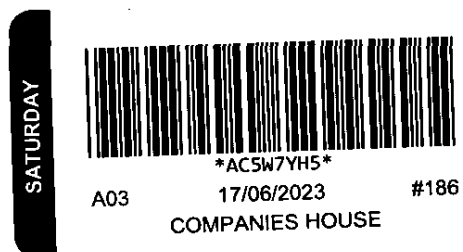


Howden Group
Holdings

HOWDEN GROUP HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2022

Company Number 02937398

Registered Office:
One Creechurch Place,
London EC3A 5AF



HOWDEN GROUP HOLDINGS LIMITED
YEAR ENDED 30 SEPTEMBER 2022

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HOWDEN GROUP HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Directors' report for the year ended 30 September 2022

The Directors present their report for the financial year ended 30 September 2022.

The Directors are required to prepare an annual report and audited financial statements containing certain disclosures. The following information has been included in the Strategic Report and is incorporated into this report by reference:

- Review of the performance and future development of the Group (as defined below) (Strategic Report, pages 4 - 25); and
- Principal risks and uncertainties (Strategic Report, pages 4 - 25)

This section contains all other disclosures required within the Directors' report. To the extent necessary, information relating to financial instruments and financial risk management is incorporated into this report by reference to notes 28 and 33 to the consolidated financial statements, respectively.

Howden Group Holdings Limited (the "Company") is the parent company for the Howden group of companies (the "Group"). The principal activity of the Company during the year was that of a holding and investment company for a group of insurance intermediaries and underwriting agencies. The Company has no branches. The Group's trading operations comprise retail insurance broking, specialty and reinsurance broking, underwriting agencies, provision of employee benefit solutions and digital, data and analytical services relating to insurance.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, note 33 to the financial statements includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group and the Company are subject to one principal financial covenant as part of the drawdown of USD and EUR Term Loan facilities. This financial covenant is only applicable once a certain amount of the revolving credit facility ("RCF") is drawn down. This covenant was not breached during the year ended 30 September 2022. The Group monitors the rolling forecast of cash flow for the period to December 2023 and it is forecast to have sufficient cash resources to meet liabilities as they fall due. During this period, the RCF is not forecast to be sufficiently drawn to trigger covenant testing. However if it were to be triggered, the Group and the Company are forecast to be compliant during the forecast period.

Management has applied sensitivity analysis and identified scenarios where the Group and the Company would be forecast to breach the financial covenant or to have insufficient cash resources to meet liabilities as they fall due. Management has considered the likelihood of the scenarios and deem it to be low due to the mitigating actions available. These include cost control, increasing overseas repatriation of cash, reducing elective activity such as Mergers and Acquisitions (M&A) and raising further cash through debt or equity.

Having considered these facts and circumstances, and after making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the period to 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Results and dividends

The financial statements set out the Group's consolidated results for the year ended 30 September 2022 and are shown on pages 31 to 128. These are prepared in accordance with International Financial Reporting Standards.

The financial statements for the Company for the year ended 30 September 2022 are detailed on page 129 to 138. These are prepared in accordance with Financial Reporting Standard 102 ("FRS102").

The loss of the Group for the year after taxation and minority interests amounted to £51.6m (2021: £37.9m). During the year no equity dividends were paid (2021: £nil).

Events after the reporting period

There are a number of post balance sheet events relating to the change in operating segments, completion of M&A and financing matters. Further information is incorporated into this report by reference to note 42.

Directors

The directors who served during the year and post year end to signing date are listed below:

HOWDEN GROUP HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Directors continued

Dominic Collins	Chairman
David Howden	Chief Executive Officer
Mark Craig	Chief Financial Officer
Luis Muñoz-Rojas Entrecanales	Non-Executive Director
John Bernstein	Non-Executive Director
David Hodgson	Non-Executive Director
Clement Booth	Non-Executive Director*
Mark Stephen	Non-Executive Director*
Domitille De Vienne	Non-Executive Director (resigned 12 May 2022)
Caroline Woodworth	Non-Executive Director
Ralph Friedwagner	Non-Executive Director
Andrew Land	Non-Executive Director
Kelly Lyles	Non-Executive Director *
James Parry-Crooke	Non-Executive Director (appointed 12 May 2022)

*Independent Non-Executive Directors

Directors' indemnities

The Directors are entitled to an indemnity under the Articles of Association of the Company. In addition, Directors and Officers of the Company and its subsidiaries benefit from Directors' and Officers' liability insurance cover in respect of legal actions brought against them.

Articles of association

The Company's Articles of Association set out certain matters relating to the Company's internal governance and activities, and cover such matters as the rights of shareholders, the appointment and removal of Directors, the power to issue and buy back shares and the conduct of Board and general meetings. A copy of the Articles of Association is available to any shareholder on request to the Company Secretary. Amendments to the Articles of Association must be approved by at least 75% of those entitled to vote at a general meeting of the Company.

In accordance with the Company's Articles of Association, Directors can be appointed or removed by the Board or by the shareholders in a general meeting. Subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by a special resolution of shareholders, the Board of Directors may exercise all the powers of the Company and may delegate authorities to committees and management as it sees fit.

Share capital

The table below details the numbers of shares in issue by the Company on 30 September 2022:

Share class	Number of issued shares
A ordinary shares of £0.01	121,317,215
D ordinary shares of £0.00001	61,070,151
E ordinary shares of £0.00001	12,256,541
F ordinary shares of £0.00001	6,225,000
G ordinary shares of £0.00001	5,014,830
Deferred shares of £0.00001	-

Political donations and expenditure

The Group made no political donations during the year ended 30 September 2022 (2021: £nil).

Charitable donations

During the year ended 30 September 2022 the Group made cash donation of £0.6m (2021: £0.3m) for the benefit of charitable causes and issued shares in the Company, which had a fair value of £9.6m, to the Howden Group Foundation.

HOWDEN GROUP HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Employees and employment policies

The average number of persons employed by the Company and its subsidiaries during the year was 10,758 (2021: 7,494). Their annual aggregate remuneration was £938.7m (2021: £648.9m). An analysis of employee remuneration is presented in note 9. The Group has disclosed its gender pay gap position in accordance with UK Government regulations.

Research and development

The Group invests in software development to protect and enhance its business activities. See note 13 for more details.

Streamlined Energy and Carbon Reporting

The energy use and emissions of the Group have been disclosed on page 17 of the Strategic Report.

Other stakeholder policies

The Group has published and will continue to meet its obligations with regard to reporting its payment performance and practices in respect of invoices received from suppliers.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from issuance of the annual report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of audit information

The Directors confirm that, as at the date this annual report and accounts is approved, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of engagement with employees

Further information is incorporated into this report by reference to the Section 172(1) Statement in the Strategic Report.

Statement on business relationships

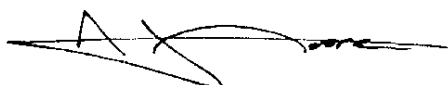
Further information is incorporated into this report by reference to the Section 172(1) Statement in the Strategic Report.

Independent auditor

Ernst & Young LLP, the Company's independent auditor, has expressed its willingness to continue in office.

Approved by the board of Directors and authorised for issue.

Signed on behalf of the board:



Andrew Moore
Company Secretary

21 December 2022

HOWDEN GROUP HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal activities

The Company is a holding company which receives dividends from its operating subsidiaries.

The principal activities of the Group's trading operations comprise retail insurance broking, specialty and reinsurance broking, underwriting agencies, the provision of employee benefits solutions, and digital, data and analytical services relating to insurance.

The retail broking and employee benefits business serves clients throughout the world. Its clients range from individuals or sole practitioners to associations, SMEs and multinational corporations. It operates a network of subsidiary and associated companies in over 40 countries.

The specialty and reinsurance lines broking businesses create risk solutions, programmes and facilities across a wide range of industries and risk classes, designing and placing insurance and reinsurance programmes for large international businesses. They do this by accessing specialist international markets and expertise for their clients and delivers individual large corporate placements or multiline facilities as appropriate to each client.

The underwriting agency business provides end-to-end insurance solutions for a wide range of specialty risks. It is involved in most parts of the insurance cycle from pricing to policy issuance and claims administration, acting on behalf of major insurance carriers. It has operations in 19 countries and it provides insurance solutions to over 11,000 insurance brokers around the world who act on behalf of insured clients.

Business activity

Integration and consolidation

The Group continues to work to achieve deeper operational integration and clarity of client offering, as well as to ensure that it is agile and appropriately resourced to achieve future growth.

This activity has centred on:

- The integration of A-Plan Group, Aston Lark and certain divisions of Howden UK, following the completion of the acquisition of Aston Lark in April 2022;
- The continued integration of the digital, data and analytics business into the trading businesses and the continued investment in the wider group technology infrastructure to accelerate the digitisation of processes and distribution in order to:
 - ensure that now well-developed digital, data and analytics capabilities are embedded in everyday trading as close to the client as possible;
 - reduce the cost of transaction and increase the focus on delivering broking and underwriting expertise; and
 - deliver a single view of the Group's data;
- To continue the implementation of a single, global broking platform.

Capital management

To support its activities the Group successfully raised new debt across 1st lien Term Loan, 2nd lien Term Loan and Payment-in-Kind (PIK) notes. The Group also raised £300m of new share capital from its institutional shareholders to ensure a balance between debt and equity sources of funding. More information is provided in the Financial Position section later on.

Strategic expansion

The Group made a number of focused acquisitions and delivered strategic initiatives in order to strengthen its product and distribution capabilities both geographically and in terms of specialist market positions, including:

- In October 2021, the Group significantly expanded its position in the world's largest insurance market with the acquisition of specialist managing general underwriter Align Financial Holdings in the US, bringing additional capabilities and gross written premium to the Group and creating one of the world's largest international MGAs. The Group's underwriting operations now have over \$2.4bn of gross written premium (GWP), more than 1,000 employees operating in 19 countries, more than 80 capacity providers, and over 11,000 broker partners;
- In the UK, the Group acquired Aston Lark in April 2022 in its second largest acquisition ever. The acquisition completes the Group's UK broking platform, gives it a leading position in its home market and creates, with A-Plan Group and Howden's UK retail operations, a broking platform with £6bn of GWP, more than 1.7 million policyholders, and more than 5,000 employees across 160 locations in the UK and Ireland. The Group made a number of further acquisitions to complement its regional reach and expertise and to extend its capabilities in the UK, including that of SPF Private Clients, specialists in the provision of insurance and wealth solutions to individuals;
- In Italy, the Group acquired specialist insurance brokerages Tower (January 2022), ASI Brokers (February 2022), Nord-Est Insurance Broker (April 2022) and Assiteca (June 2022) to strengthen significantly its position in the Italian market, becoming a top 3 broker and complementing its existing specialist Italian broking business;
- The Group further strengthened its European broking strength with acquisitions in Belgium, Estonia, Greece, Israel, Norway and Switzerland;
- In France, the Group made a number of senior appointments to launch a broking operation in the country and subsequently acquired

HOWDEN GROUP HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

- independent brokerages C.R.F. Conseils (July 2022), Théoremé and Seasecure Group (the latter two after year-end);
- In March 2022 the Group launched a new division Howden Capital, Advisory, and Placement (Howden CAP) for financial institutions and corporates;
- The Group continued to attract a significant number of senior experts to the Group, including the recruitment of c.50 reinsurance experts in London and the US.

The Group continued to build and strengthen Howden One, its retail broking partner network. The aim of Howden One is to improve distribution and service provision to the Group's international clients. The network has over 45 independent broking partners working to a single set of service standards in over 90 territories, with over 10,000 insurance professionals.

Acquisition of Tiger Risk Partners

In June 2022 the Group announced it had reached agreement to acquire Tiger Risk Partners, the leading independent reinsurance broker, in an acquisition which will make the Group's reinsurance operations the fourth largest in the world, transform its gross written premium profile to in excess of \$30bn, and complete the build out of the Group's foundational architecture across the insurance distribution chain. The acquisition will close post year-end subject to regulatory approvals.

Sustainability and response to climate risk

Insurance has always been an enabler for change and now, as the world faces the existential threat of climate change, the Group's aim is to build an insurance offering that is relevant to the scale of risk and investment that will be needed to navigate climate change and the energy transition.

Product development

Building on last year's development of the world's first volcano catastrophe bond, this year the Group has supported another seven insurance-based disaster relief projects. This funding has come from both the Howden Group Foundation and from the Group and is helping to grow a much-needed new market to support vulnerable communities in the face of increasingly frequent and severe natural disasters. The Group launched a new product into the voluntary carbon market and is building a market facility to meet the growing demand for professionalisation in this space.

Climate Risk & Resilience Division

The Climate Risk and Resilience division has now been operational for a year. It is building a multi-disciplinary team drawn from many sectors including environmental engineers, people with deep experience of administering disaster relief in the field, bankers and climate scientists as well as people with broad insurance experience. The team comprises experts both from within the Group – from across multiple specialisms – and from other sectors to bring a holistic view of what clients and society need to build resilience in an increasingly volatile world.

Sustainable Markets Initiative

The Group is an active member of the Sustainable Markets Initiative's Insurance Task Force engaging with other members (CEOs of brokers and insurers) to support with sustainable product development and drive the market to change the way it approaches long-term risks.

Further detail on the Sustainability Committee, the Foundation and corporate and social responsibility activities is provided later in this report.

People

Attraction, development and retention of talent at all levels remains a core objective of the Group. This is evidenced by the appointment of a number of well-respected, senior market experts in the 12 month period to 30 September 2022. Overall, average monthly employee numbers increased to in excess of 10,000.

During the year senior management changes included:

- The appointment of Kieran Sweeney as Executive Chair, DUAL Group, in October 2021
- The appointment of Bradley Maltese as CEO, Howden Re, in March 2022
- The appointment of Mary O'Connor as CEO, Howden Capital, Advisory and Placement, in March 2022
- The appointment of Rebecca Scott as Group Chief Risk Officer, Howden Group, in July 2022
- The appointment of Carl Shuker as CEO and Peter Blanc as Executive Chair of Howden's UK & Ireland business, in October 2022
- The appointment of Louise Cable-Alexander as Chief of Staff, Howden Group, in October 2022

During the year and up until the signing dates, the main Board appointments were:

- James Parry-Crooke, Principal, CDPQ, was appointed as a Non-Executive Director to the Board in May 2022

Additionally, following an internal share offer in March 2022, 962 employees became A shareholders for the first time, with more than 1,000 buyers in total. Approaching 3,500 employees from 35 of the Group's 45 countries now hold shares in the Group.

