limited
12217206	HJB Investment Holdings Limited	09569634	Professional Fee Protection Limited
00318993	Hugh J. Boswell Limited	06512090	Protectagroup Acquisitions Limited
12131966	Ink Investment Holdings Limited	05081105	Protectagroup Holdings Limited
06179163	JIB Insurance Brokers Limited	06779950	Provisional Marmalade Limited
05683941	Johnstone Insurance Brokers Limited	07695429	Purely Insurance Limited
01194084	Knighthood Corporate Assurance Services Limited	09917435	RDG Midas Holdings (NI) Limited
10854189	Links Investment Holdings Limited	12063985	Rock Overseas Investment Holdings Limited
09941113	Lockyer Commercial Ltd	06434639	S I B (Holdings) Limited
10095593	Lunar 101 Limited	02231678	Saffron Finance Limited
02340151	Lutine Assurance Services Limited	04664567	Schofield Insurance Brokers Limited
10214487	Marathon Global Limited	11201601	Sea Investment Holdings Limited
OC426562	Marine Broking LLP	10904595	Stamford Investment Holdings Limited
08676228	Marmalade Limited	01741892	Swinton (Holdings) Limited

32 Contingent liabilities, assets and commitments *(continued)*

Companies House No:	Legal Entity	Companies House No:	Legal Entity
01770899	Swinton Properties Limited	06290469	URIS Central Administration Limited
11090739	Tara Nominee Company Limited	08183121	URIS TopCo Limited
02906084	The Broker Network Limited	07654964	Usay Group Ltd
08484455	Thompson & Bryan (UK) Limited	10277006	Verulam Holdings Limited
03633689	Thompson & Richardson Limited	11131240	Woodland Investment Holdings Limited
07170775	Towergate FJC Limited	11234259	Yale Investment Holdings Limited
06189756	Towergate Risk Solutions Limited	04627884	Young Marmalade Limited

33 Related party transactions

The Group has net amounts of £96.8m due from Tara Topco Limited, the Company's ultimate parent.

On 1 June 2022, a subsidiary of the Group extended a £55.2m convertible loan facility by an additional £10.0m. The original £55.2m facility was fully drawn as at 1 June 2022, and £2.5m of the £10.0m extension was drawn in June 2022.

On 30 June 2022, a convertible loan facility and associated £64.4m loan receivable with a related party of the Group, which comprised a £57.7m drawn principal plus £6.7m accrued interest, were transferred to Tara Topco Limited, the ultimate parent of the Company, for consideration of £64.4m. On 30 September 2022 the remaining £17.0m convertible loan receivable relating to a different facility was also transferred to Tara Topco Limited for a consideration of £17.0m.

On 1 December 2022, the Group acquired the entire share capital of Project Waterloo Topco Limited from Project Waterloo Newco Limited (an entity controlled by Tara Topco Limited) and other shareholders for deferred and contingent consideration with a fair value of £2.5m.

Directors' loans

There are loans to directors because loans were advanced to employees (which included directors on the same terms) to purchase shares under Ardonagh Group Holdings Limited Management Incentive Plan.

The terms of all arrangements with related parties are on arm's length commercial terms.

Ultimate parent company

Ardonagh Group Holdings Limited is the highest level at which results are consolidated. The Company's ultimate parent is Tara Topco Limited which is an investment company and measures all its subsidiaries at fair value through profit or loss in accordance with paragraph 4B of IFRS 10 Consolidated Financial Statements ("IFRS 10").

34 Group undertakings

The following were Group undertakings at 31 December 2022. Unless otherwise shown, the capital of each company is wholly-owned ordinary shares and the principal country of operation is the country of incorporation/registration.

Company	Shareholding	Address	Country of incorporation	Nature of holding
4C Platform.com Limited	100%	Usay House, 5 Hercules Court Lakeside Business Park, Broadway Lane, South Cerney, Cirencester, Gloucestershire, GL7 5XZ	England	Ordinary
838 Soluções LTDA	100%	R Claudio Soares 72, Sala 408 Pinheiros, Sao Paulo, SP 05.422-030	Brazil	Quotas, nominative
Accive Insurance – Corretor De Seguros, S.A.	80%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
AccuRisk Ancillary Solutions LLC	100%	10 So LaSalle Street, Suite 2350, Chicago IL 60603	USA	Ordinary
AccuRisk Holdings LLC, FEIN	100%	10 So LaSalle Street, Suite 2350, Chicago IL 60603	USA	Ordinary
AccuRisk Solutions LLC	100%	10 So LaSalle Street, Suite 2350, Chicago IL 60603	USA	Ordinary
AccuRisk Solutions of New England LLC	100%	10 So LaSalle Street, Suite 2350, Chicago IL 60603	USA	Ordinary
AccuRisk Solutions of Texas LLC	100%	10 So LaSalle Street, Suite 2350, Chicago IL 60603	USA	Ordinary
Texas Nonsubscriber INC	100%	111 Belt Line Road, Suite 203, Garland TX 75040	USA	Ordinary
Administration & Management Services Limited	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Advisory Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
AIC (Corporate) Ltd	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Alan B. Kidd & Company Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Alice Castle Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Alpha AA JV LLC	80%	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington New Castle County DE 19801,	USA	Member units
Alpha Bidco LLC	100%	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington New Castle County DE 19801,	USA	Member units
Alpha Investment Holdings 2 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Alpha Investment Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Amber Newco Limited	80%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Amicus IS Pty Limited	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215, Australia	Australia	Ordinary
Antur (West Wales) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Apex Risk Advisors Limited	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Arachas Bidco Designated Activity Company	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Arachas Corporate Brokers Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Arachas Midco Designated Activity Company	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Arachas Topco Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Advisory Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Advisory MGA Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Advisory Platform Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Alpha Holdco, LLC	100%	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington New Castle County DE 19801	USA	Member unit
Ardonagh Australia Pty Ltd	75%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215, Australia	Australia	Ordinary
Ardonagh Bidco Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215, Australia	Australia	Ordinary
Ardonagh Corporate Secretary Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Data Services Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary

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34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of *incorporation*	Nature of *holding*
Ardonagh Europe Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Europe Services Limited	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Ardonagh Finco plc	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Global Partners - Project Macau Unipessoal LDA	100%	Av. António Augusto de Aguiar 19, 4th Floor, room B, Lisboa Municipality: Lisboa Parish: Avenid as Novas 1050-012 Lisboa, Portugal	Portugal	Quota
Ardonagh Global Partners Investment Holdings 1 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Group Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh International Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Investments 2 Limited	100%	44 Esplanade, St. Helier, Jersey, JE4 9WG	Jersey	Ordinary
Ardonagh Investments Limited	100%	44 Esplanade, St. Helier, Jersey, JE4 9WG	Jersey	Ordinary
Ardonagh Midco 3 plc	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Midco Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Ardonagh Netherlands Bidco BV	88.2%	De Boelelaan 1065, 1082 SB Amsterdam, Netherlands	Netherlands	Ordinary A, Ordinary B, Ordinary C, Preference A Preference B
Ardonagh Overseas Investments Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & deferred
Ardonagh Specialty Captive Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Employment Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Europe NV	100%	Bastion Towers, 5 Place du Champ du Mars, Brussels 1050	Belgium	Ordinary
Ardonagh Specialty Holdings (Bermuda) Ltd	100%	Appleby Global Corporate Services (Bermuda) Ltd, Canon's Court , 22 Victoria Street, Hamilton, HM12	Bermuda	Ordinary
Ardonagh Specialty Holdings 2 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Holdings 3 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