HOWDEN GROUP HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Performance review

The Group's 2022 audited financial statements reflect both its organic performance and the results of its corporate activity during the year. Under IFRS, revenue has increased during the year from £1,043.8m to £1,630.4m driven by the aforementioned organic growth and new acquisitions during the year. Operating profit has increased from £57.3m to £181.1m. The increase in operating profit is driven by the strong organic revenue growth and increase in scale of the Group driven by previously mentioned material acquisitions like Align and Aston Lark as well as the annualisation of the acquisition of A-Plan in the prior year. Lateral hires (as described in greater detail later in this section) have also contributed to the growth of the Group – about 5% of the Group's 19% organic revenue growth is attributable to the lateral hires. These lateral hires take time to reach run rate profitability and provide short term profitability headwinds with a mix effect as previous cohorts become profitable and new accords remain in the growth phase.

Set out below are the reconciliations of the financial performance of the Group prepared under IFRS for revenue and profitability to the preferred measures of the Group. The Group's preferred measure of profitability is earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). This is stated after adjusting for certain items, taking the benefit of cost synergy programmes in place, adding back losses from lateral hires yet to achieve run rate profitability, pre-acquisition results of M&A during the year as if the date of acquisition had been 1 October 2021 and adding back the impact of certain IFRSs which includes share based payments, impact of IFRS 16 and transactional foreign exchange (FX). The Directors believe these preferred measures are relevant to the users of the financial statements as they are in line with reporting to the Group's external lenders and used for covenant testing under the Credit Agreement. They also enhance the understanding of the performance of the Group.

	2022 £m	2021 £m
IFRS Revenue	1,630.4	1,043.8
Revenue adjusting items		
Pre-acquisition results	213.4	104.4
Other	(2.6)	0.1
Adjusted revenue	1,841.2	1,148.3
	2022 £m	2021 £m
IFRS (loss)/profit before tax	(39.4)	6.1
Net finance costs	186.1	18.4
Fair value adjustments	34.9	33.6
Other non-operating items	(0.5)	(0.8)
Operating profit	181.1	57.3
Profit adjusting items		
M&A and closed operations	73.0	24.8
Lateral hires	66.2	31.0
Cost Synergy programmes	9.1	4.2
Other cost adjusting items	68.8	108.3
Acquisition costs	40.3	11.4
IFRS adjustments	(49.4)	(2.4)
Depreciation and amortisation	176.0	100.2
Adjusted EBITDA	565.1	334.8

Inclusive of pre-acquisition results and other perimeter normalisations, revenue grew from £1,148.3m to £1,841.2m, a growth of 60% with organic growth at constant rates of exchange of 19%.

The key items bridging from operating profit to adjusted EBITDA are as follows:

M&A and closed operations

This relates to the pre-acquisition results of M&A which completed during the financial year and normalisation of the impact of operations closed but which does not qualify to be treated as a discontinued operation in line with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

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Lateral hires

Expansion into new territories or new product lines can also be facilitated by new hires/teams. These hires/teams generally do not generate profits on joining and take some time to reach run rate profitability as they build a client base. This adjustment relates to the add back of EBITDA losses of these lateral hires incurred in the financial year during this growth phase. The increase year on year relates to various programmes within Howden and DUAL, including new hires driven by market dislocation arising from M&A in the insurance market.

Cost synergy programmes

This relates to identifiable cost reduction programmes currently undertaken and the expected benefit to be realised.

Other cost adjusting items

These represent costs which are not considered run-rate costs or in relation to the underlying performance of the Group:

	2022	2021
	£m	£m
Litigation costs	9.6	17.4
Lateral hires	12.7	10.4
Integration and restructuring costs	11.2	11.9
Group transformation projects	13.9	9.0
Non-current asset impairments	5.0	9.2
Covid-19	(0.7)	0.9
Employee services post-business combination	17.1	48.9
Other items	-	0.6
Total adjusting items	68.8	108.3

Litigation costs relates to legal fees and provisions raised in respect of significant instances of litigation against the Group.

Set-up costs of lateral hires relates to sign-on and retention bonuses and other initial costs.

Integration and restructuring costs relate to redundancy costs, retention awards, re-organisation, rebranding and costs associated with onerous contracts following an acquisition or operational restructure.

Group transformation projects relate to projects which add new significant capabilities to the Group or which are transformational Group-wide. Examples include the creation of global front end trading systems for both Howden and DUAL, implementation of global IT platforms and implementation of global IT security standards.

Non-current assets impairments related to the impairment charges taken in respect of goodwill and intangible assets.

Covid-19 relates to all incremental costs and income directly attributable to the Covid-19 pandemic. This ranges from items such as government cash grants in certain non-UK jurisdictions, travel cancellations, setting up employees to work from home and making office spaces Covid-19 safe in line with local requirements.

Employee service post-business combination relates to the continuing provision of services rendered by employees to earn deferred or contingent consideration or gain full benefit of Howden shares issued as consideration as part of an acquisition.

Other items relate to onerous contracts and other items considered not to be run-rate in nature.

Acquisition costs

This relates to professional and other incremental costs directly attributable to acquisitions and disposals of businesses and minority interests.

IFRS adjustments

These relate primarily to the reversal of:

- The impact of IFRS 16, where previously identified operating leases had costs recorded as operating costs but are now replaced by depreciation of right-of-use lease assets and interest unwind on lease liabilities
- IFRS 2 share based payment charges
- Transactional foreign exchange gains and losses arising on the revaluation of monetary items deemed non-financing in nature.

Depreciation and amortisation

This includes the depreciation and amortisation of Property, plant and equipment (PPE), right-of-use of lease assets and intangible assets. The increase year on year is driven by the annualisation of intangible assets relating to acquisitions in the prior year and new intangible assets arising in the current year.

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financing costs

The finance charge for the year includes £150.9m of interest costs relating to the Group's Term Loan and revolving credit facility (including £36.5m of amortisation of loan arrangement fees and debt modification costs). There is an additional £63.3m relating to other loans, including PIK notes, and IFRS 16 interest charges on lease liabilities. There is also a net FX gain of £24.0m driven by FX derivatives and the weakening of sterling versus USD and EUR (the currency of the Group's Term Loan). There is also £4.1m of interest income. The increase in financing costs is largely driven by FX, increase in borrowings and the prior year comparative having a one-off gain of £53.5m arising from favourable debt modifications.

Fair value adjustments

Fair value adjustments reflects a £18.6m charge for the changes in the fair value of contingent consideration for acquisitions or put options held by non-controlling shareholders and unwind of deferred consideration. There is also £13.7m charge for changes in fair value for the put option held by certain shareholders to put Howden shares back to the Company.

Financial position

The Group had net assets of £36.8m (2021: net assets of £18.0m) and net current assets of £654.5m (2021: £214.8m) as at 30 September 2022. *The Group's net current assets remain strong. The Group remains well supported by its institutional shareholders who subscribed for £300m of new share capital during the year to support the Aston Lark acquisition and committed a further amount in excess of \$900m to support the acquisitions of TigerRisk and other M&A, which is expected to be injected during the year ending September 2023.*

The Group's main borrowings is mixture of 1st and 2nd lien Term Loan in both USD and EUR as well as PIK notes in both USD and EUR. The 1st lien borrowings mature in November 2027, 2nd lien borrowings in November 2028 and PIK notes which mature in April 2031. This is supplemented by borrowings in subsidiaries. The 2nd lien and PIK notes were introduced during the year to give alternative sources of capital to support the Group's growth rather than utilising only syndicated 1st lien debt markets and equity. Details of the balances outstanding on the Group's main borrowings at year end are as follows:

	2022	2021
	m	m
USD 1st lien	\$2,735.6	\$1,790.0
USD 2nd lien	\$455.0	-
EUR 1st lien	€898.3	€315.0
PIK (GBP)	£399.9	-
PIK (EUR)	€285.1	-

The total amount outstanding in GBP was £4,337.8m as at 30 September 2022 (2021: £1,606.4m). In addition the £185.0m RCF (2021: £125.0m) was undrawn as at 30 September 2022 (2021: £41.7m drawn). The RCF matures in December 2026 (2021: September 2024).

Subsequent to year end the Group drew down an additional USD 1st lien Term Loan balance of USD 255m (2021 : £615.3m).

The Board monitors the forecast levels of borrowings and leverage ratios to ensure it remains within its risk appetite. It remains confident in the ability of the Group to service its ongoing debt obligations as they fall due. The Group generates trading profits primarily in USD and EUR, which are used to service the USD and EUR debt obligations as they fall due.

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Section 172(1) Statement

The Section 172(1) Statement requires Directors to disclose how they have met their duties under section 172 of the Companies Act 2006 ("S172") and which would most likely promote the success of the Company for the benefit of its stakeholders. During the year the Directors have had regard to the following matters when performing their duties under s172:

- The likely consequence of any decision in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The Board ensures that it addresses the s172 requirements by allocating responsibility for specific areas to senior management, Board and committee meetings, the use of clear agendas, appropriate board papers, budgeting and reforecasting, and strategy events at both holding company and subsidiary company level.

Key stakeholders are identified during board and committee meetings. The culture that the Group strives for and the way that it works means there is a continuous communication with the Group's key stakeholders, as described in the stakeholder engagement section below. The board receives quarterly CEO reports and other essential reports, including strategic updates, financial performance, business updates, regulatory updates, legal matters, risks and omissions, client updates and team updates in order to assess the operation of the business. Actions resulting from discussion of these reports are agreed and then shared with stakeholders as appropriate.

Long-term consequences of decisions

The Group's long term model reflects its determination to share success and to grow in a responsible, sustainable way. This goes beyond environmental and societal impacts; it influences the products that the Group offers, the talent it hires and how the Group manages its future. The Directors strive for a balance between growth through acquisition, organic growth, cashflow and liquidity considerations, performance and reward, culture at work, diversity and inclusion, wellbeing and equal pay.

Decisions discussed and reached in board meetings are reported against agreed strategic objectives from strategy days. The Directors maintain regular contact with management, which allows the Directors to appreciate the context of current projects and to be on hand to assist and advise where necessary.

An example of a key board decision taken during the year was the consideration and approval of a number of large transformational acquisitions. The long-term consequences of these decisions were considered using extensive proposals, budgeting and forecasting summaries.

The interests of the Company's employees

The Group's "People First" culture means that it supports employees' aspirations and provides opportunities to make a difference. The Group is built on a foundation of employee ownership, with approaching 3,500 employee owners sharing the Group's success. As a result, the likely long-term consequences of any decision made by the Directors are aligned with the interests of employees.

The stakeholder engagement section below sets out how the Directors have engaged with employees and responded to the issues raised through the most recent employee survey.

The Diversity and Inclusion (D&I) Committee was set up during 2021 in order for the Group to continue to attract and retain the right talent, and continue to create an inclusive culture that respects and endorses every employee. For further information in relation to the initiatives that the D&I Committee has implemented see page 15.

The Group's relationships with suppliers, customers and others

By driving the desired culture throughout the Group, management aims to continuously deliver a quality service to clients, including welcoming employees' creativity to deliver high class expertise.

The Group looks to diversify its business lines and employs strategies to help mitigate against the loss of clients. For example, the board has supported the continued growth of ESG initiatives including a voluntary carbon market initiative presented further below and activities described within the corporate and social responsibility (CSR) report.

Impact on communities and the environment

The Sustainability Committee was set up 2019 to identify opportunities for improvement in the Group's approach to sustainability and to embrace a more inclusive way of working. Please see page 14 for the initiatives that the Sustainability Committee has achieved. The Group is also a signatory of the UN Global Compact, by which it has promised to take responsibility for its impact and to work in a way that supports and benefits society.

The Group is determined to reduce its environmental impact, by continuing to build a sustainable business while reducing, replacing,

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recycling and continuing the journey to becoming carbon negative.

The Group also wishes to support society and this is managed through fundraising and volunteering, and giving back through the charitable Howden Group Foundation. For more information on this refer to the CSR section on page 16 which describes specific activities that the Group has undertaken in relation to communities and the environment during the year.

Maintaining high standards of business conduct

The Directors are responsible for setting high standards of business conduct, to ensure that the Group's commitments to stakeholders are met. The Group abides by the Modern Slavery Statement and is committed to ensuring that its business dealings are carried out in compliance with the relevant laws. In doing so, the board endorses the implementation and promotion of ethical business practices, to protect workers from being abused and exploited. During the year ended 30 September 2022 the board also supported the decision that, following training, a set of UK procurement principles should be created. These principles have been shared with the key subsidiaries.

Information on the Group's policies in relation to its whistleblowing arrangements can be found in the Corporate Governance Statement.

The need to act fairly between members of the Company

The board consists of Directors representing both institutional and employee shareholders in order to ensure that members are treated fairly. It also includes independent non-executive directors. When employee share incentives are considered there is careful assessment by the board and the Remuneration Committee to ensure that there is a balance between dilution of existing A shareholder value and value which new incentive share holders can derive.

Stakeholder engagement

The table below describes how the Group engages with its stakeholders and explains how the Directors ensure that they are aware of the views of each stakeholder group.

Customers/clients
<p><u>Why we engage</u></p> <p>Understanding clients needs and how their demands change allows the Group to provide tailored products and is intrinsic to its long term success. Clients often request solutions and new initiatives that insurance can provide for them.</p> <p><u>Our approach to engaging</u></p> <p>The Group uses local on the ground experts from around the world to form a network of shared skills and knowledge. This allows the Group to bring expertise to clients while observing best practices, and maintaining the necessary regulatory controls, due diligence and care to ensure that clients are satisfied.</p> <p>The Group is regularly in touch with clients and visited them frequently before the Covid-19 lockdown. Face-to-face meetings are once again taking place more frequently, enabling the Group to build a stronger client relationship and deliver a more tailored solution. Clients inform the Group of any new initiatives that they are considering and where they would like the Group to assist in placing or writing insurance for them.</p> <p>The board does not typically directly engage with clients and is kept informed of their views through reports from management and discussions at board meetings.</p> <p><u>Client issues identified through engagement</u></p> <p>The Group's clients need us to continue to develop new solutions that meet their emerging needs, such as making the best use of data and meeting their ESG objectives.</p> <p>As an example, during the year the Group announced that it had worked with carbon finance business, Respira International, and Nephila Capital, a leading investment manager specialising in reinsurance risk, to develop a carbon credit invalidation insurance solution to increase confidence in the Voluntary Carbon Market. It was developed through the product innovation work stream on the Insurance Task Force of the Sustainable Markets Initiative; an initiative led by His Majesty The King. The Voluntary Carbon Market will play a vital role in the transition to a low-carbon future. This new insurance solution provides another layer of security and is the first product of its kind.</p>
Employees
<p><u>Why we engage</u></p> <p>Building and maintaining a People First Culture is embedded in decision making across the Group, and is key to how the Group attracts, engages and retains its employees. Putting employees first supports empowerment, inspires and fosters ideas which in turn benefits clients and strengthens the Group's productivity and resilience. The Group is built on a foundation of employee ownership with approaching 3,500 employee owners sharing the Group's success. As a result, any decision made by the Directors are aligned with the long term interests of employees.</p>

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Our approach to engaging

The Group and Directors are committed to engaging with employees through multiple formal and informal channels to ensure that employees' views are taken into account in making decisions which are likely to affect their interests. This includes, but is not limited to the use of the Group Workplace platform (the Group's employee social network), regular internal communications, use of people surveys and a range of established Employee Resource Groups.

Over the last 12 months the Group has continued to make significant investment in building a capable and experienced HR Team to support and enable the delivery of our Group ambitions, and further develop its engagement with, and offering to, employees. During this time the Group has focused on a number of key areas:

Career development and progression

The Group provides visibility of all internal job opportunities on Workplace to encourage internal career development. In addition to business objectives, senior leaders have specific objectives focused on development, culture and people that articulate their commitment to employee development. Progress is measured and leaders are held to account on the delivery of these objectives.

All UK employees are asked to ensure that they have objectives relating to their personal development with a mix of 'on the job' development and learning interventions encouraged. Guidance is provided to all employees and line managers to support an effective performance development process. On the basis of feedback from employees through the Global People survey, managers are expected to provide feedback to team members, discuss their ongoing development and help team members to understand how their work has and does contribute to their team, and the wider business. Reviews are also scheduled to take place in advance of the annual compensation review to demonstrate a clearer link between performance and reward for employees.

Through the Group's learning hub employees can access a variety of development resources including compliance and regulatory training, leadership programmes aligned to the Group's leadership framework, top tips on topical interests (e.g. improve your virtual presence) and general business skills (e.g. growth mindset, presenting with impact). These learning solutions are available on an open basis for any employee to access as part of their development, and the Group has developed a learning brochure to support easy access and understanding of the development support and opportunities available.

As a growing business it is vital that the Group recruits the right people in order to continue the success of the Group in a sustainable manner. The Group attracts and retains people of the highest calibre through a recruitment process that is free from bias and discrimination, following the Recruitment and Selection Policy, while prioritising employees' development and success.

Over the last 12 months the Group has expanded the use of blind CVs and embedded the tool Textio in all job adverts to ensure the use of inclusive language and to attract broader and more diverse candidate pools. In order to engage with new joiners early on and improve their experience, the Group has transformed its on-boarding with the use of Enboarder across the UK, and internationally,

The Group has continued to expand its number of Early Careers programmes to attract diverse graduate talent to the Group, and to support its ambition of achieving a robust pipeline of diverse talent. In addition, the Group has also reviewed and improved its approach to Talent Identification and Succession Planning to ensure it understands how it best supports, retains and enables those individuals identified for future roles within the Group.

Diversity and Inclusion ("D&I")

For the Group, diversity is achieving a rich pool of entrepreneurial talent with different personal and economic characteristics to drive sustainable value creation borne from diverse thinking. Inclusion means achieving this value creation by being a remarkable place where brilliant people want to work because they are seen and accepted as individuals, valued for the individual difference that they bring to the table, and because they work for a business that allows them to balance their life against the requirements of work. To support this the Group has:

- A Group Diversity and Inclusion Committee with representatives from across the organisation, with agreed terms of reference, mandate and ways of working in place
- Global D&I principles in place
- Continued to invest in and develop, its Employee Resource Groups. "Respect" is owned and led by employees and empowered with its own budget to enable it to raise awareness of, and influence the business, in areas that are important to them and to drive collective impact
- Collated D&I statistics from employees throughout the UK, with quarterly D&I dashboards created, to enable the Directors to review insights, identify focus areas and track progress. Throughout the rest of 2022 and into 2023 the Group will expand this to cover the international offices
- Expanded the reciprocal mentoring programme across the UK and launched a pilot scheme in several international offices. This is designed to help build a better understanding of employee perceptions of organisational culture, and provide leaders with an opportunity to connect and hear first-hand the perspectives and experiences of employees from different generations and backgrounds across the business
- Appointed specialist resource and expertise to embed and accelerate the Group's D&I agenda
- Developed a pilot proposal for Listening Circles, which will continue to evolve the Group's approach to continuous listening. These are designed to provide greater understanding of employee needs and experiences and create an ongoing forum for open discussion across the Group.

Reward and Recognition

In order to ensure that the Group continues to recognise employees fairly and appropriately, the Group has continued to evolve benchmarking of roles across the business. Over the course of the last 12 months over 500 roles have been benchmarked across the

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Group, with benchmarking now in place to support management decision making through annual compensation review processes. The Group is committed to ensuring that as it continues to grow, it rewards employees and keeps appropriate pace with external benchmarking. Alongside this the Group has improved the guidance provided to managers to support them in making the links between performance and reward. This has been developed in response to feedback from the Group's Global People Survey.

To also support the recognition of those employees who commit to the Group, the Long Service Recognition Framework has been redesigned, to ensure that key milestones are recognised and employees remain engaged and valued within the Group. This framework will be launched on a Global basis at the start of 2023.

Insurers and Suppliers

Why we engage

It is important for the Company to create long term, robust working relationships with its suppliers and insurers with whom it places and underwrites business. This contributes to the success of its business and ultimately benefits all stakeholders.

Our approach to engaging

The Company works together with its suppliers and insurers to ensure the best client experience and continuity of capacity in order to service the needs of its clients. Senior management regularly meet insurance partners to discuss performance and ways in which it can improve cover for clients. These relationships are managed through Terms of Business Agreement (TOBAs) and contracts in line with Group policies and additional risk and due diligence assessments are carried out in line with the Group's Sourcing Principles. Senior leaders receive regular updates and feedback on insurer and supplier relationships.

Communities

Why we engage

The Group cares for and appreciates its local communities and places great importance on contributing to them through various charitable means. For more information reference should be made to the Corporate Social Responsibility section below.

Our approach to engaging

The board receives regular high level updates on the Group's community activities through the Howden Group Foundation and the Sustainability Committee. Reference should be made to the Corporate Social Responsibility section for further details.

Community issues identified through engagement

During the year it became apparent that the lack of direct social contact (due to Covid-19) with the community was hindering the Group's ability to support communities fully. As a result there was a push within the Group to increase face-to-face engagement. The Group's partnerships with local schools and charity partners have continued, whilst virtual engagement opportunities (e.g. online CV reviews, online workshops) have been available throughout the year. In Q3 the Group's charity and school partners started to open their doors in person to employee engagement opportunities e.g. career insight visits, mentoring and community volunteering in foodbanks and local outdoor spaces.

In March 2022 the Group launched the first Get Into Insurance programme in partnership with the Prince's Trust, an early careers programme encouraging local young people to think about insurance as a career path and providing them with work experience and entry level roles. This is a model that the Group hopes to replicate amongst Howden offices worldwide.

In person, fundraising was limited in Q1, but gained traction from Q2 onwards, where it was observed that large scale engagement events returned including charity balls, quiz nights, walking challenges, cycling events and much more.

Our giving back activity has continued to gain traction and momentum across the Group. With more opportunities to engage with one another and the local community, the Group witnessed greater volunteering taking place throughout the year, with over 6,996 hours volunteered and over £370,000 raised for charities across 13 countries worldwide.

The Group continues to support the Howden Group Foundation and its long term partnerships as well as the People First fund where employee fundraising efforts are matched (activities reached a record high of £157,000) and another successful Investing in the Community Awards campaign was delivered with eight charities being awarded. Winners were chosen based on nominating employee's engagement with the organisation, how the organisation aligns with the Group CSR strategy to further education, entrepreneurship, and environment, and the impact that a grant of £5,000 could make to the recipients of their services.

Group shareholders

Why we engage

The Group has a responsibility to engage with shareholders and an ambition to deliver long-term, sustainable growth. The Group understands the importance of providing information to shareholders so they can support and engage with the Group.

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Our approach to engaging

Institutional shareholders are represented by Directors on the board and therefore participate directly in Group strategic decision making and direction. The Group engages with shareholders via the online Shareholder Portal, shareholder updates via email, CEO video presentations and half year updates. There is a commitment to educate shareholders and prospective shareholders by convening live workshops and Q&As during the internal share offer process. The latest internal share offer presented greater flexibility than previous years in terms of further relaxed provisions in favour of buyers and sellers, in order to encourage greater employee shareholder engagement.

Shareholder issues identified through engagement

During FY21, the Group identified changes in the needs and expectations of shareholders as a result of its engagement with them, and further steps were implemented during FY22 to address these. It was identified that an increasing number of shareholders expected to vote and to acquire/sell shares more easily online. This was accomplished with a number of updates to the Shareholder Portal. As a consequence, the Group continues to develop the Shareholder Portal to enable further flexibility and security against a background of rapidly increasing shareholder numbers. It was also identified during FY21 that shareholders wished to view their shareholding value at a glance and in January 2022 a Share Value Statement was launched on the Shareholder Portal, with an updated statement issued in July 2022 following the revaluation of the share price. This has now been embedded as part of the Group's shareholder engagement process on a half yearly basis.

Group debt investors**Why we engage**

The Group has a responsibility to engage with debt investors and understands the importance of providing information on a regular basis, including compliance with its Credit Agreement.

Our approach to engaging

Quarterly updates are provided to debt investors to maintain these valuable relationships. The updates are given by the Group Chief Financial Officer on behalf of the board.

The Group Chief Financial Officer ensures that board remains updated on the views of debt investors and any issues they raise. During the year, the Group undertook a number of successful debt raises to fund corporate transactions including M&A. The Group also, for the first time, issued 2nd lien debt and PIK notes as alternative sources of debt capital to fund corporate transactions and maintain net 1st lien leverage at appropriate leverage levels in line with the Group's risk appetite.

Regulators**Why we engage**

As an insurance intermediary group, the Group's subsidiaries are subject to financial services regulations. The Group also works with other relevant regulators to ensure all aspects of the businesses comply with local laws and regulations and to uphold the responsibilities to stakeholders.

Our approach to engaging

In the holding company's country of registration, the relevant UK entities are authorised and regulated by the Financial Conduct Authority (FCA) and have an open and transparent approach to communication with the FCA, engaging with it as required or requested, and in compliance with Principle 11 of the UK Financial Services Handbook.

The Group's regulatory communications are managed and facilitated by the Legal and Compliance teams. Significant regulatory matters are reported to the relevant entity board and to the board of the Company if necessary.

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Corporate and social responsibility**Sustainability**

The Group recognises the importance of sustainability and understands that it positively affects the Group, its employees, and the local community.

In 2019 the Sustainability Committee, chaired by John Bernstein, non-executive director, was formed to help lead the insurance industry towards a cleaner, fairer, healthier, safer world by helping its customers manage risks in a long term sustainable and equitable way, and to be the employer of choice for the best global diverse talent in insurance. These commitments continue and areas of focus during FY22 included:

1. **Changing the Insurance Narrative** - Using the power of insurance to play a part in solutions to the major challenges the world faces;
2. **Being a responsible business** - ensuring our own operations are the very best they can be in terms of ESG practices; and
3. **Giving Back** - supporting communities in which we live and work through volunteering, fundraising and the Howden Group Foundation.

In early 2022 we shared our first Sustainability report, looking back over FY21 (<https://www.howdengroupholdings.com/assets/documents/hgh-sustainability-report-2021.pdf>) and our FY22 report will be ready in early 2023.

Changing the Insurance Narrative

Insurance has always been an enabler for change and now, as the world faces the biggest existential threat of its lifetime, our aim is to build an insurance market that is relevant to the scale of risk and investment that is required as we navigate climate change and the energy transition.

Product development

Building on last year's development of the world's first volcano catastrophe bond, this year we have supported another seven insurance-based disaster relief projects. This funding has come from both the Howden Group Foundation and from the Group and is helping to grow a much-needed new market to support vulnerable communities in the face of increasingly frequent and severe natural disasters. The Group launched a new product into the voluntary carbon market and is building a market facility to meet the growing demand for professionalisation in this space.

Climate Risk & Resilience Division

The Climate Risk and Resilience division has now been operational for a year. We are building a multi-disciplinary team drawn from many sectors including environmental engineers, people with deep experience of administering disaster relief in the field, bankers and climate scientists as well as people with broad insurance experience. The team comprises experts both from within the Group – from across multiple specialisms – and from other sectors to bring a holistic view of what clients and society need to build resilience in an increasingly volatile world.

Sustainable Market's Initiative

We are active members of the Sustainable Markets Initiative's Insurance Task Force engaging with other members (CEOs of brokers and insurers) to support with sustainable product development and drive the market to change the way it approaches long-term risks.

Being a responsible business

The Group has committed to maintaining high standards of corporate governance, and has engaged with a sustainability management platform in order to obtain key Environment, Social and Governance ("ESG") data from our businesses worldwide and to report back to our stakeholders annually. This year we have undertaken a series of projects with a consultancy to better understand what ESG requirements are coming our way as well as how we can set ambitious yet credible ESG targets. Furthermore, the Group continues to work with the relevant regulators to ensure that all aspects of its business comply with local laws. In 2022, we have continued to share our Communication on Progress to the UN Global Compact along with our annual ClimateWise report. We also submitted our second EcoVadis application, where we received a silver sustainability rating with a score of 58/100 placing the Group in the 76th percentile.

We also have a growing network of ESG leads worldwide who support us on our journey and help the Group reach its targets. We have quarterly calls together where updates from the Group and each of the businesses are provided against our three pillars and discuss implementing ESG within their businesses and while managing the risks associated.