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34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Ardonagh Specialty MGA Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ardonagh Specialty Partridge Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Arista Insurance Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Arthur Marsh & Son Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Aspalls Investment Holdings Limited	68%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary & preference
Atlanta 1 Insurance Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Atlanta Insurance Intermediaries Limited	100%	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	England	Ordinary
Atlanta Investment Holdings 2 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings 3 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings A Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings B Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investments Holdings D1 Limited	75%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D2 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D3 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D4 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D5 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings D6 Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta Investment Holdings Midco B Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Atlanta MGA Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Autonet Law LLP	75%	PM House, 250 Shepcote Lane, Sheffield, S9 1TP	England	LLP
B.I.B. (Darlington) Acquisitions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
B.I.B (Darlington) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
B.I.B. Underwriters Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
B.I.B.U. Acquisitions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
BC UW Ltd	67%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Bennett Christmas Insurance Brokers Ltd	67%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Bens-mds Consultoria e Corretora De Seguros LTDA	100%	R Sao Bento 01, Salas 2301 E 2302, Centro, Rio De Janeiro, RJ 20.090-010	Brazil	Quotas, nominative
Berkeley Alexander Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Bermingham Hooper Dolan Insurances Limited	100%	Unit 1 Riverfront Building, Howley's Quay, Limerick	Ireland	Ordinary
Bernard Saxon General Insurance Services Limited	100%	30 Acorn Road, Jesmond, Newcastle Upon Tyne, NE2 2DJ	England	Ordinary
Berry Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Besso Brasil Participacoes Ltda	100%	Rua São José, 90 – Sala 2107, Centro – Rio de Janeiro, CEP: 20.010-020	Brazil	Ordinary
Besso Cyprus B.V.	100%	Rooseveltlaan 8b, 4536 GZ Terneuzen	Netherlands	Ordinary
Besso ESOP Trustees Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Grimme Insurance Brokers GmbH	100%	Alstertor 17, 20095 Hamburg	Germany	Ordinary
Besso Insurance Brokers European Services Limited	100%	14 Kolokotronis Street, Engomi, Nicosia, 2408	Cyprus	Ordinary
Besso Insurance Group Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Insurance Services Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso International Specie Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso LLP	57%	8-11 Crescent, London, EC3N 2LY	England	Capital Contribution
Besso Marine Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Operational Support Services Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Re (Middle East) Limited	51%	Unit Office GV04/L02/211-212, Level 2, Gate Village Building 04, DIFC, PO Box 507220, Dubai	UAE	Ordinary
Besso Re Brasil Corretora de Resseguros Ltda	100%	Rua São José, 90 – Sala 2107, Centro – Rio de Janeiro, CEP: 20.010-020	Brazil	Ordinary
Besso Risk Solutions Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Sigorta ve Reassurance Brokerligi Ltd	100%	Kanyon Ofis Binasi Buyukdere cad No 185 Kat 13 Levent 34394 - Istanbul	Turkey	Ordinary
Besso Special Groups Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Besso Transportation Limited	100%	8-11 Crescent. London, EC3N 2LY	England	Ordinary
Bishop Skinner Acquisitions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Bishop Skinner Insurance Brokers Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Bishop Skinner Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Bishopsgate Energy Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Bishopsgate Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Bishopsgate North American Binders Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Blue Grizzly Technologies Limited	100%	Ballintarsna, Tullaroan, Co. Kilkenny, Tullaroan, Kilkenny	Ireland	Ordinary & Redeemable Preference
BM Property Insurance Services Limited	100%	William Curtis House, Lenten Street, Alton, Hampshire, United Kingdom, GU34 1HG	England	Ordinary
Box Investment Holdings Limited	67%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Boyd & Company Limited	100%	5 Mill Street, Paisley, Renfrewshire, PA1 1LY	England	Ordinary
Bravo Europe Holding Limited	100%	171 Old Bakery Street, Valletta, VLT 1455	Malta	Ordinary
Bravo Investment Holdings 2 Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Bravo Investment Holdings 3 Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Bravo Investment Holdings 4 Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Bravo Investment Holdings Limited	97%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Brian J. Pierce Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
BRKS Sao Paulo Consultoriae Corretora de Seguros Ltda	100%	R Ramos Batista 152, Vila Olimpia, Sao Paulo 04.552-020,	Brazil	Quotas
Broker Network (MGA) Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Broker Network Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Brokerslink AG	20%	c/o MJP Partners AG, Bahnofstrasse 20, 6300 Zuq	Switzerland	Common
Brokerslink Management AG	100%	c/o MJP Partners AG, Bahnofstrasse 20, 6300 Zug	Switzerland	Preference
Buzzee Insure, LDA.	75%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotaas
C&N Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
C.B. Hughes Limited	100%	3 Links House, Dundas Lane, Portsmouth, PO3 5BL	England	Ordinary
Capital Cover Group Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Carole Nash Insurance Consultants (Ireland) Designated Activity Company	100%	Ulysses House, 22/24 Foley St, Mountjoy, Dublin	Ireland	Ordinary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Carole Nash Insurance Consultants Limited	100%	Trafalgar House, 110 Manchester Road, Altrincham, Cheshire, WA14 1NU	England	Ordinary & deferred
Carole Nash Legal Services LLP	50%	Helmont House, Churchill Way, Cardiff, CF10 2HE	Wales	LLP
Case Management Specialists Inc	80%	553 S. Industrial Drive, Hartland, WI 53029	USA	Ordinary
Cassidy Davis Underwriting Agency Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
Cavanagh Hooper Dolan Insurances Limited	100%	31 The Mall, Waterford City	Ireland	Ordinary & Redeemable Preference
CCG Financial Services Limited	78%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
CCV Risk Solutions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
CGSC Holdings (Australia) Pty Limited	100%	RSM Australia, GPO Box 5138, Sydney NSW 2001	Australia	Ordinary
Chambers and Newman Limited	100%	Colette House, 52-55 Piccadilly, London, England, W1J 0DX	England	Ordinary
Charles Hurst Insurance Services Limited	50%	Elizabeth House First Floor,116-118 Holywood Road, Belfast, BT4 1NU	Northern Ireland	Ordinary
Chase Templeton Group Limited	100%	First Floor, Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW	Isle of Man	Ordinary & redeemable
Chase Templeton Holdings Limited	100%	First Floor, Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW	Isle of Man	Ordinary
Chase Templeton Limited	100%	Unit 5 Arkwright Court, Blackburn Interchange, Darwen, Lancashire, BB3 0FG	England	Ordinary
Compass Broker Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Compass Broker Networks Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Compass Broker Services Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Compass London Markets Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Cooper Gay (Australia) Pty Limited	100%	Level 12, 60 Castlereagh Street, Sydney NSW 2000	Australia	Ordinary
Cooper Gay Cayman Limited	100%	Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010	Cayman Islands	Ordinary
Cooper Gay SAS	100%	71 - 73 avenue des Champs Elysees, 75008, Paris	France	Ordinary
Cornerstone Risk Group Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Corretora Brokers de Seguros Ltda	100%	R Ramos Batista 152, Coni 71, Vila Olimpia, Sao Paulo 04.552-020,	Brazil	Quotas
Corporate Risk Management Limited	100%	17 Herbert Place, Dublin 2, Dublin	Ireland	Ordinary
Countrywide Insurance Management Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
County Hooper Dolan Insurances Limited	100%	9 Eastgate Avenue, Castleview, Little Island, Cork, T45Y N92	Ireland	Ordinary
Cover Centre insurance Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork, T45 YN92	Ireland	Ordinary
Credrisk Marine Corretora De Seguros LTDA	100%	Av Doutora Ruth Cardoso 8501, Andar 29, Escritorio 291 Edif Business Tower, Pinheiros, Sao Paulo, SP 05.425-070	Brazil	Quotas, nominative