Environment

The Group is determined to reduce its environmental impact as much as it possibly can. In 2022 we launched our global Environmental policy with a focus on three areas: to raise awareness, reduce emissions and reduce waste. Actions taken in the UK and worldwide include the following:

Raise Awareness

- Re-launch of UK environmental committee to help take action on operational changes across UK offices, with similar committees being created globally.
- Environmental volunteering: River clean ups/tree planting/mangrove planting/plastic fishing. In addition, DUAL US launched Global Group Giving Week with environmental volunteering by sponsoring the Agua Hedionda Lagoon Foundation's Lagoon Kahuna event in Carlsbad, California. The team hiked, paddled, and kayaked to compete against other teams collecting rubbish and removing invasive weeds from the lagoon. In total, 116 bags of rubbish weighing 1,514lbs were removed from the lagoon and 56 bags of invasive weeds were removed.

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- We have launched a sustainability knowledge library on Workplace. Through the library, employees are able to learn about our three pillars of sustainability including what climate change is and how it's impacting us as a Group. This information is available globally to over 9,000 employees with access to the platform.
- In April, we held an in-person event in our London headquarters to encourage employees to play The Banana Game and think about the carbon emissions associated with everyday items they use. To celebrate World Earth Day, we also hosted the game virtually in our Howden and DUAL Australia offices to ensure wider employee engagement. Having bought the game, we plan on continuing to deliver awareness events internally as well as, externally with school partners.
- This year, the Howden Group Foundation partnered with The Prince's Trust to develop and launch a new collection of learning resources for The Trust's Achieve programme. These resources support young people across the country to build their awareness around sustainability, and specifically climate change. This project has equipped teachers and education advisors with the framework and content to engage students and develop their knowledge around an important topic as part of the Achieve programme curriculum.
- In November 2021, our attendance at COP26, which included a keynote speech from the Group's CEO, David Howden at the World Climate Summit, was an important platform for promoting the role of the insurance industry in helping society to respond to the climate crisis. This year we will be participating in COP27 to build on this message and engagement.

Reduce Emissions

- Reducing carbon footprint: Over the course of 2022 we have been working on better understanding our FY21 emission data and more recently collecting our FY22 emission data. We delivered training to our ESG leads to assist in reporting this data, but still have some way to go in order to obtain more accurate data. Nevertheless, the data that we do have is enabling us to get a better understanding of our hot spots and the decarbonisation levers. We are looking to set an SBTi aligned net zero target of 2040 and we will continue to offset any residual in the meantime.
- Carbon neutrality: In 2021 we over compensated and offset 26,000 tonnes CO₂e through the Makame Savannah REDD project and as we finalise our FY22 emission data we will be retiring a further 40,000 tonnes CO₂e through a blend of removal and avoidance projects. For our UK businesses we understand our responsibility under the Streamlined Energy & Carbon Reporting ("SECR") which is a UK Government reporting programme that came into force on 1 April 2019.
- Energy efficiency: The Group aims to use energy efficient lighting wherever possible e.g. motion sensor lights and some have moved to 100% renewable energy e.g. DUAL Finland use 100% wind and solar energy.
- BREEAM rating 'Excellent' UK Group headquarters: London office move in December 2018, and the same approach for an ecobuilding is being taken with other office buildings worldwide e.g. Singapore and Sydney office moves.

Reduce Waste

- Waste management and recycling: The Group aims to replace paper with electronic media while providing recycling bins for paper, cardboard, glass and batteries and actively encourage employees to reduce waste and recycle e.g. employees in Howden Spain have removed all plastics from the office, Howden Hellas have reduced paper and ink usage by 80% and Howden Hong Kong have provided all employees with a reusable lunch box, cutlery and coffee cups;
- We have continued our partnership with Seven Clean Seas and our pledge to reduce our plastic consumption, and offset the rest, as part of our wider commitment to curbing the impact our business has on the environment. We have started by removing single use plastic: where possible we are removing and finding alternatives to single use plastic in the workplace e.g. stationery, meeting rooms. We have undertaken two waste audits in London, and one in our Sydney office to better understand our waste composition, and in 2022 we offset over 98,000kg of plastic - the estimated amount used by the workforce globally during 2021 and 2022.
- Using environmentally responsible materials: The Group sources Forestry Stewardship Council paper for use in all of our printers and recycled black and white toner cartridges. Recycled notepad paper, biro's and other stationery are used where possible.

As of FY23 the Group will be required to report against the Task Force for Climate-related Financial Disclosure ("TCFD") framework, and as such is in preparation for this by building climate risk into our Group risk management framework. We have also reported against the ClimateWise principles which are TCFD aligned.

Diversity and Inclusion ('D&I')

The Group believes in equal opportunities for all employees, regardless of race, religion, gender, age, sexual orientation, or disability. The Group commits to attracting, developing and retaining a culture of equality and diversity in the workplace.

The Group provides a supportive and welcoming workplace environment, which represents the communities and cultures within which it operates. The aim is to ensure that everyone is given the same consideration when they apply for positions within the Group, and that they have access to the same training, career development and prospects so that they can contribute and prosper to their full potential.

The Group expects the highest standards from its employees, and has put in place policies and procedures to support its expectations.

The Group is committed to develop diversity and inclusion awareness and behaviours of employees and senior leadership across its business globally. We have an active Group D&I committee chaired jointly by independent board director Kelly Lyles and the Group HR Director Diahann Williams that develops and drives our D&I agenda globally so that we can continue to attract and retain the best talent, and continue to create an inclusive culture that values and supports every employee. In 2022, we recruited a dedicated Group Diversity, Equity and Inclusion Manager to lead and further drive our D&I agenda.

The Group continues to partner with external organisations that support our D&I agenda and align with our values. These partnerships

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include Everywoman, Moving Ahead and DiveIn Festival.

Our employee resource group, Respect, continues to grow from strength to strength. The mission of Respect is to create a positive, respectful and inclusive culture through education and conversation. There are several groups within Respect such as gender balance, multiculturalism, mental health and disability. Respect is open to all UK employees and following its successful launch in the UK, is looking to expand globally, with some groups already having members from across the globe.

Giving back

Charitable giving and volunteering

CSR activities form part of the Group's wider Sustainability approach, and the Group's CSR strategy is made up of three key themes:

- Education – working with young people and those not in education, employment, or training through social mobility projects to get them into work;
- Enterprise – supporting young entrepreneurs, social entrepreneurs and environmental entrepreneurs to get their businesses off the ground;
- Environment – finding ways to reduce the Group's environmental impact in how it does its daytoday business.

In person fundraising was limited in Q1, but gained traction from Q2 onwards, where we saw large scale engagement events pick up again including charity balls, quiz nights, challenge walking and cycling events and much more. During the year, approaching £375,000 was raised by employees worldwide.

Over the course of FY22 our partnerships with local schools and charity partners have continued. Whilst virtual engagement opportunities (e.g. online CV reviews, online workshops) have been available throughout the year, only in Q3 have our charity and school partners started to open their doors in person to employee engagement opportunities e.g. career insight visits, mentoring and community volunteering in foodbanks and local outdoor spaces.

All employees are entitled to two volunteer days per annum. Employees can volunteer with a Group approved initiative or put forward a request for a charity they have a personal connection with. During the year, 6,996 hours of volunteering were recorded.

In March 2022 we launched the first Get Into Insurance programme in partnership with the Prince's Trust and LIIA (London and International Insurance Brokers' Association), an early careers programme encouraging local young people to think about Insurance as a career path providing them with work experience and entry level roles, a model we hope to replicate amongst Howden offices worldwide. Following a successful 2 week programme, we have now hired or placed into employment 12 out of 16 participants within Howden and the wider London Insurance Market.

Global Group Giving Week

Each year the Group aims to bring employees together to make a positive impact amongst the communities in which they live and work. Activity may include: fundraising; volunteering; raising awareness events; and pro bono. All activities are inclusive and open to all employees in support of local organisations compliant with local fundraising and volunteering regulations and reported to the CSR team. Our 2022 Global Group Giving Week, has continued to gain traction and momentum across the Group as it grows in headcount, and with more opportunities to engage with one another and the local community we saw even more volunteering take place this year, with over 800 hours volunteered and £70,000 raised for charities across 50 charities worldwide.

Howden Group Foundation

The Howden Group Foundation ("HGF") is a charity registered in England & Wales (charity number 1156286) that is supported by the Company and the Group's employees. Founded in 2014, HGF demonstrates the commitment of the Group to improving the lives of others and, as a shareholder in the Group, we know that the good work we can do through HGF will continue to grow as the Group does. Since inception, HGF has donated in excess of £4m to over 900 charities around the world and has significant resources to deploy over the coming years.

Over the course of this financial year, HGF has continued to make strategic grants that align with the Group's CSR strategy to support Education, Entrepreneurship and Environment initiatives including grants made to the Prince's Trust, Care Channels International and The Nature Conservancy. In addition, HGF has continued to support the charitable giving of Group employees and the communities in which they live and work through its matched giving scheme and the annual Investing in the Community Awards. HGF has also invested in its operations and governance by hiring a dedicated team as well as inviting three independent trustees to join its Board.

Following a recent strategic review, the Howden Group Foundation's Board launched a new, focussed purpose for its work. HGF's mission will be to protect people against the social and economic shocks of climate change. Specifically, HGF will support solutions that drive climate change adaptation and disaster risk reduction, with the aim of decreasing vulnerability and increasing climate resilience for the most vulnerable communities around the world. With support from the Group, HGF will offer both financial and non-financial support to its grant partners around the world. The outcomes of the review have provided HGF with a clear roadmap for its future, and mark the beginning of a new and exciting chapter in the Foundation's history.

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Streamlined Energy and Carbon ReportingEnvironmental Intentions

We recognise our responsibility to be environmentally sustainable beyond legal and regulatory requirements and respond to the aims and expectations of clients, investors, employees, new talent and local communities. In the UK we have an active environmental working group who are setting out an environmental action plan which will measure environmental performance on a quarterly basis. The plan is made up of short, medium and long term goals, and where action and initiatives can be replicated worldwide these are shared. One example of this was our updated UK environmental policy, which has since been created at a global level and translated as required across our ESG network so they can adopt locally.

Environmental Approach

Through engaging with the Sustainable Markets Initiative Supply Chain Pledge, we have committed to:

1. Encourage and help suppliers set meaningful sustainability targets with an ultimate goal of adopting Paris-aligned net zero Targets
2. Advance initiatives with a goal of measuring the carbon footprint of insurance supply chains and report transparently on progress
3. Work collaboratively across the industry to tackle supply chain carbon hotspots

Due to the decentralised and growing nature of our Group, we will begin by targeting our UK entities, taking the following first steps: calculating supply chain emissions; engaging with suppliers; and identifying carbon 'hotspots' to drive further change.

Our Commitments

RAISE AWARENESS - incorporating environmental and climate-risk messaging of the positive steps our employees, clients, contractors, supply chain and stakeholders can take in their operations to reduce their impact, and encourage the sharing of best practice in regards to the steps we are taking to minimise the adverse effects of our activities.

REDUCE EMISSIONS across our buildings, business operations, travel and value chain wherever possible, by collecting data to analyse to be able to set science-based targets to ensure a 1.5 degree pathway is followed.

REDUCE WASTE by working closely with our suppliers, reducing waste generated by our offices and employees, and by promoting best practice amongst our employees to reduce, reuse, recycle and rethink, as well as implementing better options for waste disposal and management, reduction of single use items, and working towards a carbon neutral business.

Environmental Impact Reporting

The Group's greenhouse gas emissions and energy consumption is reported in tonnes of carbon dioxide equivalent (tCO₂e) and is broken down as follows:

Carbon footprint (Greenhouse gas emissions)

Carbon dioxide equivalent emissions (tCO ₂ e)	Scope	2022	2021	2020
Building gas, heating, oil and biomass	1	496.32	110.2	35.2
Company car business miles	1	15.78	88.2	3.2
Building electricity and heat	2	1,377.78	980.0	880.50
Company car business miles	3	217.94	59.9	91.20
Total gross emissions (tCO₂e)		2,107.82	1,238.3	1,010.10
Total energy consumed (kWh)		10,804,018	5,891,608	4,629,206
Intensity ratio		2022	2021	2020
Tonnes per employee (tCO ₂ e/employee)		0.37	0.38	0.46
Average number of UK employees		5,734	3,259	2,196

Energy Efficiency Action

In the UK we have an active environmental working group which is setting out an environmental action plan which will measure environmental performance on a quarterly basis. We are integrating ESG teams across the group to promote good practice. Some of the actions completed in this period are as follows:-

- Energy consumption reduced by turning off as much plant and air con equipment as possible in a staged approach over the year as we migrated from our data centre and went to a cloud based IT system
- The pool car for one of the Group's companies was sold as colleagues were encouraged to have meetings via teams and cut down travel
- The Group has introduced a more flexible and hybrid approach to working between offices and home, with increased use of remote video-conferencing, reducing the amount of travel between offices and meetings
- installing sensors in toilet / staff rest areas that are not constantly in use
- As part of an on-going office improvement programme, the fluorescent lighting programme has continued across the Group.

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Further details on Group-wide energy and carbon initiatives are included in the sustainability and corporate social responsibility sections.

Assessment parameters

Baseline year	2019-2020
Reporting organisation	Howden Group Holdings Limited
Person responsible	Howden Facilities UK
Reporting period covered	1 October 2021–30 September 2022
Organisational boundaries	Emissions which Howden's have operational control
Methodology used	2022 UK Government GHG Conversion Factors for Company Reporting
External verification	Supported by Energy Managers Association Lead Assessor.

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Corporate Governance Statement

For the year ended 30 September 2022, under The Companies (Miscellaneous Reporting) Regulations 2018 (and the Companies Act 2006 as amended in July 2018), the Group has applied the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles') described below, as the appropriate framework for its corporate governance arrangements.

Achieving good corporate governance is important to the Board and the Group as a whole. Good governance allows decisions to be supported by a balanced assessment of all relevant considerations, along with appropriate policies and procedures supporting transparency, disclosure, accountability and the provision of accurate information to all stakeholders.

Principle One – Purpose

"An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose".

The Group's purpose is to find insurance solutions for clients in order for them to plan and execute activities by managing their risks and reducing the disruptive impact of unforeseen events.

The Group is the largest independent insurance intermediary group outside of the US and its vision is to remain independent by delivering sustainable growth, whilst maintaining its culture. The Group's independence, which combines employee ownership with long term growth equity partners, means that it is able to focus on sustainable client and partner relationships and to deliver them alongside a quality service. The vision is communicated to employees through the internal media app, emails, workshops, presentations, employee conferences and live Q&As.

The Group's strategic leadership is founded upon a culture of transparency and empowerment, which guides the Group as it reaches decisions and provides an opportunity for all shareholders to provide input, supported by access to relevant information. The board does not seek to "intrude in or influence" the day to day business of the Group and its trading companies.

The board promotes a long term approach, embracing inclusion, diversity, community engagement, social responsibility and environmental sustainability. The Group's strategic vision encompasses four key areas: people first; data and technology; global specialisms with local experts; and sustainable and accelerated growth.

Along with its strategic vision, there is a renewed focus on the Group's place in the world and the kind of business the Group strives to be. The long term model reflects a determination to share success and to grow in a responsible, sustainable way for the benefit of the Group, employees and the local community. The Sustainability Committee and the D&I Committee provide support on the journey to becoming a sustainable Group. Reference should be made to the corporate and social responsibility section and D&I sub-section above for further details.

The Group's Whistleblowing policy is in place to ensure that any relevant issues raised are investigated thoroughly. The policy sets out the Group's whistleblowing principles, procedures and appropriate contacts.

Principle Two - Board Composition

"An effective composition requires an effective chair and a balance of skills, background, experience and knowledge".

The board roles of Chairman and Chief Executive Officer ("CEO") are held by separate individuals in order to achieve a suitable balance of responsibilities. This also encourages a strong and healthy decisionmaking process. The Chairman upholds good corporate governance practice supported by advice from the Company's committees, professional advisers and the Company Secretary, and any recommendations arising from internal or external auditors. While ensuring good practice, the Chairman is also responsible for ensuring board and Director effectiveness. Although the Chairman does not have a direct reporting line, he liaises closely with the CEO, other board members, the Group's external shareholders and Group Executive Committee ("GEC") members. He also ensures that the board operates within its objectives and apportions clear responsibilities to members of the board to support the strategic activities of the Group.

The board comprises the Chairman, CEO, Chief Financial Officer ("CFO"), seven investor non-executive directors and three independent non-executive directors. Biographies of the directors can be found on the Group's website. This board composition ensures that no one group of directors can dominate the board and that there is a good spread of executive, investor and independent directors.

The Chairman's role is described above. The CEO is primarily responsible for the implementation and delivery of the strategic corporate decisions of the board and the overall success of the Group. The CEO is the main point of communication between the board and executive management and is the public face of the Group. The CFO's primary responsibilities include advising the CEO and the board on financial performance and policies, reporting and financial controls in order to support the business strategy.

One of the non executive directors is a significant shareholder and an employee of one of the Group's Spanish subsidiaries. He is not considered to be conflicted as he is not an employee at Group level. This director brings many years of insurance industry experience as well as an important understanding of the business as an employee.

One of the investor non-executive directors is female and one of the independent non-executive directors is female. The Group endeavours to achieve board diversity whilst also recognising the best individual for the role. The Group is committed to providing an inclusive environment and it has implemented several strategies to improve this. The D&I Committee was established in order to encourage equal opportunities for all and to nurture an inclusive working environment. Reference should be made to the D&I report within the corporate social responsibility section above. While there is always room for improvement, the Group considers that the board has an acceptable level of diversity, along with substantial expertise and independence.

The board appointment process and the recruitment and selection policy are free from bias and discrimination, promoting diversity in line with the protected characteristics within the Equalities Act 2010. A review of the composition of the board (by the Chairman and CEO) takes place at least every three years. At the current time, the board is satisfied that it has an appropriate balance of expertise, diversity, background, nationality and gender.

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The Directors bring diverse skills and views to the board as a result of their experience on various external advisory and insurance-sector boards. They have experience of adapting to changing regulatory and business landscapes, leveraged finance, private equity and debt, supporting entrepreneurs, sustainability, D&I, charitable initiatives consulting and executive coaching for boards in a number of countries. Thus there is a clear demonstration of depth of knowledge and capability. There is a high degree of interaction between the CEO and colleagues at all levels of the Group, and employees have several ways in which to provide feedback.

The length of tenure of the directors is shown in the table below:

Tenure	Number of directors
0-3 years	6
4-6 years	1
7-9 years	2
9+ years	4

There is a good balance between the number of long-standing Directors and more recently appointed Directors with fresh perspectives, offering a range of diverse contributions and experience.

The Group has introduced a board evaluation assessment procedure that is to take place every three years with the first to occur in the financial year to 30 September 2023. The evaluation also takes into account any training and development needs identified by Directors.

The Group's governance approach is effective and this is further underpinned by the support and transparency of the subsidiary boards. The directors do not embrace a "command and control" approach and this aligns with the FCA's principle that a regulated board should not operate under undue influence from its ultimate holding company.

Principle Three – Responsibilities

"A board should have a clear understanding of their accountability and responsibilities. Its policies and procedures should support effective decision-making and independent challenge"

The board of Directors has adopted terms of reference and matters reserved in order to promote accountability. This covers such areas as Group strategy, approval of budgets, financial results, board appointments and the dividend policy. The board meets on a quarterly basis and additional meetings are called when required. Comprehensive reports are distributed to all directors/committee members prior to each scheduled board/committee meeting in all areas of the business, which include risk management, performance, governance and any ad hoc matters. This allows the board to support effective decision making and to address any issues raised. Directors are able, if necessary, to take independent professional advice as appropriate.

The agenda for board meetings is set by the Chairman, with support from the Company Secretary. Decisions made at each board meeting are minuted and any actions allocated to specific individuals are followed up at subsequent board meetings, to ensure that they have been implemented effectively.

During the year, the board's key considerations included budgeting and forecasting, acquisitions, business strategy, UK tax strategy, employee share incentive plans, sustainability, remuneration, audit and risk, and the Group's charitable initiatives.

The GEC is an executive management committee supporting the CEO in performing his duties, whilst ensuring that consistent values and alignment are achieved throughout the Group. The board delegates day-to-day management of the Group to the GEC, which meets monthly and is chaired by the CEO. Membership includes the CFO, Chief Corporate & Legal Affairs Officer, Chief Information Officer, Chief Risk Officer, Human Resources Director, Chief of Staff and the CEOs of each business unit.

Other delegated duties are fulfilled through board committees, chaired by an independent non-executive director.

The Remuneration Committee consists of non-executive directors, chaired by an independent non-executive director, who meet at least quarterly but often on a more frequent basis as determined by the Chair, to consider the balance of interests between shareholders and the Group, the guidelines for remuneration, executive management remuneration, the remuneration policy, performance related pay and LTIPs, the parameters of share incentive schemes, share transactions, pensions, employment termination provisions, and legal and regulatory provisions. The Chairman of the Committee reports formally to the board after each meeting, on all matters within its duties and responsibilities. The Committee makes recommendations to the board that it deems appropriate, or where action or improvement is needed. The Committee reviews its own performance every three years, as well as its constitution and terms of reference, to ensure that it continues to operate effectively.

During the year, the Remuneration Committee's key activities included the consideration of proposed employee share incentive plans, executive remuneration and individual share award proposals.

The Audit Committee consists of non-executive directors of the Group and key regulated subsidiaries, chaired by an independent non-executive director, and meets on a quarterly basis to assist the board in fulfilling its responsibilities with regard to accounting policies, internal controls, financial reporting, risk assessment, the Group governance framework, compliance, whistleblowing, internal audit, risk management, external audit, material issues raised by divisional audit committees, reporting responsibilities and other substantive matters as appropriate. The Committee reviews its own performance every three years, as well as its terms of reference to ensure that it continues to operate effectively, recommending any changes it considers necessary to the board for approval.

During the year, the Audit Committee's key activities included all scheduled matters as well as continued focus on key risk areas, the internal controls framework, relevant sources of assurance and the appointment of new Group external auditors.

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The Company Secretariat records any conflicts of interest a Director may have. New Directors are requested to complete a conflicts questionnaire upon appointment, with all matters reported to the Chairman and CEO and material matters reported to the board.

The board ensures that the internal systems and controls are robust through the operation of a competent and experienced Internal Audit team. Internal Audit reviews take place periodically in order to ensure that appropriate standards of governance are in place.

The independence of board directors is referenced in the sections above.

Principle Four – Opportunity and Risk

“A board should promote long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks”.

Long term risks and opportunities are discussed and agreed at the annual board Strategy Day. The board pursues opportunities put forward by the businesses, as well as by the Directors themselves. The Group business plan identifies and evaluates any risks related to opportunities, allowing the board and the GEC to reach informed decisions.

The Group maintains and regularly updates a medium term (three year) financial plan, reflecting the strategies agreed at its board Strategy Days. Short term opportunities are discussed at the monthly GEC meetings and at subsidiary level board and committee meetings.

Key risks are addressed through the Group's systems and controls, and are monitored regularly. Reference should be made to the risk and governance model section below for further details.

Principle Five – Remuneration

“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 Remuneration Committee ensures that the Group is able to attract and retain highly motivated executive management, while protecting and representing the interests of other stakeholders such as shareholders and employees. A brief remit of the Committee is provided under Principle Three above.

The Group offers competitive remuneration in terms of all elements of remuneration packages, such as salary, bonus, benefits and shares. To support remuneration decisions, the Group refers to various sources, including market data for the insurance intermediary sector and from the wider financial services sector.

The remuneration of directors and senior managers is consistent with the culture and values of the Group, and drives strategic success through pay-related performance. The alignment with culture and values is encouraged by means such as taking into account behaviours when determining performance-related pay. Non-executive director fees are paid at market rate, which is determined by reference to market data for companies of similar size and complexity.

Since 2017, the Group has produced a yearly Gender Pay Gap Report. During the current financial year, the Group has continued to focus attention on recruitment, succession planning, inclusion and learning and development, to help redress the gender imbalance over time. The Group believes that these are the key requirements for building a more inclusive and diverse workforce.

The Group's UK Gender Pay Gap report demonstrates a significant gender pay disparity in the mid to upper quartiles. While it is important to continue with the long-term initiatives to build a sustainable workforce, the Group acknowledges that it must respond with greater agility to achieve immediate improvements. Long-term initiatives such as improved recruitment practices and procedures, succession planning and career development will take time to influence and reduce gender imbalance. Refer to the corporate and social responsibility section and section 172(1) statement for further details.

In the immediate term, the Group's businesses are developing divisional action plans to help focus attention and to enable greater measurement of progress in addressing gender imbalance. These plans are periodically reviewed at GEC meetings.

Principle Six – Stakeholder Relationships and Engagement

“Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders”.

The board believes that good corporate governance, long term strategies, good communication, employee championing, an aspiration to long term client relationships and the desire to create a positive impact in the world are essential to achieving success. The Group maintains a culture whereby strong relationships with stakeholders provide positive contributions to its long-term goals. Reference should be made to the stakeholder engagement section of the section 172 statement for details of how Directors have fostered stakeholder relations and engagement, and how they have ensured that the views of employees have been factored into board decision-making.

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Risk and governance model

Risk management

As an insurance broking, underwriting and risk management business, the Group deals with risks on behalf of its clients. Understanding, identifying and managing the Group's own risk profile is an important foundation in safeguarding and optimising the interests of shareholders, clients, employees and other stakeholders.

The Group faces multiple risks which could cause financial results to be materially different or operational outcomes to be contrary to management's objectives and expectations for the business. Risk, as a function of uncertainty, can be both positive and negative, and the Group seeks to ensure that operational and regulatory platforms are designed to mitigate the downside and maximise the potential upside of risk.

The governing body of the organisation, the board, puts in place appropriate structures and processes evidencing integrity and transparency that enable accountability to stakeholders. Additionally the board enables actions (including the management of risk) to be taken in order to achieve the strategic objectives of the Group, through risk-based decision making and the appropriate deployment of resources.

The board delegates certain responsibilities and provides resources to management to achieve strategic objectives. Management is also responsible for ensuring that all legal, regulatory and ethical expectations are satisfied in so doing. The board also oversees (through the board's Audit Committee) an independent and objective internal audit function to provide clarity and confidence on progress toward the achievement of objectives. The Audit Committee provides oversight and challenge to the risk management activities in place across the Group. It is comprised of non-executive members and reports relevant matters to the board.

Management's responsibility to achieve organisational objectives comprises both first and second lines of defence. The first line of defence is most directly concerned with 'on the ground' controls over systems and processes including those directed at meeting the needs of clients as well as those needed for the safe and efficient running, management and oversight of the Company. The second line of defence provides internal review, challenge and day to day assurance to those charged with management and governance.

The third line of defence performed by internal audit provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. It achieves this through the competent application of systematic and disciplined processes, expertise, and insight. It reports its findings to management, the Audit Committee and the board to promote and facilitate continuous improvement. Internal audit's independence from the responsibilities of management is critical to its objectivity, authority, and credibility. This independence is established through: accountability to the Audit Committee (and therefore the board); unfettered access to people, resources, and data needed to complete its work; and freedom from bias or interference in the planning and delivery of audit services.

All roles working together collectively contribute to the creation and protection of value when they are aligned with each other and with the prioritised interests of stakeholders. Alignment of activities is achieved through communication, cooperation, and collaboration.

The following table sets out the Group's principal risks with examples given of actions taken to mitigate such risks: transferring; avoiding; reducing; or accepting such risks within agreed tolerances. It is not intended to be taken as an exhaustive list, but is illustrative of the significant risks to which the Group is exposed:

RISK	DETAILS AND POTENTIAL IMPACT	EXAMPLES OF MITIGATION
STRATEGIC RISKS		
COMPETITIVE MARKET	The insurance intermediary market is highly competitive. There is a focus on client relationships, branding, cost, market penetration and diversity of product offering. Most of the Group's revenues are derived from commissions and fees for broking and underwriting services. The insurance market is cyclical in nature and rates may vary from year to year dependent on market conditions. New technologies and distribution structures have the potential to disrupt the traditional insurance market in the future.	The Group focuses on serving clients in certain markets where the Board believes it has a competitive advantage. The Group seeks to maintain strong relationships with clients at many levels. The Group monitors this via divisional reporting on key metrics including organic and inorganic growth. The Group continues to invest in new technology and data-driven solutions to ensure it remains able to take advantage of the opportunities brought about by any industry disruption.