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Credrisk Seguross Sociedade De Corretagem De Seguros De Credito e Garantias LTDA	100%	Av Doutora Ruth Cardoso 8501, Andar 29, Escritorio 291 Edif Business Tower, Pinheiros, Sao Paulo, SP 05.425-070	Brazil	Quotas, nominative
Cullum Capital Ventures Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Dawson Whyte Limited	100%	116-118 Holywood Road, Belfast, BT4 1NU	Northern Ireland	Ordinary
Drayton Ins Limited	100%	21 Market Place, Dereham, Norfolk, NR19 2AX	England	Ordinary
Duobens-mds Consultoria e Corretora De Seguros LTDA	100%	R Sao Bento 01, Salas 2301 E 2302, Centro, Rio De Janeiro, RJ 20.090-010	Brazil	Quotas, nominative
Ed Broking Capital Advisors Limited	100%	Canon's Ct, 22 Victoria St, Hamilton, HM12.	Bermuda	Ordinary
Ed Broking (2016) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ed Broking (Asia) Pte Limited	100%	3 Church Street, #28-04, Samsung Hub, Singapore, 049483	Singapore	Ordinary
Ed Broking (Bermuda) Limited	100%	Appleby Global Corporate Services (Bermuda) Ltd, Canon's Court , 22 Victoria Street, Hamilton, HM12	Bermuda	Ordinary
Ed Broking (Hong Kong) Limited	100%	Unit 09-11, 23/F, Prosperity Millennia Plaza, 663 King's Road, North Point	Hong Kong	Ordinary
Ed Broking (MENA) Limited	100%	Al Fattan Properties, Currency House, Tower 1, Level 3, Office 307-308 - DIFC, Dubai	United Arab Emirates	Ordinary
Ed Broking (UK) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ed Broking Group Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	A Ordinary, A Preferred, B Ordinary, C Ordinary Non-Redeemable Voting Ordinary, Growth D Shares
Ed Broking Holdings (2016) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Ed Broking Holdings (London) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & Preferred Ordinary
Ed Broking Holdings LLP	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	n/a
Ed Broking LLP	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	n/a
Ed Broking Miami Inc	100%	800 Brickell Avenue, Suite 300, Miami FL 33121	USA	Ordinary
Ed Broking Re (Bermuda) Limited	100%	Canon's Court, 22 Victoria Street, Hamilton, HM 12	Bermuda	Ordinary
Eddie Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Edwards & Swan Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Epsilon Insurance Broking Services Pty Limited	100%	Suite 1503, Level 15, 1 Market Street, Sydney NSW 2000	Australia	Ordinary
Equinox Underwriting North America Inc	100%	3010 Royal Blvd. South, Suite 170, Alpharetta G.A. 30022	USA	Ordinary
Erasmus BidCo Pty Limited	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Erasmus MidCo Pty Limited	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Ethos Partner Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Ethos Partner Holdings Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Expert Help Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Fassifern Insurance Services Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Finch Commercial Insurance Brokers Ltd	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Four Counties Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Frank Glennon Ltd	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ord Non Cumulative Preference
Frank Glennon (Insurance) Ltd	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Frank Glennon (Life & Pensions) Ltd	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Frank Glennon (Personal Insurance Services) Ltd	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Fusion Insurance Services Scandinavia Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Galway Hooper Dolan Insurances Limited	100%	Liosbaun Business Park, Tuam Road, Galway	Ireland	Ordinary
Geo Europe BV	100%	Weena 505, 17de verdieping, Rotterdam, 3013AL	Netherlands	Ordinary
Geo Service Solutions Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
Geo Specialty Group Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Geo Specialty Liability Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Geo Specialty Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Geo Underwriting Europe BV	100%	Weena 505, 17de verdieping, Rotterdam, 3013AL	Netherlands	Ordinary
Geo Underwriting Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Globe Underwriting Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Gorman Hooper Dolan Insurances Limited	100%	31 The Mall, Waterford City	Ireland	Ordinary
Gunther Lubsen GmbH	100%	Hohe Bleichen 11, 20354, Hamburg	Germany	Ordinary
Guy Penn & Company Limited	100%	PO BOX 26 Coverpoint House, St Davids Road, South And Hove Road, Lytham St Annes, FY8 1RP	England	Ordinary
GWMJ Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
H Bernstein Insurance Brokers Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Hamilton Investment Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Harlequin Insurance PCC Limited	100%	PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH	Guernsey	Cell Shares
Hawkwood Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Hayes Insurance Services Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Headley Group Limited	100%	William Curtis House, Lenten Street, Alton, Hampshire, United Kingdom, GU34 1HG	England	Ordinary
Headley Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Health and Protection Solutions Limited	100%	West Park House, 23 Cumberland Place, Southampton, SO15 2BB	England	Ordinary
Health Insurance Compare Limited	100%	Usay House, 5 Hercules Court Lakeside Business Park, Broadway Lane, South Cerney, Cirencester, Gloucestershire, GL7 5XZ	England	Ordinary
Healthy Pets Limited	100%	6 Ridgeway Office Park, Bedford Road, Petersfield, Hampshire, GU32 3QF	England	Ordinary
Hemsley Wynne Furlonge GmbH	100%	c/o WeWork, Taunusanlage, Taunusanlage 8, 60325, Frankfurt am Main	Germany	Ordinary
Hemsley Wynne Furlonge Partners Ltd	52%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & preference
Hera Indemnity Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Herco Consultoria De Riscos LTDA	100%	R Doutor Leo De Carvalho 74, Sala Comercial 2501, Velha, Blumenau, SC 89.036-239	Brazil	Quotas, nominative
Highdome pcc limited	100%	Alfred Craig Street, Ta' Xbiex XBX 1111, Malta	Malta	Ordinary
HJB Investment Holdings Limited	92%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Hooper Dolan Insurances Limited	100%	Station House, Railway Square, Waterford, X91 XK8Y	Ireland	Ordinary
Hugh J. Boswell Limited	92%	23 Carrow Hill, Norwich, Norfolk, NR1 2AH, United Kingdom	England	Ordinary
HWF Partners US GP LLC	100%	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	Membership interests (treated as partnership so no shares)
HWF Partners US Holdings LP	75%	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	ownership of this limited partnership (so no shares)
HWF Partners US LLC	100%	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	Membership interests (treated as partnership) so no shares)

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Iberosegur – Sociedade Ibérica De Mediação De Seguros, LTDA.	60%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
I GO 4 Ltd.	100%	Igo4 House, Staniland Way, Peterborough, Cambridgeshire, England, PE4 6JT	England	A Ordinary, B Ordinary, D Ordinary
IGO4 Partners Limited	100%	Igo4 House, Staniland Way, Peterborough, Cambridgeshire, England, PE4 6JT	England	Ordinary
IGO4Solutions Limited	100%	Igo4 House, Staniland Way, Peterborough, Cambridgeshire, England, PE4 6JT	England	Ordinary
Ink Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Insurance Mentor Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Insurance Mentor SI Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Inver Re (Bermuda) Limited	100%	Canon's Court, 22 Victoria Street, Hamilton, HM 12	Bermuda	Common
Inver Re Capital Advisors Ltd	100%	Canon's Court, 22 Victoria Street, Hamilton, HM 12	Bermuda	Common
Inver Reinsurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
JIB Insurance Brokers Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Johnstone Insurance Brokers Limited	100%	1-7 Dunstall Street, Scunthorpe, North Lincolnshire, DN15 6LD, United Kingdom	England	Ordinary
Junge & Co Versicherungsmakler GmbH	100%	Hohe Bleichen 11, 20354, Hamburg	Germany	Ordinary
Junge Versicherungsmakler Holding GmbH	100%	Hohe Bleichen 11, 20354, Hamburg	Germany	Ordinary
KDB Medicals Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Knighthood Corporate Assurance Services Limited	100%	Knighthood House, Imberhorne Lane, East Grinstead, West Sussex, RH19 1LB	England	Ordinary
Knighthood Europe Limited	100%	171 Old Bakery Street, Valletta, VLT 1455	Malta	Ordinary
Lazam-mds Corretora e Administradora De Seguros S.A.	100%	Av Doutora Ruth Cardoso 8501, Andar 29, Escritorio 291 Edif Business Tower, Pinheiros, Sao Paulo, SP 05.425-070	Brazil	Ordinary nominative shares without nominal value
Legal Funding Agreement Limited	100%	9 Lord Street, Gainsborough, Lincolnshire, England, DN21 2DD	England	Ordinary
Leobros BV	100%	De Boelelaan 1065, 1082 SB Amsterdam, Netherlands	Netherlands	Ordinary
Leons Consultancy BV	100%	De Boelelaan 1065, 1082 SB Amsterdam, Netherlands	Netherlands	Ordinary
Links Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Lloyd Latchford Group Limited	100%	3 Redman Court, Bell Street, Princes Risborough, Buckinghamshire, HP27 0AA	England	Ordinary
Lockyer Commercial Ltd	90%	Unit 7 The Office, Village Silkwood Park, Wakefield, West Yorkshire, WF5 9TJ	England	Ordinary
Lorega (UK) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

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34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Lorega Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary, Ordinary A, Ordinary B & Deferred
Lorega Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary A
Lorega MGA Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Lorega Solutions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Lunar 101 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Lutine Assurance Services Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
M.N. Leons BV	100%	De Boelelaan 1065, 1082 SB Amsterdam, Netherlands	Netherlands	Ordinary A, Ordinary B
M2 Financial Fees Limited	85%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Managing Agents Reference Assistance Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Marathon Global Limited	100%	8-11 Crescent, London, EC3N 2LY	England	Ordinary
Marine Broking LLP	100%	8-11 Crescent, London, EC3N 2LY	England	LLP
Marmalade Leasing Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Marmalade Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary & preference
Marmalade Network Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary
Martinez & Partners Limited	100%	53a Crockhamwell Road, Woodley, Reading, Berkshire, RG5 3JP	England	Ordinary
Mastercover Insurance Services Limited	100%	2 Oaks Court, Warwick Road, Borehamwood, Hertfordshire, WD6 1GS	England	Ordinary
McCormack Hooper Dolan Insurances Limited	100%	Station House, Railway Square, Waterford, X91 XK8Y	Ireland	Ordinary
MCM Insurance Brokers Limited	100%	9 Eastgate Avenue, Castleview, Little Island, Cork, T45Y N92	Ireland	Ordinary
McMorrow Murphy Limited	94%	611 Stretford Road, Old Trafford, Manchester, M16 0QA	England	Ordinary
MDS – Corretor De Seguros, S.A.	100%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
MDS Africa SGPS, S.A.	100%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary
MDS Auto – Mediação De Seguros, S.A.	50%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
MDS Insurance – Corretora de Seguros e Resseguros, S.A.	50%	Avenida Comandante Gika, n.º 16, Edifício Solar de Alvalade, Loja 11, Bairro Maianga, Distrito Urbano de Alvalade, Município de Luanda.	Angola	Ordinary, nominative
MDS Link Solutions, LDA.	50%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
MDS Malta Holding Limited	100%	Alfred Craig Street, Ta' Xbiex XBX 1111, Malta	Malta	Ordinary A, Ordinary B
MDS Moçambique – Corretor de Seguros, Lda	50%	Moçambique, Cidade de Maputo, Distrito Kampfumo, Rua Frederich Engels, Nº 149, 2º Andar	Mozambique	Quotas
MDS Partners, Corretor De Seguros, S.A.	100%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
MDS Re – Mediador De Resseguros, S.A.	100%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary
MDS Win Broker – Mediação De Seguros, LDS.	60%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
MDS – Reinsurance Solutions S.A	66%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
MDS, SGPS, S.A.	100%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
MDS-MG Corretora e Administradora De Seguros LTDA	100%	R Fernandes Tourinho 264, Sala 501 E 502 Savassi, Belo Horizonte, MG 30.112-000	Brazil	Quotas, nominative
MDS-Re Corretora De Resseguros LTDA	100%	R Sao Bento 01, Salas 2301 E 2302, Centro, Rio De Janeiro, RJ 20.090-010	Brazil	Quotas, nominative
Média Mais – Mediação De Seguros, LDA.	65%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
Mesh Insurance Services Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Midas Underwriting Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
Millennium Insurance Brokers Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
MNL Assuradeuren BV	100%	De Boelelaan 1065, 1082 SB Amsterdam, Netherlands	Netherlands	Ordinary
Moneris Seguros – Mediação De Seguros, LDA.	60%	Avenida da Boavista, 1277/81, 2.º, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
Morgan Law (Holdings) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Morgan Law Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Mrald Limited	49%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Mrald Services Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Murphy Stuart Insurances Limited	100%	*The Courtyard, Carmanhall Road,* Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Murray & Spelman (Kildare) Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork,T45 YN92	Ireland	Ordinary
Murray & Spelman Limited	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork,T45 YN92	Ireland	Ordinary
Network Protect Limited	100%	First Floor, Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW	Isle of Man	Ordinary
Nevada 4 Midco 1 Limited	100%	89 Nexus Way, Camana Bay, Grand Cayman, KY-9009	Cayman Islands	Ordinary
Nevada 5 Midco 2 Limited	100%	PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104	Cayman Islands	A Ordinary
Nevada 5 Midco Limited	100%	PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104	Cayman Islands	Ordinary
Nevada 5 Topco Limited	100%	PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104	Cayman Islands	Ordinary
Nevada Investment Holdings 3 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investment Holdings 5 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investment Holdings 6 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investment Holdings 7 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 1 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 2 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 3 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 4 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 5 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 6 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments 7 Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Investments Holdings Limited	100%	89 Nexus Way, Camana Bay, Grand Cayman, KY-9009	Cayman Islands	Ordinary
Nevada Investments Topco Limited	100%	89 Nexus Way, Camana Bay, Grand Cayman, KY-9009	Cayman Islands	Ordinary
Nevada Investorco Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Nevada Partners Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
NMB Beijing Consulting Company Limited	100%	Room 2706-2709, Tower C, Office Park, 5 Jinghua South Street, Chaoyang District, Beijing	China	Ordinary
O'Donoghue Hooper Dolan Insurances Limited	100%	73 Main Street, Tipperary	Ireland	Ordinary & Preference
O'Driscoll O'Neil Designated Activity Company	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island Co Cork, Little Island, Cork,T45 YN92	Ireland	Ordinary
O'Driscoll O'Neill (Group) Limited	100%	17 Herbert Place, Dublin 2, Dublin	Ireland	Ordinary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
O'Malley Griffin (Brokers) DAC	100%	9 Eastgate Avenue, Eastgate Business Park, Little Island, Cork (NB: RO is currently in the process of being changed to this address as at 09/01/2023)	Ireland	Ordinary
Orange Bear Consulting Limited	100%	Ballintarsna, Tullaroan, Co. Kilkenny, Tullaroan, Kilkenny	Ireland	Ordinary & Ordinary A
Oyster Property Insurance Specialists Limited	75%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Oyster Risk Solutions Limited	87.5%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Pacific Insurance Mediacao de Seguros Lda	100%	Avenida da Mague, Malyarosa, Loja 1-B, 2615 043 Alverca Do Ribatejo.	Portugal	Quota
PAT Test UK Limited	100%	9 Lord Street, Gainsborough, Lincolnshire, England, DN21 2DD	England	Ordinary & A Ordinary
Paymentshield Group Holdings Limited	100%	Southport Business Park, Wight Moss Way, Southport, Merseyside, PR8 4HQ	England	Ordinary
Paymentshield Holdings Limited	100%	Southport Business Park, Wight Moss Way, Southport, Merseyside, PR8 4HQ	England	Ordinary
Paymentshield Limited	100%	Southport Business Park, Wight Moss Way, Southport, Merseyside, PR8 4HQ	England	Ordinary
Paymentshield Services Limited	100%	Southport Business Park, Wight Moss Way, Southport, Merseyside, PR8 4HQ	England	Ordinary
Perry Appleton Private Clients Limited	100%	The Elms, 3 Newbold Road, Rugby, Warwickshire, CV21 2LQ	England	Ordinary
Perry Appleton Risk Services Ltd	68%	The Elms, 3 Newbold Road, Rugby, Warwickshire, CV21 2LQ	England	Ordinary
PFIH Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
PFP Tax Services Limited	100%	5 Sylvan Way, Southfields Business Park, Basildon, SS15 6TH	England	Ordinary
Piiq Risk Partners Inc	100%	222 West Adam Street, Suite 1900, Chicago, Illinois, 60606	USA	Ordinary
Piiq Risk Partners Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Piiq Risk Partners SAS	100%	13 - 15 rue Taitbout, 75009, Paris	France	Ordinary
Price Forbes & Partners (Bermuda) Limited	100%	Butterfield Bank Building, 6th Floor, 65 Front Street, Hamilton, HM 12	Bermuda	Ordinary
Price Forbes (PTY) Limited	100%	1st Floor, Block A, Kingsley Office Park, 85 Protea Road, Chislehurston, Johannesburg	South Africa	Ordinary
Price Forbes Chile S.A	90%	Isidora Goyenechea 3000, Floor 27, Las Condes district, Santiago	Chile	Capital Stock
Price Forbes DMCC	100%	1004, JBC4, Cluster N, Jumeirah Lake Towers, United Arab Emirates	Dubai	Ordinary
Price Forbes Group Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Price Forbes Holdings Limited	100%	89 Nexus Way, Camana Bay, Grand Cayman, KY-9009	Cayman Islands	Ordinary
Price Forbes Hong Kong Limited	100%	2nd Floor, 625 King's Road, Tsat Tsz Mui	Hong Kong	Ordinary
Price Forbes Labuan Limited	100%	ZICO Trust Limited, Unit 13 (A) Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000	Malaysia	Ordinary
Process-MDS Assessoria e Corretora De Seguros LTDA	100%	Av Doutora Ruth Cardoso 8501, Andar 29, Escritorio 291 Edif Business Tower, Pinheiros, Sao Paulo, SP 05.425-070	Brazil	Quotas, nominative