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EXTERNAL ECONOMIC FACTORS AFFECTING OUR BUSINESS	As economic activity increases and reduces, risk events may or may not occur, and the demand for insurance coverage generally rises and falls. These changes affect brokerage, commissions and fees earned in the market. The consequences arising from macroeconomic pressures e.g. global inflationary changes and cost of living crisis have been considered thoroughly by the Board, including the possibility of prolonged economic downturn.	The balanced distribution model covering both broking and underwriting helps mitigate external risks facing the wider industry. The Group's devolved management structure enables decisions to be taken at the right level for risk to be mitigated and opportunities brought by external change to be optimised. Cashflow is particularly important in the event of any economic downturn, and the Group has modelled its liquidity based on a number of scenarios, and closely monitors available liquidity on an ongoing basis.
INTEGRATION WITH ACQUIRED COMPANIES	An important part of the Group's strategy for growth is to join with high quality businesses in emerging markets, as well as integrate the UK business following the acquisitions of A-Plan and Aston Lark.	The Group empowers businesses to manage integration locally, with expert support supplied by Group as required. This approach provides management with the opportunity to move quickly in identifying, assessing and integrating businesses into the Group.
FINANCIAL RISKS		
ABILITY TO MAKE INTEREST AND CAPITAL PAYMENTS	Interest and capital payments depend on cash flow generated from operations.	In addition to the day-to-day financing of operations, servicing the term loan is predicated on appropriate financial controls. These controls ensure that adequate cash flows are maintained and working capital is in place to meet financial obligations. Self-imposed working capital buffers enable cash use to be optimised. Interest rate risk is mitigated by appropriate hedging.
HOLDING OF FOREIGN EXCHANGE CURRENCY	A proportion of the Group's business is conducted in currencies other than Sterling, in which the Group's accounts are reported. Receipts, expenses, assets and liabilities are therefore exposed to movements in foreign currency exchange rates. The main exposures are to the US dollar, Euro, Australian dollar and Canadian dollar. In the UK, part of the Group's revenue is in foreign currencies; however, expenses are borne in Sterling.	Financial transactions are frequently naturally hedged but where natural hedging is deemed to be inadequate to meet risk appetite, the Board has approved a risk mitigation strategy that is exercised within a defined appetite and through appropriate approval and authorisation controls.
ACCOUNT ASSUMPTIONS AND ESTIMATES	Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Group is required to make assumptions and judgmental estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of its financial statements.	Management review assumptions and judgmental estimates including those related to carrying value of goodwill in acquired entities, revenue recognition, derivative liabilities contingent liabilities, and taxation, and these are the subject of second and third line of defence oversight and review.
OPERATIONAL RISKS		
LOSS OF KEY PERSONNEL	The Group relies on highly trained and experienced staff to support and undertake broking and underwriting business. The loss of several members of senior management, or client-facing teams may adversely impact the delivery of strategic objectives.	The Group remains committed to employee ownership, empowering managers to act as 'owners' of the business. The Group is managed by senior employees within the Group who have many years of experience and expertise and who understand and value the contribution of its staff across the Group. In addition, a significant level of employee ownership aligns interests across the Group.

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LOSS OF KEY CLIENTS	The Group depends on underlying operations to ensure client satisfaction. If the Group is unable to operate effectively, the loss of client satisfaction could result in harm to the business and financial performance.	The Group seeks to observe best practice, along with the necessary regulatory controls, due diligence and care to ensure that its operations meet with its clients' satisfaction. Diversification of business line and geography, and successful new business strategies further helps mitigate the impact of natural client turnover.
FAILURE OF INFORMATION TECHNOLOGY SYSTEMS	Information technology systems are a key part of the Group's business and any disruption of systems or the supporting infrastructure and networks could adversely affect its operations, income and financial results. Cyber attacks which focus on either theft or withholding of data, or denial of service are becoming increasingly sophisticated and prevalent. Our IT systems store information which is classified as sensitive personal data, and hence is subject to compliance with additional regulatory requirements.	Management continue to invest in information technology solutions, with a focus on robust, safe and reliable systems and controls. Risk based testing is undertaken to satisfy management that its IT infrastructure remains robust.
LEGAL AND REGULATORY RISKS		
PROCESS CONTROL FAILURE	The Group may be subject to errors and omissions claims in placing or underwriting insurance or dealing with claims. It is not always possible to prevent errors and omissions claims occurring, and damages under such claims may cause its financial position to be adversely affected, as well as diverting management time and causing reputational damage.	Internal controls embedded into the day-to-day operations of the business are designed to mitigate the risk to an acceptable level. Appropriate levels of insurance cover are taken out to mitigate the financial impact of errors and omissions risk.
POLITICAL RISKS	The Group may be subject to risk due to political changes impacting the jurisdictions in which it trades.	The Group's diversified business model means that its exposure to concentrated political risk is mitigated. In respect of Brexit, the most recent significant risk, the Group's UK regulated entities have implemented plans, including making necessary changes to corporate structures.
REGULATORY RISK	If the Group fails to comply with regulatory requirements, it may be subject to regulatory censure that may inhibit the ability for the Group to conduct its business, or may include significant financial penalties.	The Group recognises and upholds its responsibilities to all stakeholders, including regulators, in all jurisdictions. This is monitored by appropriate risk and compliance functions within the business, with independence provided by Internal Audit as described and explained in the three lines of defence model.

HOWDEN GROUP HOLDINGS LIMITED
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Future developments

The Group will continue to grow and develop by investing in the following strategic themes:

People first

- To continue to promote employee share ownership in the Group; and
- To attract, develop and retain talented individuals through leading recruitment, employment and development practices.

Growth and independence

- To retain the Group's independence and to protect its unique culture as an international business with employee ownership at its heart;
- To have a financial model that allows the Group to invest in future growth whilst balancing debt and equity to ensure shareholder value; and
- To generate higher growth than the Group's peers by delivering attractive and innovative products and services.

Global specialisms

- To be product specialists and to diversify into new and emerging risk areas by recruiting and acquiring like minded individuals and businesses; and
- To be market leaders and makers in the geographies in which the Group operates.

Data and distribution

- To build a business model focused around clients and their needs; and
- To invest in, develop and embed data and technology in all areas of the Group in order to empower employees, advance product solutions, enhance service, and speed distribution to meet changing client needs.

Approved by the Board and signed on its behalf by:



David Howden
Chief Executive Officer

21 December 2022

HOWDEN GROUP HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments 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; and
- 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; and
- 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 Group website, www.howdengroupholdings.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Howden Group Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise:

Group

- The consolidated income statement;
- The consolidated statement of comprehensive income;
- The consolidated statement of financial position;
- The consolidated statement of changes in equity;
- The consolidated cash flow statement; and
- The related notes 1 to 42, including a summary of significant accounting policies.

Company

- The parent company balance sheet;
- The parent company statement of changes in equity;
- The parent company cash flow statement; and
- The related notes 1 to 19, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process and obtaining management's going concern assessment which covers the period to 31 December 2023;
- challenging the key assumptions used in management's forecast through inquiry of management, comparing historical budgets against actual results and performing sensitivity analysis;
- evaluating the liquidity position of the Group by reviewing the liquidity projections and credit agreements with lenders;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOWDEN GROUP HOLDINGS LIMITED**

- *confirming that future liquidity and budgeted projections are compliant with loan covenants;*
- *assessing the accuracy of management's analysis by testing the inputs and the clerical accuracy of the models used;*
- *making inquiries of management and those charged with governance to identify risks or events that may impact the Group's ability to continue as a going concern;*
- *reviewing the minutes of meetings of the Board and Committees, including their approval of management's going concern assessment; assessing the appropriateness of the going concern disclosures by comparing the disclosures with management's assessment and considering their compliance with the relevant reporting requirements.*

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 and parent company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 26, 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 this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN GROUP HOLDINGS LIMITED

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 26, 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.

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOWDEN GROUP HOLDINGS LIMITED**

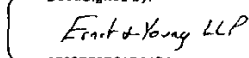
- We have considered the nature of the Group's industry, its control environment and reviewed the Group's documentation of their policies and procedures related to fraud and compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are:
 - Those considered to be most material to financial reporting, being UK Companies' Act (2006), tax law and the financial reporting framework.
 - Our considerations of other laws and regulations that may also have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ('FCA').
- We understood how Howden Group Holdings Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and UK regulatory bodies; reviewed minutes of the Board and Committees; and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework and the Board's review of the Group's risk management framework and internal control processes.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the Group's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with regulators.
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur by:
 - Discussing among the audit engagement team and relevant specialist such as IT, valuations and tax regarding opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.
 - Making enquiry of management and considering the controls that the company has established to address risks identified by the entity that seek to prevent, deter, or detect fraud.
- In doing so we have determined where fraud might occur in the financial statements and determined that those areas relate to revenue recognition, impairment of goodwill and intangibles and accounting for new acquisitions.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

DocuSigned by:

 *Ernst & Young LLP*

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Edward Jervis (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 December 2022

HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

		YEAR END 30 SEPTEMBER 2022 £m	YEAR END 30 SEPTEMBER 2021 £m
	Note		
Continuing operations			
Fees and commissions	4	1,555.2	997.7
Other operating income	4	69.2	41.5
Insurance income	5	6.0	4.6
Other operating costs		(1,254.6)	(875.2)
Insurance expense	6	(10.0)	(10.3)
Bad debt expense		(8.7)	(0.8)
Depreciation and amortisation	7	(176.0)	(100.2)
Operating profit		181.1	57.3
Dividend income		0.3	0.6
Gain/loss on disposal		0.2	0.2
Finance income	8	4.1	55.7
Finance costs	8	(190.2)	(74.1)
(Loss)/profit before changes in the fair value through profit or loss		(4.5)	39.7
Fair value through profit or loss	8	(34.9)	(33.6)
(Loss)/profit before tax for the year		(39.4)	6.1
Income tax expense	10	(2.2)	(27.0)
Loss after tax from continuing operations		(41.6)	(20.9)
Loss after tax		(41.6)	(20.9)
Loss attributable to			
Group shareholders		(51.6)	(37.9)
Non-controlling interests		10.0	17.0
		(41.6)	(20.9)

The notes on pages 38-128 form an integral part of these consolidated financial statements.

HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	YEAR END 30 SEPTEMBER 2022 £m	YEAR END 30 SEPTEMBER 2021 £m
Loss for the year	(41.6)	(20.9)
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent years		
Revaluation of cash flow hedging instruments, net of tax	46.3	12.2
Amounts recycled from cash flow hedge reserve to income statement, net of tax	12.3	(1.7)
Movement on investments held at OCI net of tax	(1.0)	(5.9)
Translation of foreign operations, net of tax	(251.3)	18.2
Items that will not be reclassified to profit or loss in subsequent years		
Re-measurement of defined benefit pension plans, net of tax	(1.1)	-
Other comprehensive (loss)/income for the year	(194.8)	22.8
Total comprehensive (loss)/income for the period	(236.4)	1.9
Profit/(loss) attribute to:		
Group shareholders	(252.4)	(14.4)
Minority interests	16.0	16.3
	(236.4)	1.9

Comprehensive income for the year arose from continuing operations only.


HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2022

	Note	£m	2022 £m	2021 £m
Non-current assets				
Goodwill	12	2,607.3		991.9
Intangible fixed assets	13	1,320.3		548.2
Property, plant and equipment	14	78.1		68.0
Right of use assets	15	150.4		112.2
Investments held at fair value	16	17.8		20.7
Investments in associates and joint ventures	17	7.0		4.2
Trade and other receivables	18	14.1		5.1
Deferred tax asset	10	108.4		21.1
Derivative financial instruments	28	42.1		-
			4,345.5	1,771.4
Current assets				
Cash and cash equivalents	21	653.5		262.7
Insurance cash and cash equivalents	21	1,351.4		906.1
Insurance investments	28	202.3		112.1
Insurance contract asset	19	4.5		6.4
Trade and other receivables	18	647.6		375.5
Investments held at fair value	16	34.3		43.1
Cost of fulfilment asset	20	27.7		16.1
Corporation tax recoverable		21.1		8.6
Derivative financial instruments	28	141.1		0.2
			3,083.5	1,730.8
Current payables				
Corporation tax payable	22	(27.8)		(18.6)
Borrowings	24	(22.9)		(4.1)
Lease liabilities	26	(35.5)		(25.1)
Trade and other payables	22	(2,047.6)		(1,321.4)
Provisions	25	(55.9)		(46.5)
Insurance contract liabilities	27	(46.4)		(15.2)
Bank overdraft	21	(0.4)		-
Derivative financial instruments	28	(192.5)		(85.1)
			(2,429.0)	(1,516.0)
Total net current assets			654.5	214.8
Non-current payables				
Borrowings	24	(4,253.2)		(1,576.4)
Lease liabilities	26	(145.7)		(116.8)
Trade and other payables	23	(52.4)		(32.8)
Provisions	25	(19.8)		(19.9)
Deferred tax liabilities	10	(312.6)		(101.1)
Derivative financial instruments	28	(179.5)		(121.2)
			(4,963.2)	(1,968.2)
Total net assets			36.8	18.0
Equity				
Issued share capital	29	1.2		1.1
Share premium		904.0		507.6
Other reserves	31	(588.6)		(312.8)
Retained earnings		(320.6)		(223.5)

HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2022

	Note	£m	2022 £m	£m	2021 £m
Shareholders' equity			(4.0)		(27.6)
NCI			40.8		45.6
Total equity			36.8		18.0

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2022. They were signed on its behalf


David Howden
Chief Executive Officer


Mark Craig
Chief Financial Officer

Company number 02937398

HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £m	2021 (restated) £m
Cash generated from operations	494.8	374.0
Corporation tax payments	(47.9)	(27.6)
Interest paid	(231.6)	(102.7)
Interest received	2.0	1.2
Acquisition costs	(43.0)	(16.7)
Settlement of deferred consideration obligations or acquisition of NCI with service obligations	(27.1)	(30.0)
Net cash generated from operating activities	147.2	198.2
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles assets	(72.5)	(47.6)
Investment in subsidiaries	(1,456.4)	(319.9)
Investment in associates and joint ventures	-	(1.2)
Cash on acquisition of subsidiaries	374.5	97.8
Drawdown(repayment) of shareholder loans	3.1	(6.2)
Loans granted	(1.1)	(0.5)
Proceeds from disposal of operations	-	0.5
Investments held at fair value through profit and loss	4.4	(13.1)
Dividend income	0.3	0.6
Net cash used in investing activities	(1,147.7)	(289.6)
Cash flows from financing activities		
Settlement of deferred consideration obligations	(43.3)	(12.1)
Proceeds from other borrowings	643.7	-
Proceeds from bank borrowings	1,973.8	521.5
Repayment of bank borrowings	(982.0)	(554.7)
Repayment of other borrowings	(6.3)	(1.2)
Proceeds from issue of share capital	268.2	415.3
Purchase of own shares	(46.8)	(29.7)
Lease principal repayments	(22.8)	(12.1)
Acquisition of non-controlling interests	(41.4)	(36.2)
Dividends payable to non-controlling shareholders	(15.4)	(12.5)
Proceeds from/(Payments to) from financing derivatives	(26.8)	11.8
Net cash generated from financing activities	1,700.9	290.1
Net increase in own cash and cash equivalents	700.4	198.8
Foreign exchange on retranslation of cash balances	135.4	(24.2)
Cash and cash equivalents at 01 October	1,168.8	994.2
Cash and cash equivalents at 30 September	2,004.6	1,168.8

Note 32 has the reconciliation between profit and loss after tax to cash generated from operations. Cash flows for the year arose from continuing operations.