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Professional Fee Protection Limited	100%	5 Sylvan Way, Southfields Business Park, Basildon, SS15 6TH	England	Ordinary
Professionals for Professionals Limited	100%	Indemnity House, 131 Main Road, Boughton, Chester, Flintshire, CH4 0NR	England	Ordinary
Project Waterloo Bidco Limited	100%	Igo4 House, Staniland Way, Peterborough, PE4 6JT	England	Ordinary
Project Waterloo Topco Limited	100%	44 Esplanade, St. Helier, Jersey, JE4 9WG	Jersey	A Ordinary, B Ordinary
Protectagroup Acquisitions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Protectagroup Holdings Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Provisional Marmalade Limited	100%	Autonet Insurance, Nile Street, Burslem, Stoke-on-Trent, ST6 2BA	England	Ordinary & preference
Purely Insurance Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
QH Consultoria e Corretagem de Seguros LTDA	100%	R Santa Cruz 2105, Conj 201 Vila Mariana, Sao Paulo, SP 04.121-002	Brazil	Quotas, nominative
Rcg – risk consulting group, s.a.	100%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Ordinary, nominative
RDG Midas Holdings (NI) Limited	82%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary & preference
Resilium Bidco Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium Insurance Broking Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium InvestCo 1 Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium InvestCo 2 Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium InvestCo 3 Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium InvestCo 4 Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium InvestCo 5 Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium Partners Pty Ltd	73%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Resilium Pty Ltd	100%	Dickfos Dunn, 22 Garden Street, Southport QLD 4215	Australia	Ordinary
Robus Corporate Services (Guernsey) Limited	100%	Town Mills, Rue de Pre, St Peter Port, GY1 6HS	Guernsey	Ordinary
Robus Group Limited	100%	Town Mills, Rue de Pre, St Peter Port, GY1 6HS	Guernsey	Ordinary
Robus Insurance (Guernsey) ICC Limited	100%	Town Mills, Rue de Pre, St Peter Port, GY1 6HS	Guernsey	Ordinary
Robus Insurance PCC Limited	100%	Town Mills, Rue de Pre, St Peter Port, GY1 6HS	Guernsey	Ordinary
Robus Risk Services (Gibraltar) Limited	100%	5/5 Crutchett's Ramp, Gibraltar, GX11 1AA	Gibraltar	Ordinary
Robus Risk Services (Guernsey) Limited	100%	Town Mills, Rue de Pre, St Peter Port, GY1 6HS	Guernsey	Ordinary
Robus Risk Services (Malta) Limited	100%	Triq Sant'Andrija, San Gwann, Office W302, The Hub Work Space, SGN 1612	Malta	Ordinary
Rock Overseas Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Saffron Finance Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Saffron Insurance Services Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Schofield Insurance Brokers Limited	100%	Number One Great Exhibition Way, Kirkstall Forge, Leeds, England, LS5 3BF	England	Ordinary
Sea Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	B Ordinary
Segurtime – Mediação De Seguros, Unipessoal, LDA.	100%	Avenida da Boavista, 1277/81, 2.°, Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4100 130 Porto	Portugal	Quotas
SIB (Holdings) Limited	100%	Number One Great Exhibition Way, Kirkstall Forge, Leeds, England, LS5 3BF	England	Ordinary
Sino Insurance Brokers Limited	40%	Room 2501,Singga Commercial Centre,144-151 Connaught Road West	Hong Kong	Ordinary
Sino Reinsurance Brokers Limited	40%	Room 2501,Singga Commercial Centre,144-151 Connaught Road West	Hong Kong	Ordinary
SK Compliance Limited	100%	9 Lord Street, Gainsborough, Lincolnshire, United Kingdom, DN21 2DD	England	Ordinary
SKA Online Ltd	100%	9 Lord Street, Gainsborough, Lincolnshire, United Kingdom, DN21 2DD	England	Ordinary
Solis Re Agency Inc.	35%	3390 Mary St., Suite 116, Miami, FL 33133	USA	A Ordinary
Stallard Kane Associates Limited	100%	9 Lord Street, Gainsborough, England, DN21 2DD	England	Ordinary
Stallard Kane Group Limited	100%	10 Lord Street, Gainsborough, England, DN21 2DD	England	Ordinary
Stamford Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Starlingspell Limited	100%	Station House, Railway Square, Waterford, X91 XK8Y	Ireland	Ordinary
Stuart Insurances (South East) Limited	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Stuart Insurances Limited	100%	The Courtyard, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin D18X377	Ireland	Ordinary
Suddards Davies & Associates Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Swinton (Holdings) Limited	100%	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	England	Ordinary
Swinton Properties Limited	100%	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	England	Deferred
Tactical Risk Solutions LLC	100%	159 Bank Street, Fourth Floor, Burlington, VT, 05401	USA	Ordinary
Thames Underwriting Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
The Broker Network Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
The Professional Broking Group Limited	100%	Indemnity House, 131 Main Road, Boughton, Chester, Flintshire, CH4 0NR	England	Ordinary
Thompson & Bryan (UK) Limited	100%	Suite B, First Floor, 144-146 East Barnet Road, New Barnet, England, EN4 8RD	England	Ordinary
Thompson & Richardson Limited	80%	Monument House Southgate, Sleaford, Lincolnshire, NG34 7RL	England	Ordinary
Tovese Corretora De Seguros LTDA	100%	Av Monte Cristo 1367 Vila Nova, Porto Alegre, RS 91.750-000	Brazil	Quotas, nominative
Towergate Financial (East) Holdings Limited	99%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary

34 Group undertakings *(continued)*

Company	Shareholding	Address	Country of incorporation	Nature of holding
Towergate Financial (East) Intermediate Limited	99%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (East) Limited	99%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & preference
Towergate Financial (Edinburgh) Limited	100%	150 St Vincent Street, Glasgow, Scotland, G2 5NE	Scotland	Ordinary & preference
Towergate Financial (Group) Limited	86%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (Huddersfield) Intermediate Limited	91%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (Huddersfield) Limited	91%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (London) Limited	74%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (North) Holdings Limited	91%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (North) Limited	78%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & preference
Towergate Financial (Scotland) Holdings Limited	86%	150 St Vincent Street, Glasgow, Scotland, G2 5NE	Scotland	Ordinary
Towergate Financial (Scotland) Limited	86%	150 St Vincent Street, Glasgow, Scotland, G2 5NE	Scotland	Ordinary
Towergate Financial (West) Holdings Limited	86%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Financial (West) Limited	86%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary & preference
Towergate FJC Limited	86%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Towergate Risk Solutions Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
URIS Central Administration Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
URIS Group Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary
URIS Topco Limited	100%	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	England	Ordinary & preference
Usay Business Limited	100%	Usay House, 5 Hercules Court Lakeside Business Park, Broadway Lane, South Cerney, Cirencester, Gloucestershire, GL7 5XZ	England	Ordinary
Usay Group Ltd	100%	Usay House, 5 Hercules Court Lakeside Business Park, Broadway Lane, South Cerney, Cirencester, Gloucestershire, GL7 5XZ	England	Ordinary
Verulam Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Waveney Group Schemes Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Waveney Insurance Brokers (Commercial) Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Waveney Insurance Brokers Limited	100%	2 Minster Court, Mincing Lane, London EC3R 7PD	England	Ordinary
Weald Insurance Brokers Limited	100%	Knighthood House, Imberhorne Lane, East Grinstead, West Sussex, RH19 1LB	England	Ordinary

34 Group undertakings *(continued)*

Company	*Shareholding*	*Address*	*Country of incorporation*	*Nature of holding*
Woodland Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Yale Investment Holdings Limited	100%	Hexagon House, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ	England	Ordinary
Young Marmalade Limited	100%	Marmalade House, Alpha Business Centre Mallard Road, Bretton, Peterborough, Cambridgeshire, PE3 8AF	England	Ordinary

35 Subsequent events

The Group completed the following acquisitions after the reporting period:

- On 2 February 2023, Accurisk Holdings LLC, a joint venture owned by the Group and the Amynta Group, completed the acquisition of the entire issued share capital of Matrix Group Benefits LLC, a medical stop-loss insurance broker based in the United States. The consideration paid was USD 11.1m cash, plus contingent consideration with a fair value of USD 2.4m.
- On 2 February 2023, the Group purchased Envest Pty Limited. Envest is an insurance investment and distribution business headquartered in Brisbane, Australia. The consideration paid was AUD 357.1m cash plus shares in Ardonagh Australia Pty Limited, a subsidiary of the Group, with a fair value of AUD 45.9m.
- On 1 March 2023, the Group purchased Oxford Insurance Group Limited, an insurance broker with capability in professional indemnity, general liability, marine and energy. Oxford Insurance Group is based in London, UK. The consideration paid was USD 22.4m cash, plus contingent consideration with a fair value of USD 26.8m.
- On 1 June, the Group purchased K.N.C. Holding Company Limited, an insurance broker with operations in Greece. The consideration paid was €40m cash plus share buy-out liability of €17m.
- On 5 June, the Group purchased Insurevest B.V., an insurance broker based in Netherlands. The consideration paid was €81.7m plus deferred consideration of €31.2m plus share buy-out liability of €27.9m
- Other individually not material businesses, the aggregate consideration of which was £8.5m, AUD 25.2m, ZAR 2.9m, Chilean Peso 3.6m and USD 0.1m cash, plus deferred consideration of €0.2m, ZAR 0.3m and £1.6m, plus contingent consideration with a fair value of €5.1m, ZAR 1.2m, Chilean Peso 3.2m and AUD 0.9m .

On 2 February 2023, Ardonagh Midco 2 Plc issued 1 ordinary share of nominal value £0.01 to its immediate parent company, Ardonagh Midco 1 Limited, in exchange for cash consideration of £134.9m. On 21 March 2023, Ardonagh Midco 2 Plc issued 1 ordinary share of nominal value £0.01 to its immediate parent company, Ardonagh Midco 1 Limited, in exchange for cash consideration of £187.4m.