The restatement relates to the presentation of settlement of deferred consideration obligations and acquisition of NCI, which have service obligations, from financing activities to operating activities, and acquisitions costs from investing activities to operating activities. There is no overall change in the net increase in own cash and cash equivalents or closing cash and cash equivalents balance for 2021.

HOWDEN GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2022	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Sub total £m	NCI £m	Total £m
As at 1 October 2021	1.1	507.6	(312.8)	(223.5)	(27.6)	45.6	18.0
Loss for the year	-	-	-	(51.6)	(51.6)	10.0	(41.6)
Translation of foreign operations	-	-	(257.3)	-	(257.3)	6.0	(251.3)
Movement in cash flow hedging instruments	-	-	58.6	-	58.6	-	58.6
Movements on investments held at OCI	-	-	-	(1.0)	(1.0)	-	(1.0)
Remeasurement of defined benefit plans, net of tax	-	-	-	(1.1)	(1.1)	-	(1.1)
Other Comprehensive income for the year	-	-	(198.7)	(2.1)	(200.8)	6.0	(194.8)
Total Comprehensive income for the year	-	-	(198.7)	(53.7)	(252.4)	16.0	(236.4)
Shares issued	0.1	396.4	-	-	396.5	-	396.5
Share-based payment	-	-	(0.5)	-	(0.5)	-	(0.5)
Reserves transfer arising on utilisation of share options	-	-	22.2	(22.2)	-	-	-
Arising on put option over Company's shares	-	-	(45.8)	-	(45.8)	-	(45.8)
Arising on acquisition and disposals	-	-	(15.6)	(21.2)	(36.8)	(5.1)	(41.9)
Dividends paid	-	-	-	-	-	(15.7)	(15.7)
Net movement in shares held by Employee Benefit Trust	-	-	(37.4)	-	(37.4)	-	(37.4)
As at 30 September 2022	1.2	904.0	(588.6)	(320.6)	(4.0)	40.8	36.8

HOWDEN GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2021	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Sub total £m	NCI £m	Total £m
As at 1 October 2020	0.9	61.7	(300.5)	(160.2)	(398.1)	58.3	(339.8)
Profit for the year	-	-	-	(37.9)	(37.9)	17.0	(20.9)
Translation of foreign operations	-	-	18.9	-	18.9	(0.7)	18.2
Movement in cash flow hedging instruments	-	-	10.5	-	10.5	-	10.5
Movement on investments held at OCI	-	-	-	(5.9)	(5.9)	-	(5.9)
Other Comprehensive income for the year	-	-	29.4	(5.9)	23.5	(0.7)	22.8
Total Comprehensive income for the year	-	-	29.4	(43.8)	(14.4)	16.3	1.9
Shares issued	0.2	445.9	-	-	446.1	-	446.1
Share-based payment	-	-	(20.9)	-	(20.9)	-	(20.9)
Reserves transfer arising on utilisation of share options	-	-	32.1	(29.0)	3.1	-	3.1
Arising on acquisition and disposals	-	-	(28.6)	9.5	(19.1)	(16.8)	(35.9)
Dividends paid	-	-	-	-	-	(12.2)	(12.2)
Net movement in shares held by Employee Benefit Trust	-	-	(24.3)	-	(24.3)	-	(24.3)
As at 30 September 2021	1.1	507.6	(312.8)	(223.5)	(27.6)	45.6	18.0

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) Accounting convention**Statement of compliance with IFRS**

The Group has prepared its consolidated financial statements under International Financial Reporting Standards (IFRSs) as adopted by the UK. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the UK that are in effect as at 30 September 2022, or which have been adopted early.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below. The accounting policies have been applied to all the periods presented in the financial statements.

Going concern

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the accounts. In addition, note 33 to the financial statements includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is subject to one principal financial covenant as part of the drawdown of its Term Loan facilities totalling £3,273.4m (2021: £1,606.4m) gross of debt modification adjustments and transactions costs. This financial covenant is only applicable once £64.75m of the revolving credit facility ("RCF") is drawn down and is tested on a quarterly basis requiring the Group to be below a net first lien leverage level of 6.7x. This financial covenant was not breached during the year ended 30 September 2022. There are no further financial covenants connected with the 2nd lien Term Loan or PIK notes. First lien leverage is defined under the Credit Agreement as first lien borrowings less unrestricted cash (including locked account and certain money market funds), divided by EBITDA as set out in the financial performance section in the strategic review.

Macro economic headwinds were considered as part of the base forecast scenario to 31 December 2023, particularly on revenue, in respect of the demand for the Group's services given the economic backdrop as well as the general state of the insurance market. The Group monitors the rolling forecast of cash flow for the period to 31 December 2023 and it is forecast to have sufficient cash resources to meet liabilities as they fall due. During this forecast period, the Group is also forecast to be compliant with the financial covenant.

As part of the sensitivity analysis on forecasts, management has considered the impact on business performance, future cash flows and liquidity. This was done by stress testing the current forecast plan for a period to 31 December 2023 by modelling a decrease of up to 20% on the Group's EBITDA with an 80% cash conversion impact. On completing this exercise, management considered current and forecast sensitised liquidity to be adequate for the forecast period. Mitigating actions to further increase liquidity could include reduction of discretionary spend such as bonuses and travel and entertainment, increasing overseas repatriation of cash and reducing elective activity such as M&A. In this sensitised scenario, the Group continues to be forecast to be compliant with the financial covenant. Further measures include raising further cash through debt or equity.

Management also identified scenarios where the Group would be forecast to breach the financial covenant or not have sufficient cash resources to meet liabilities. It was considered the likelihood of these events occurring to be low considering the various identified mitigating actions, which could be taken.

Having considered these facts and circumstances, and after making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the period to 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the consolidated statements.

The Group's main borrowings mature between 2027 to 2031. While dependent on market conditions closer to the time, the Group is confident on refinancing these borrowings in the future.

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The consolidated financial statements are prepared in accordance with IAS 1 "Presentation of Financial Statements" (Revised 2007). The Group has elected to present the "Consolidated Statement of Comprehensive Income" in two statements: the "Consolidated Income Statement" and the "Consolidated Statement of Comprehensive Income".

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(a) Accounting convention continued

Adoption of new International Financial Reporting Standards (Standards)

There are no new standards, amendments or interpretations, which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the Group's consolidated financial statements. At the date of the authorisation of the consolidated financial statements, a number of standards, including IFRS 17 Insurance Contracts, amendments and interpretations were issued but not yet mandatory or effective. The Directors do not expect these to have a significant impact.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 30 September 2022. The results of acquired businesses are consolidated from the date on which the Group obtains effective control of the subsidiary.

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed to or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Unrealised gains and losses on transactions with subsidiaries or associates are eliminated. Transactions with associates are eliminated to the extent of the Group's interest in those entities in preparing the consolidated financial statements.

(c) Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred is measured as the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Group at the date of exchange. Any costs directly attributable to the business combination are booked to the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3 "Business Combinations", are recognised at their fair value at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Subsequent changes in the fair value of consideration transferred or identifiable assets, liabilities and contingent liabilities assumed are adjusted where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Non-controlling interests (NCI) are recognised at their share of the fair value of net identifiable asset and liabilities measured on the date of acquisition.

(d) Joint ventures and investments in associates

Joint ventures are those entities over which the Group has joint control with other investors but which are neither subsidiaries nor associates. Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Joint ventures and investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

(e) Operating profit

Operating profit is stated before finance income, finance costs, changes in the fair value through profit or loss, and before non-operating items such as gains/losses on disposal of businesses and dividends from investments.

(f) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which it operates (its functional currency). The consolidated financial statements are presented in pounds sterling, which is the functional currency of the parent company and the presentational currency of the Group.

The results of the foreign subsidiaries have been translated using the average of monthly exchange rates. Assets and liabilities of overseas subsidiaries denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date; profits and losses are translated into pounds sterling at average exchange rates for the relevant accounting periods. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the translation reserve. On the sale of a subsidiary, such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(g) Revenue recognition

Revenue arising from contracts from customers primarily relates to brokerage, commission and fees associated with the placement of insurance and reinsurance contracts, net of commission payable to other directly involved parties. The Group generally has two performance obligations relating to the placement of insurance and reinsurance contracts and provision of claims support services. For the placement services, revenue is recognised at a point in time with the primary revenue trigger of the later of policy inception date or placement date as that is when the customer receives the benefit of the services. For the claims support service, revenue is recognised over time based upon the expected duration of the period whereby we are providing the claims support service. For broking businesses this is limited to the contract life on a straight line basis as the Group is on standby to provide claim support services to the end insured. For managing general agency businesses the expected duration is not limited to contract life but based on past experience on when the majority of claims have been settled and the revenue recognition pattern is based on historical claims pattern which is generally not an even distribution throughout the performance obligation period and gives a better pattern of fulfilment of the performance obligation. This can be a period up to eight years. Revenue is allocated between placement services and claims support services by determining the standalone sales price of the claims support services with the placement services as the residual. The standalone sales price for claims support services is based on a fully loaded cost base of staff costs and overheads before a profit margin is applied. In practice the majority of income will be allocated to placement services.

Where policy inception is dependent on an event occurring outside the control of the Group, judgement is exercised as to the most likely outcome and whether it is virtually certain or not based on past experience and current market conditions. If the event is not deemed virtually certain then revenue is not recognised until the uncertainty has resolved. Where there is a risk of cancellation or return of commission, an appropriate amount of revenue is deferred on inception of policy based on past experience of best estimate of probability of cancellation. This is then released over the life of the contract on a straight line basis, or appropriate release pattern as the probability of cancellation decreases. For other variable consideration arrangements, such as profit commission, the transaction price is determined using either the expected value or most likely amount approach which is then constrained to the extent it is highly probable that a significant reversal will not occur based on historical patterns and current market conditions. The assumptions used in determining the transaction price in variable consideration arrangements are reviewed each reporting period.

Across the Group, there does not tend to be significant financing arrangements whereby consideration is received more than 12 months in advance of performance obligation or 12 months after the completion of the performance obligation. The exception is for DUAL claims support services and for profit commission in relation to DUAL binder years. Where material, discounting is applied to significant financing arrangements.

For incremental costs to obtain a contract, the Group has adopted the practical expedient where if the amortisation profile is less than one year the expenses are expensed as incurred. For costs to fulfil a contract, costs are capitalised on the balance sheet if they meet all of the following criteria:

- Relate directly to a contract or an anticipated contract
- Costs generate or enhance resources which will be used to satisfying the performance obligation
- Costs are expected to be recoverable

These will relate to placement services for a renewal of a policy or first time placement after confirmation from the end-insured that have instructed us to act on their behalf for placing a policy and primarily relate to staff costs incurred in placement of the policy. The cost of fulfilment is amortised over the revenue recognition profile, which is generally in full on policy inception, and is subject to impairment reviews.

(h) Insurance contracts

The Group issues reinsurance contracts and accepts significant insurance risk from another party by agreeing to compensate that party on the occurrence of a specified uncertain future event. In return, the Group receives reinsurance premiums.

For reinsurance premiums, an estimate of the total premium to be received on the annual binder is recognised at the inception date with this estimate revised during the life of the contract. This total premium is shown gross of any insurance acquisition costs. Premium is earned over the life of the insurance contract based on a pattern relating to the incidence of risk. This pattern can be straight line over the contract life or have more seasonal variability if the risk is more likely to occur during certain time periods of the year. Where premium has been received but not yet earned, this is deferred as an unearned premium liability.

Where premium has been received but the cash is not freely available to use by the Group due to the terms of the insurance contract until there is sufficient greater certainty over the ultimate claims, it is treated as restricted cash.

Insurance acquisition costs are the direct costs incurred to acquire the premium. Where incurred, these are accounted for as deferred insurance acquisition cost assets and expensed as insurance expenses in line with the incidence of risk pattern of the related insurance contract.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(h) Insurance contracts continued

An insurance contract liability is created for the best estimate of future claims payments based on claims, either made, or expected to have been incurred but not yet reported, as at the balance sheet date. This is reviewed on a quarterly basis. A corresponding insurance expense is recognised.

As prescribed under IFRS 4 a liability adequacy test is also performed, which involves assessing whether there is any excess of expected claims and deferred acquisition costs over and above unearned premiums at the balance sheet date. Any excess is provided for. This assessment is performed annually. Where the settlement of the insurance contract liability is expected to be in excess of 12 months, this is discounted back to present value.

(i) Discontinued operations and non-current assets held for sale

Non-current assets and disposal groups classified as held for sale, and discontinued operations, are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale

Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the consolidated financial statements and related notes for all years presented.

(j) Goodwill

Goodwill represents the difference between the consideration transferred and the Group's interest in the fair value of the identifiable assets and liabilities of the business combinations at the dates of the acquisitions. Goodwill is initially recognised at cost and is subsequently reviewed for impairment annually. Any impairment is recognised immediately in the income statement.

The Group has determined that for the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"), or group of CGUs to which it relates. CGUs, or groups of CGUs, to which goodwill has been allocated are tested for impairment annually. Recoverable amounts for CGUs are compared against their carrying value. If the recoverable amount of the unit is less than the carrying amount of the goodwill, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no further goodwill is recognised as a result of such transactions.

(k) Intangible assets

Patents and software

Acquired patents and computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives between three and ten years. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs.