On 18 January 2023, the Group entered into an interest rate swap on EUR 150m borrowings that exchanges floating EURIBOR for fixed 2.775% until 17 July 2026. On 20 January 2023, the Group entered into an interest rate swap on GBP 250m borrowings that exchanges Compounded Daily SONIA for fixed 4.14% until 17 July 2023. On 10 February 2023, the Group entered into an interest rate swap on USD 150m borrowings that exchanges Term SOFR for fixed 3.869% until 20 July 2026. On 17 February 2023, the Group entered into an interest rate swap on EUR 150m borrowings that exchanges floating EURIBOR for fixed 3.316% until 17 July 2026. On 7 March 2023, the Group entered into an interest rate swap on EUR 150m borrowings that exchanges floating EURIBOR for fixed 3.638% until 17 July 2026. On 26 April 2023, the Group entered into an interest rate swap on AUD 100m borrowing that exchanges floating AUD-BBSY bid for fixed 3.5325% until 4 August 2026.

On 9 January 2023 the Group secured a new USD 365m B5 CAR Facility. On 30 January 2023 the Group drew USD 182.5m of the new B5 Facility for the completion of the Envest acquisition. In addition, on 25 January 2023 an AUD 200.0m privately placed syndicated facility due 2028 was agreed by an Australian subsidiary of the Group, which was fully drawn as part of the funding for the Envest acquisition on 2 February 2023.

35 Subsequent events *(continued)*

As at the reporting date the Group had a further debt facility of AUD 40.0m of which AUD 14.0m (£7.2m) has been drawn at 31 December 2022. This debt facility was repaid with the net proceeds of the AUD 200m facility in January 2023.

On 23 June 2023 the Group secured a new USD 460m B6 CAR facility, which is undrawn at the reporting date. Up to 50% of this facility is available to be drawn in Euro's.

ARDONAGH MIDCO 2 PLC

COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Non-current assets			
Investment in subsidiaries	4	712,615	704,539
Other financial assets	5	429,891	386,092
		1,142,506	1,090,631
Current assets			
Current tax asset		1,624	1,625
Other receivables	6	313,005	325,391
Other financial assets	5	129,027	68,838
		443,656	395,854
Current liabilities			
Other payables	7	(32,648)	(17,172)
Net current assets		411,008	378,682
Total assets less current liabilities		1,553,514	1,469,313
Non-current liabilities			
Borrowings	8	(524,189)	(439,369)
Net assets		1,029,325	1,029,944
Capital and reserves			
Share capital	9	694,788	694,788
Share premium		466,416	466,416
Retained losses	10	(18,290)	(9,595)
Other reserve		(121,876)	(121,876)
Capital contribution		8,287	211
Total equity		1,029,325	1,029,944

The Company reported a loss for the year ended 31 December 2022 of £8.7m (2021: £9.1m).

This set of financial statements was approved by the Board of Directors on 30 June 2023 and was signed on its behalf by:

D Cougill
Director

The notes on pages 181 to 187 form an integral part of these financial statements.

FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £000	Share premium £000	Capital contribution £000	Other reserve £000	Retained losses £000	Total Shareholders' equity £000
At 1 January 2022	694,788	466,416	211	(121,876)	(9,595)	1,029,944
Loss for the period	-	-	-	-	(8,695)	(8,695)
	694,788	466,416	211	(121,876)	(18,290)	1,021,249
Capital contribution	-	-	8,076	-	-	8,076
Share-based payment scheme	-	-	-	-	-	-
At 31 December 2022	694,788	466,416	8,287	(121,876)	(18,290)	1,029,325

	Share capital £000	Share premium £000	Capital contribution £000	Other reserve £000	Retained losses £000	Total Shareholders' equity £000
At 1 January 2021	688,885	121,876	211	(121,876)	(526)	688,570
Loss for the period	-	-	-	-	(9,069)	(9,069)
	688,885	121,876	211	(121,876)	(9,595)	679,501
Issue of share capital	5,903	344,540	-	-	-	350,443
Share-based payment scheme	-	-	-	-	-	-
At 31 December 2021	694,788	466,416	211	(121,876)	(9,595)	1,029,944

The notes on pages 181 to 187 form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Authorisation of financial statements and statement of compliance

Ardonagh Midco 2 Plc (the Company) is a company limited by shares with registered number 10679958. It was incorporated and registered in England and Wales on 20 March 2017. The address of its registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The financial statements for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 30 June 2023 and the statement of financial position was signed on the Board's behalf by Diane Cougill.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and were authorised for issue by the Board on 22 March 2023.

The financial statements are presented in pounds sterling (£), being the functional currency of the company, and in thousands unless otherwise stated.

The financial statements have been prepared on a historical cost basis, as modified to use a different measurement basis where necessary to comply with FRS 101.

There are no new standards, amendments to standards or interpretations which are effective in 2022 or not yet effective and that are expected to materially impact the Company's financial statements.

2.2 Summary of disclosure exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the United Kingdom (UK Adopted IFRS) and the Companies Act 2006, but it takes advantage of certain disclosure exemptions from IFRS that are permitted by FRS 101 as described below.

The Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

(a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payments because the arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the Group;

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;

(c) the requirements of IFRS 7 'Financial Instruments: Disclosures';

(d) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';

(e) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a), to (c). 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';

(f) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant and equipment and intangible assets;

(g) the requirements in paragraph 10(d) of IAS 1 Presentation of Financial Statements to prepare a cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;

(h) the requirements in paragraph 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements', which include the need to provide details on capital management;

(i) the requirements of paragraphs 30 and 31 in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;

2 Accounting policies *(continued)*

(j) the requirements in paragraphs 17 and 18(a) of IAS 24 'Related Party Disclosures', regarding disclosure of information on key management personnel, and the IAS 24 disclosure on related party transactions entered into between two or more members of a Group, (provided that any subsidiary which is party to the transaction is wholly owned by such a member);

(k) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets' which include disclosure of valuation techniques, assumptions on which projections used in an impairment review are based and a sensitivity analysis thereon; and

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

As permitted by S408 of the Companies Act, no separate profit or loss account or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is disclosed in the footnote to the Company's statement of financial position.

The auditor's remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

2.3 Going concern

The financial statements of the Company set out on pages 179 to 180 have been prepared on the basis that the Company is a going concern. At 31 December 2022, the Company had net assets of £1,029.3m (2021: £1,029.9m) and net current assets of £0.4m (2021: £0.4m). The Company reported an operating loss of £8.7m (2021: £9.1m) for the year ended 31 December 2022.

The Directors have assessed the Company and Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from material acquisitions and capital injections subsequent to the year end.
- The principal risks facing the Group. and its systems of risk management and internal control.
- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.
- Post year-end operating results and cashflows of the Group continue to be positive .

Key assumptions that the Directors have reflected in the base case cash flow forecasts include that:

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report.
- Client retention and renewal rates remain robust. despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group,
- Interest costs are modelled using current forward interest and FX rates (other than where interest rates on debt have been fixed through interest rate swaps).

Key stress scenarios that the Directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Additional interest costs on the term and CAR debt facilities based on forward interest rate expectations.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

2 Basis of preparation *(continued)*

The Directors have also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the Directors consider such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

The Directors continue to consider the wider operational and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, foreign exchange rates, inflation and increasing interest rates). In particular:

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not unduly exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.
- The Group continues to monitor the risk of cyber-attacks, but the Group has not identified any significant security risks during the period ended 31 December 2022.

Following the assessment of the Company and the Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

2.4 Taxation

Current tax
Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is recognised in respect of taxable temporary differences at the reporting date (except in relation to goodwill or a transaction which is not a business combination and does not affect profit nor taxable profit). Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or against future taxable profits. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

The tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is recognised directly to equity if it relates to items that are recognised directly to equity.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2 Accounting policies *(continued)*

2.5 Investment in subsidiaries

Investment in subsidiaries are stated at cost less any provision for impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses of £Nil are recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount

An impairment test of an asset is performed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, where its value in use is the present value of its future cash flows. An impairment test requires the application of significant judgement because it relies on key assumptions, including forecast cash flows, a discount rate, a terminal growth rate and an EBITDA multiple.

2.6 Financial assets

The Company's financial assets include intragroup receivables, related party debtors, prepayments and other assets. They are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost less expected credit losses. The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date.

2.7 Financial liabilities

The Company's financial liabilities includes intragroup payables and other liabilities. They are initially measured at fair value less directly attributable transaction costs and subsequently measured at amortised cost.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3 Employee information

The Company had no employees in the current year. All administration is performed by employees of the Group for which no recharge is made.

4 Investment in subsidiaries

	2022 £000	2021 £000
Cost		
At 1 January	704,539	689,096
Additions	8,076	15,443
At 31 December	712,615	704,539
Net book value		
At 1 January	704,539	689,096
At 31 December	712,615	704,539

During the year, the Company received additional capital from AGHL of £8,076k.

Shares in Group undertakings	Place of incorporation and operation	Shareholding %	Principal activity
Ardonagh Midco 3 Plc	England	100	Holding company

The registered office of Ardonagh Midco 3 Plc is 2 Minster Court, Mincing Lane, London, United Kingdom, EC3R 7PD.

5 Other financial assets

	31 December 2022 £000	31 December 2021 £000
Loans to related parties	558,918	454,930
	558,918	454,930
Non-current	429,891	386,092
Current	129,027	68,838

6 Other receivables

	31 December 2022 £000	31 December 2021 £000
Amounts owed by Group companies	313,005	325,391
	313,005	325,391

NOTES TO THE COMPANY FINANCIAL STATEMENTS

7 Other payables

Current	31 December 2022 £000	31 December 2021 £000
Amounts owed to Group companies	2,603	8,473
Other liabilities	516	327
Accruals	1,625	8,372
Interest on PIK Toggle notes	27,904	-
	32,648	17,172

8 Borrowings

Current	31 December 2022 £000	31 December 2021 £000
USD 500.0m PIK toggle notes due 2027	507,617	422,796
Loans from related parties	16,572	16,573
	524,189	439,369

9 Share capital

Authorised share capital	2022 No. (thousands)	2021 No. (thousands)
Ordinary shares of £0.01 each	69,478,805	69,478,805
	69,478,805	69,478.805

Issued and fully paid shares	2022 No.	2022 £000
Ordinary shares of £0.01 each	69,478,805	694,788
	69,478,805	694,788

Issued and fully paid shares	2021 No.	2021 £000
Ordinary shares of £0.01 each	69,478,805	694,788
	69,478,805	694,788

NOTES TO THE COMPANY FINANCIAL STATEMENTS

10 Reserves

Retained earnings	31 December 2022 £000	31 December 2021 £000
At 1 January	(9,595)	(526)
Loss for the year	(8,695)	(9,069)
At 31 December	(18,290)	(9,595)

11 Related party transactions

Transactions and balances with entities that form part of the Group
During the year, the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with its subsidiaries.

Directors' Remuneration
The aggregate emoluments of the highest paid Director were £2.0m (2021: £2.0m) and company pension contributions of £nil (2021: £nil) were made to a money purchase pension scheme on their behalf.

No Directors are accruing retirement benefits in money purchase schemes (2021: none).

	31 December 2022 £000	31 December 2021 £000
Aggregate emoluments	3,330	3,338
	3,330	3,338

12 Ultimate parent company

Ardonagh Group Holdings Limited is the highest level at which results are consolidated. The Company's ultimate parent is Tara Topco Limited which is an investment company and measures all its subsidiaries at fair value through profit or loss in accordance with paragraph 4B of IFRS 10 Consolidated Financial Statements ("IFRS 10"). The Company's immediate parent is Ardonagh Midco 1 Limited, which does not prepare consolidated financial statements.

13 Subsequent events

On 2 February 2023, Ardonagh Midco 2 Plc issued 1 ordinary share of nominal value £0.01 to its immediate parent company, Ardonagh Midco 1 Limited, in exchange for cash consideration of £134.9m. On 21 March 2023, Ardonagh Midco 2 Plc issued 1 ordinary share of nominal value £0.01 to its immediate parent company, Ardonagh Midco 1 Limited, in exchange for cash consideration of £187.4m.

SECTION 3

ARDONAGH MIDCO 2 PLC

OTHER UNAUDITED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER UNAUDITED FINANCIAL INFORMATION

INTRODUCTION TO OTHER UNAUDITED FINANCIAL INFORMATION

Information in this section is provided to show readers the full reconciliation between Reported results disclosed in section 2, which include acquisitions, disposals, loan asset investments and financing transactions from the date they occur, and the alternative performance measures. The alternative performance measures comprise the Pro forma results, EBITDA and Adjusted EBITDA.

Pro Forma for Completed Transactions are presented as if significant disposals, acquisitions, loan asset investments and refinancing transactions occurred on the first day of the prior calendar year and therefore current and prior period information is presented on a like-for-like basis to enable meaningful comparisons to be made.

OTHER UNAUDITED FINANCIAL INFORMATION

RECONCILIATION OF REPORTED RESULTS TO PRO FORMA FOR COMPLETED TRANSACTIONS RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Reported	Pro Forma for completed Transactions		
31 December 2022	Ardonagh Midco 2 Group Audited £000	Pro Forma acquisition adjustments £000	Pro Forma debt adjustments £000	Pro Forma Ardonagh Midco 2 Group for completed transactions £000
Commission and fees	1,184,663	116,395	-	1,301,058
Other income	28,404	1,999	-	30,403
Salaries and associated costs	(600,293)	(49,178)	-	(649,471)
Other operating costs	(354,065)	(20,311)	-	(374,376)
Impairment of financial assets	(7,242)	(2,618)	-	(9,860)
Depreciation, amortisation and impairment of non-financial assets	(175,756)	(13,524)	-	(189,280)
Share of profit from joint venture	825	-	-	825
Share of profit from associate	(3)	-	-	(3)
Operating profit	76,533	32,763	-	109,296
Finance costs	(421,320)	(872)	(25,137)	(447,329)
Finance income	18,974	4,852	-	23,826
Dividends receivable	10	2	-	12
Loss before tax	(325,803)	36,745	(25,137)	(314,195)
Tax credit	44,965	(151)	-	44,814
Loss for the year	(280,838)	36,594	(25,137)	(269,381)

RECONCILIATION OF REPORTED RESULTS TO PRO FORMA FOR COMPLETED TRANSACTIONS RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Reported	Pro Forma for completed Transactions			
31 December 2021	Ardonagh Midco 2 Group Audited £000	Pro Forma disposal adjustments £000	Pro Forma acquisition adjustments £000	Pro Forma debt adjustments £000	Pro Forma Ardonagh Midco 2 Group for completed transactions £000
Commission and fees	915,445	-	300,612	-	1,216,057
Other income	24,929	-	5,039	-	29,968
Salaries and associated costs	(446,709)	-	(177 503)	-	(624,212)
Other operating costs	(264,862)	-	(69,642)	-	(334,504)
Impairment of financial assets	(10,066)	-	(2 855)	-	(12,921)
Depreciation, amortisation and impairment of non-financial assets	(117,447)	-	(31 455)	-	(148,902)
Share of profit from joint venture	1,151	-	-	-	1,151
Share of profit from associate	246	-	-	-	246
Operating profit	102,687	-	24,196	-	126,883
Gain/(loss) on disposal of business	1,972	(1,972)	-	-	-
Finance costs	(204,546)	-	(1 250)	(65,925)	(271,721)
Finance income	5,461	387	12,320	-	18,168
Loss before tax	(94,426)	(1,585)	35,266	(65,925)	(126,670)
Tax credit	22,537	-	3,794	-	26,331
Loss for the year	(71,889)	(1,585)	39,060	(65,925)	(100,339)

OTHER UNAUDITED FINANCIAL INFORMATION

RECONCILIATION OF LOSS FOR THE YEAR TO ADJUSTED EBITDA FOR THE YEAR ENDED 31 DECEMBER 2022

	Reported		Pro Forma for Completed Transactions	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loss for the year	**(280,838)**	(71,889)	**(269,381)**	(100,339)
Eliminate: *Items excluded from EBITDA*				
Finance costs	**421,320**	204,546	**447,329**	271,721
Tax credit	**(44,965)**	(22,537)	**(44,814)**	(26,331)
Depreciation, amortisation and impairment of non-financial assets	**175,756**	117,447	**189,280**	148,902
Loss on disposal of non-financial assets	**625**	(40)	**621**	(103)
Foreign exchange movements	**(8,247)**	(3,127)	**(8,246)**	(2,461)
MSA recharge	**6,170**	-	**6,170**	-
Dividends received	**(10)**	-	**(12)**	-
EBITDA	**269,811**	224,400	**320,947**	291,389
Eliminate: *Items excluded from Adjusted EBITDA*				
Transformational hires	**8,295**	4,609	**8,295**	19,164
Business transformation costs	**45,581**	32,061	**46,141**	34,737
Legacy and other costs	**18,830**	19,099	**18,350**	31,760
Regulatory costs	**2,228**	8,541	**2,228**	8,541
Acquisition and financing costs	**29,948**	33,806	**15,906**	11,979
Gain on revaluation of associate and investments	-	(1,972)	-	-
Adjusted EBITDA	**373,417**	320,275	**411,867**	397,570

OTHER UNAUDITED FINANCIAL INFORMATION

GLOSSARY OF TERMS

Acquisition and Financing Costs
Costs associated with acquiring businesses, with disposing of parts of the business, with raising additional financing (in-house and external legal and accounting advisors, rating agencies, etc), and with a change in the value of contingent consideration (after the measurement period has ended).

Adjusted EBITDA
EBITDA after adding back Management Reconciling Items.

Adjusted EBITDA Margin
Adjusted EBITDA divided by Total Income.

Available CAR
Total undrawn CAR (Capex, Acquisition and Reorganisation) facility.

Available Cash
Total unrestricted own funds.

Available Liquidity
Available Cash plus Available RCF (Revolving Credit Facility) plus Available CAR facility.

Available RCF
Available and undrawn RCF.

Business Transformation Costs
Costs (other than restructuring costs) incurred in realising synergy benefits from acquired businesses by reorganising management and business structures and by implementing new systems and processes, in reorganising group structures, in transforming business processes, in terminating contractual arrangements, and in driving a cost base that is the right size for the Group.

Cash Generating Unit (CGU)
The smallest group of assets that independently generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Discontinued Operation
A CGU or group of CGUs that has either: (a) been disposed of, or (b) is available for immediate sale in its present condition and its sale is highly probable.

EBITDA
Earnings after adding back finance costs (including effective interest on lease liabilities), tax, depreciation (including depreciation of lease right-of-use assets), amortisation, impairment of non-financial assets, profit/loss on disposal of non-financial assets and foreign exchange movements.

EBITDA Margin
EBITDA divided by Total Income.

Foreign Exchange Movements
Gains/losses arising on the revaluation of monetary items (debtors, creditors, cash, etc.) and on derivatives to which hedge accounting has not been applied

IFRS
International Financial Reporting Standards.

Key Performance Indicators
Measures agreed by the Board to determine underlying business performance (Total income, Adjusted EBITDA, EBITDA, Operating Profit/Loss, Loss for the Period).

OTHER UNAUDITED FINANCIAL INFORMATION

GLOSSARY OF TERMS

Management Reconciling Items
Items added back to EBITDA to form Adjusted EBITDA including;
- Discontinued Operations
- Restructuring Costs
- Transformational Hires
- Business Transformation Costs (other than Restructuring Costs)
- Regulatory Costs
- Acquisition and Financing Costs
- *Profit/loss on disposal of a business and investments (unless a discontinued operation)*
- Other Costs

Non-organic Growth
Growth arising from acquisitions of books of business, trades and assets, and companies.

Operating Cash Conversion
Operating cash flow (as further defined as Adjusted EBITDA less working capital movement and maintenance capital expenditure), over Adjusted EBITDA.

Operating Segments
A component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group Executive Committee to make decisions about resources to be allocated to it and to assess its performance, and for which discrete financial information is available.

Organic Growth
Growth adjusted to remove the impact of acquisitions, disposals and certain one-off and distorting items.

Other Costs
- The expense arising from equity-settled and cash-settled share-based payment schemes; and
- Non-repeatable costs arising from external reviews, from commercial disputes, from a cyber incident (net of insurance recoveries received), and from other one-off events; and

Pro Forma for Completed Transactions
Pro Forma results which have been adjusted to: (a) remove the results and gain or loss on disposal of *discontinued operations, and of other business disposals from the current year and prior calendar year*, where they have occurred prior to the end of the reporting period, and (b) include the results of new acquisitions as would previously have been reported by them if they applied Ardonagh accounting policies from the first day of the immediately preceding calendar year, and (c) include an estimate of the intangibles amortisation from the first day of the immediately preceding calendar year for the new acquisitions, and (d) reflect changes to debt amounts as if they had occurred on the first day of the prior calendar year.

OTHER UNAUDITED FINANCIAL INFORMATION

GLOSSARY OF TERMS

Regulatory Costs
Costs associated with one-off regulatory reviews and with changes in the regulatory and compliance environments.

Reported
Numbers disclosed within section 2 of this document (prepared in accordance with IFRS).

Restructuring Costs
Direct expenditures associated with a programme that is planned and controlled by management and that materially changes either: (a) the scope of a business undertaken by Ardonagh, or (b) the manner in which that business is conducted.

Total Income
Commission and fees, other income and finance income.

Transformational Hires
Costs associated with new joiners hired to drive transformational business growth to whom a capacity restriction or a restrictive covenant applies limited to the net losses (calculated as the salary-related costs incurred less the income generated by those new joiners) during the period and up to one year after the capacity restriction or covenant has ended. If income generated exceeds salary-related costs, this is no longer a Management Reconciling item. Additionally, Transformational Hires include the salary-related costs incurred during the 6 months after the date of hire of new joiners hired to drive transformational business growth who have annual base salaries of at least £80,000, conditional on the new joiners being retrained into a revenue-generating role from an immediately preceding non-insurance broking business.

DISCLAIMER

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Midco cautions that this document may contain forward-looking statements in relation to certain of Ardonagh's business, plans and current goals and expectations, including, but not limited to, its future financial condition, performance and results. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "predicts", "assumes", "shall", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. Any projections or forward-looking information (including any underlying assumptions) contained herein are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond the control of Ardonagh. By their very nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Ardonagh's control, including but not limited to insurance pricing, interest and exchange rates, inflation, competition and market structure, acquisitions and disposals, and regulation, tax and other legislative changes in those jurisdictions in which Ardonagh, its subsidiaries and affiliates operate. In particular, the rapidly changing nature of global events creates unprecedented and extraordinary uncertainties for most businesses including Ardonagh. As a result, Ardonagh's actual future financial condition, performance and results of operations may differ materially from the plans, goals and expectations set out in any forward-looking statement made by Ardonagh. All subsequent written or oral forward-looking statements attributable to Ardonagh or to persons acting on its behalf should be interpreted as being qualified by the cautionary statements included herein. As a result, undue reliance should not be placed on these forward-looking statements. Other than the information contained in Section 2 (Audited Consolidated Financial Statements), the information and opinions contained in this document have not been audited or necessarily prepared in accordance with International Financial Reporting Standards (IFRS) and are subject to change without notice. The financial results in other sections of this document include certain financial measures and ratios, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Pro Forma for Completed Transactions and certain other related measures that are not presented in accordance with IFRS and are unaudited. These measures may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures but should not be considered a substitute for results that are presented in accordance with IFRS.

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Certain data contained in these financial results, including financial information, may be subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.

DISCLAIMER

This report comprises three sections and should be read in conjunction with the investor presentation, issued at the same time as this report and is available on request from investor.relations@ardonagh.com.

Section 1: Business review for the year ended 31 December 2022. Financial information in Section 1 has been presented on Reported and Pro Forma bases. Information shown on a Reported basis is presented in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) with acquisitions, disposals and refinancing transactions reflected from the date the acquisition or refinancing completed.

Section 2: Audited consolidated financial statements for the year ended 31 December 2022. Information presented in this section is in accordance with IFRS as adopted by the UK with acquisitions, disposals and refinancing transactions reflected from the date the acquisition or refinancing completed.

Section 3: Other unaudited financial information provides detailed reconciliations between Reported and Pro Forma results and a glossary of terms. Pro Forma for Completed Transactions is presented as if significant acquisitions, disposals, loan asset investments and refinancing transactions occurred on the first day of the prior calendar year and therefore current and prior period information is presented on a like-for-like basis to enable meaningful comparisons to be made. The significant acquisitions included in the Pro Forma for Completed Transactions information are the acquisitions of Lorega Holdings Limited (completed 1 July 2022), Stuart Insurances Limited, Murphy Stuart Insurances Limited and Stuart Insurances (South East) Limited ("Stuarts Insurances") (completed 1 July 2022), Leobros B.V (completed 3 October 2022), Frank Glennon Ltd (completed 1 December 2022) and MDS Group (completed 2 December 2022).

In 2021, the significant acquisitions included in the Pro Forma for Completed Transactions information are the acquisitions of Headley Holdings Limited (completed 5 January 2021), Resilium Pty Limited (completed 15 February 2021), Hera Indemnity Limited (completed 2 March 2021), AccuRisk Holdings LLC (completed 30 March 2021), the business and assets of Hemsley Wynne Furlonge LLP (completed 31 March 2021), Marmalade Limited (completed 31 March 2021), Drayton Ins. Limited (completed 1 June 2021), Brian J Pierce *Limited (completed 2 July 2021), Usay Group Limited (completed 1 September 2021), Starlingspell Limited* and O'Donoghue Hooper Dolan Insurances Limited (both completed 1 October 2021), and Ed Broking Group Limited and Besso Insurance Group Limited (both completed on 1 November 2021).