Implementation costs for cloud based software as a solution ("SaaS") are generally expensed except where it meets the criteria to be recognised as an intangible asset in its own right. Examples of costs capitalised would relate to items such as the development of interfaces between existing software and the cloud based solution and customisation of the source code of the cloud based solution, which only the Group has access to.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(k) Intangible assets continued

Customer relationships and brands

Customer relationships such as access to distribution networks and customer lists that arise because the acquiree company has a practice of establishing insurance contracts with its customers are measured at fair value at the date of the business combination. The fair value of customer relationships and brands are determined using a discounted cash flow analysis. Best estimate assumptions for renewal rates and expenses are used in calculating the fair value. Customer relationships and brands are amortised over the period over which benefits are expected to be derived from these relationships, which can be up to 19 years.

Other intangible assets

Other intangible assets comprise acquired identifiable non-monetary assets without physical form; these include non-compete contracts that have been recognised on the acquisition of subsidiaries. Other intangible assets are carried at cost less accumulated amortisation. Amortisation on other intangible assets is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is normally estimated to be between five and ten years.

(l) Retirement and other post-employment benefit obligations

The Group operates a number of defined contribution schemes. Company contributions to defined contribution pension schemes are charged to the income statement on an accruals basis when employees have rendered service entitling them to the contributions.

For defined benefit pension schemes, the difference between the market value of the assets and the present value of the accrued pension liabilities is shown as an asset or liability in the consolidated balance sheet. The calculation of the present value is determined using the projected unit credit method by all funds.

Actuarial gains and losses arising from changes in actuarial assumptions together with experience adjustments and actual return on assets are recognised in the consolidated statement of comprehensive income and expensed as they arise. Such amounts are not reclassified to the income statement in subsequent years.

Defined benefit costs recognised in the income statement comprise mainly of net interest expense or income with such interest being recognised within finance costs, and service costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset taking into account any changes in the net defined benefit obligation during the year as a result of contribution or benefit payments. Service costs consists of newly acquired entitlements during a year for active insured persons (current service cost), any expenses from newly introduced or subsequently changed plans as well as plan curtailments (past service cost), and any gains/losses from plan settlements.

(m) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus or minus, in case of financial asset or financial liability not at fair value through profit or loss, transaction costs. Insurance and trade receivables which are measured at transaction price. The subsequent measurement is set out below.

Financial assets

The Group's financial assets include cash and cash equivalent, investment held at fair value, loans and receivables, insurance investments and derivative financial assets.

Cash and cash equivalents

The Group's cash and cash equivalents are measured at amortised cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment based on lifetime credit loss model. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables fall into this category of financial instruments.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(m) Financial instruments continued

Financial assets at fair value through profit and loss

Financial assets at fair value have their carrying value equivalent to fair value with movement going to Consolidated Income Statement or Consolidated Statement of Comprehensive Income. The designation is determined on recognition of the asset based on the business model for management for the financial assets and the contractual cash flow characteristics of the financial asset.

Insurance investments, current investments and all derivative financial instruments have the movements going to Consolidated Income Statement unless hedge accounting is applied to derivative financial instruments. Non-current investments have the movements going to Consolidated Statement of Comprehensive Income.

Financial liabilities

The Group's financial liabilities includes borrowings, lease liabilities, trade and other payables, deferred and contingent consideration, put options in respect of minority interests and Group shares and derivative financial instruments.

Financial liabilities are held at amortised cost after inception unless it has been designated as fair value through profit or loss. In some cases there are conditions attached whereby the contingent consideration or put options in respect of minority interests are forfeited or accelerated. Where there are conditions attached which could result in a forfeiture, the expected settlement liability above any guaranteed portion is spread over the expected maturity period of the contingent consideration or put options with a corresponding charge in the Consolidated Income Statement as a substantive employment condition exists. Where conditions exist which could result in an immediate acceleration, such as death, if the Group does not have the unconditional right to defer settlement for a period of at least 12 months after balance sheet date then this amount is classified as current with the residual, if any, as non-current. Contingent consideration, put options in respect of minority interests and Group shares and derivative financial instruments are held at fair value unless hedge accounting is applied to derivative financial instruments.

Borrowings

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

When there is a modification of borrowings such as extension of tenor or re-pricing, consideration is made as to whether it is substantial modification or continuation of the same debt instrument based on the requirements of IFRS 9, principally the comparison between the revised future cash flows discounted at the original effective interest rate and the discounted present value of the remaining cash flows of the original debt instrument. If there is a difference greater than 10%, it is deemed a substantial modification otherwise it is the continuation of the same debt instrument. If it is concluded that it is the continuation of the same debt instrument, the carrying value is amended to be the revised future cash flows discounted at the original effective interest rate with the change in carrying value recognised in the Consolidated Income Statement. Transaction costs are capitalised and subsequently amortised over the remaining life of the debt instrument. If it is concluded that it is a substantial modification i.e. extinguishment of an existing debt instrument and issuance of a new debt instrument, then the new debt instrument is carried at its fair value net of any directly associated transaction costs. The difference between the carrying value of the previous debt instrument and the new debt instrument is recognised in the Consolidated Income Statement

Impairment of financial assets

All financial assets except those at fair value through profit or loss are also subject to review under credit loss models at least at each reporting date. Different criteria for the determination of lifetime or 12 month credit loss models are applied for each category of financial assets. 12 month credit loss model is used for all receivables, except for trade and insurance receivables whereby expected lifetime bad debt is recognised on inception based on prior experience.

Individual receivables are considered for impairment when they are past the due date of payment or when other objective evidence is received that a specific counterparty will default.

(n) Derivative financial instruments

The Group enters into derivative financial instruments in order to hedge underlying interest rate and foreign currency exposures. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedge). In addition, embedded derivatives, which are not closely related to the host contract and required under IFRS 9 are separated from the host contract and held at fair value through profit and loss.

At the inception of the cash flow hedge the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions are documented.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(n) Derivative financial instruments continued

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the cumulative change in fair value of the expected future cash flows on the cash flow hedged items, are also documented. This is typically done by the matching of critical terms in both hedging instrument and hedged item including notional, thus demonstrating an economic relationship. Ineffectiveness typically relates to credit risk in the hedging instrument and any ineffectiveness is charged through the Consolidated Income Statement. Credit risk is not expected to have a significant impact on the hedging relationship.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in a hedge reserve in equity via the Consolidated Statement of Comprehensive Income. The gain or loss in relation to the ineffective portion is recognised immediately in the Consolidated Income Statement. Amounts accumulated in the hedge reserve in equity are transferred to the Consolidated Income Statement in the periods when the hedged item will affect profit and loss.

In the situation where a hedge is terminated, a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the hedge reserve and is recognised in the same periods during which the hedged commitment or forecast transaction affects the income statement. When a hedged commitment or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

For options, only the intrinsic portion of the option is designated as a hedging instrument and hedge accounting requirements applies as described. The fair value movements relating to time value portion of the option are recorded in the cost of hedging reserve. The day one time value component is recycled in the Consolidated Income Statement over the life the hedge.

(o) Share-based payments

The Group issues share awards to employees. The Group operates a number of share-based compensation schemes and applies the requirements of IFRS 2 'Share-based Payments'.

The cost of employees' services received in exchange for the grant of rights under these schemes is measured at the fair value of the equity instruments granted and is charged in the Consolidated Income Statement over the vesting period. For cash-settled schemes the fair value is re-assessed each year and any changes are recognised in the Consolidated Income Statement until the liability is settled.

(p) Leases

At the inception of a contract, the Group assesses whether the contract contains a lease and if it is a lessee. A contract contains a lease of where it conveys the right to control the use of an identified asset for a certain period in exchange for a consideration. Where the Group is lessee, a right-of-use asset and lease liability is recognised. The Group has elected to adopt practical expedients allowed in IFRS 16 in relation to low-value leases (individual assets less than £5,000) and short-term leases (lease duration less than 12 months). For these contracts, the lease payments are classified as an operating expense on a straight-line basis over the term of the lease.

Where the Group is lessee, a right-of-use asset and lease liability is recognised on lease inception based on the discounted future lease payments. The interest rate used is the rate implicit in the lease or the entity's incremental borrowing rate if the implicit rate cannot be determined.

Lease liabilities include the net present value of the following components

- Fixed payments over the lease term;
- Future contractually agreed fixed increases or amounts payable under residual value guarantees; and
- Payments related to renewals or early termination, when options to renew or terminate are reasonably certain to be exercised.

The lease term is the non-cancellable period of the lease together with both periods covered by an option to extend a lease if reasonably certain that the option will be exercised, and periods covered by option to terminate the lease if reasonably certain that the option to break will not be exercised.

Right of use assets are measured at cost and on inception are measured as follows:

- Initial measurement of lease liability;
- Prepayments before commencement date of lease;
- Initial direct costs;
- Costs to restore; and
- Reduced by lease incentives.

Subsequently the right-of-use asset is depreciated on a straight-line basis over the lease term and subject to impairment reviews. The lease liability is unwound back to present value and reduced by lease payments.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(p) Leases continued

Where there is a change in lease payments the lease liability is remeasured using the revised lease payments discounted at the original discount rate. Where there is a change of lease term the future lease payments are discounted at a revised discount rate at the date of reassessment. In both cases there is a corresponding adjustment to the right-of-use asset and if the right-of-use asset is reduced to below nil, the amount below nil is expensed instead.

Where the Group is lessor rather than a lessee, it determines whether it is a finance lease or operating lease. If it is determined to be an operating lease, the rental income is recognised on straight-line basis over the lease term. If it is determined to be a finance lease the net investment in the lease is recognised as an asset. This is the discounted future value of the lease receipts which is then unwound over the life of the lease, resulting in lease interest income. Where the Group is subletting office space and determines it is a finance lease, the right-of-use asset is derecognised and the net investment asset is recognised with a gain or loss arising.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(q) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Consolidated Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment, including those held under finance leases, at rates calculated to write off the cost of property, plant and equipment less their estimated residual value over their expected useful lives on the following bases:

Leasehold improvements	- over the lease period
Furniture, fixtures and fittings	- three to five years
Motor vehicles	- three to five years

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

The gain or loss arising on disposal or scrapping of an asset is recognised in the income statement.

(r) Insurance intermediary assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Group. Other than the receivable for fees and commissions earned on the transaction which is recognised within trade receivables, no recognition of the insurance transaction occurs 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 and recognised on the Consolidated Statement of Financial Position as insurance payables.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. Insurance cash can be invested into various investments such as money market funds and are included within insurance investments. The Group is entitled to retain the investment income on any cash flows arising from insurance related transactions and is recorded in "other operating income".

(s) Dividend distribution

Equity dividends declared at the discretion of the Company or subsidiaries are recognised in the period in which they are declared and approved by the Company's or subsidiary's Board.

(t) Acquisition costs

Acquisition related costs are costs the acquirer incurs to effect a business combination. These include mainly legal fees, finder's fees, valuation costs and other professional or consulting fees, which are expensed in the period they are incurred.

Other acquisition costs incurred which are directly attributable to obtaining finance in order to fund the acquisition are not expensed but included within the debt balance. The costs are then amortised (according to the effective interest rate method) through the Consolidated Income Statement over the period of the debt.

(u) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred taxation is provided on temporary differences between tax bases of assets and liabilities and their carrying amounts in the Consolidated Statement of Financial Position on a full provision basis. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax balances are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

(v) Treasury shares

Treasury shares are deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Any consideration paid or received is recognised directly in equity.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies continued

(w) Share premium

The share premium account is the difference between the nominal value of shares issued and the value of the consideration received. The use of the share premium account is governed by the Companies Act 2006.

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Critical accounting estimates and judgements

The Directors have made judgements and estimates that affects the application of the Group's accounting policies and reported amounts on the carrying amounts of assets, liabilities and income statement for the year ended 30 September 2022.

Critical judgements in applying the Group's policies

(a) Provisions

The Group is involved from time to time in the ordinary course of business in certain claims and legal proceedings relating to the Group's operations, including employee related matters. Judgement is exercised over whether the recognition criteria of IAS 37 have been met, particularly when legal proceedings have commenced but a court hearing or trial is a number of years away.

(b) Recognition of internally generated assets

Judgement is exercised over when the IAS 38 recognition criteria for internally generated intangible assets have been met, in particular for costs incurred by HX, Howden Group Services and in the trading divisions in enhancing the Group's IT capabilities and reporting, as well as implementation costs for cloud based software solutions.

Key Sources of estimation uncertainty

Below are considered the estimates which have most impact on the carrying value of assets and liabilities as at 30 September 2022. The estimates which have most risk of material adjustment to the carrying value of assets and liabilities in the next financial year relate to contingent consideration and put options, insurance accounting and provisions.

(a) Macro economic, geo-political and global events

Future forecasts feed into a number of areas such as going concern review, impairment review and valuation of customer relationship and brands arising on acquisition. In forming these forecasts, considerations are made over the impact of Global inflationary pressures, Russia/Ukraine conflict and Covid-19 continuing to impact certain parts of the world, in which the Group trades. Accordingly, these are key sources of estimation uncertainty when forecasting the impact on our clients, general insurance market and economic backdrop. Nevertheless, it should be noted that the Group recorded strong revenue growth for the year ending September 2022, thus reducing the risk of over optimistic forecasts. See sections below for more analysis on: (i) fair value of customer relationships and brands on acquisition; (ii) impairment of assets; and (iii) contingent consideration and put options.

(b) Fair value on acquisition

Customer relationships and brands are measured at fair value on acquisition with number of key assumptions including forecasts, client retention rate, economic life of the intangible assets and discount rates to use. The Group uses the 12 month hindsight period to reassess whether these assumptions were appropriate or whether further information has emerged over conditions as at acquisition date. Intangible assets recognised on acquisition was £759.0m (2021: £270.2m) during the year (see note 13). A reasonable change to assumptions and estimates used in determining the recognition of assets would have resulted in assets being recognised in the range of £687.6m to £840.4m.

(c) Impairment of assets

In the annual impairment review of goodwill, the recoverable value is determined using board approved forecasts, long-term growth rate beyond the approved forecast period, operating margins, discount rates and trading multiples. Results of the sensitivity analysis are shown in note 12.

(d) Contingent consideration and put options

The carrying value of consideration and put options depend on future performance and are therefore reliant on accuracy of forecasts and discount rates to be applied. Arrangements which mature a number of years later, uses long dated forecasts are inherently less likely to be accurate than near term forecasts. As at 30 September 2022, these had a carrying value of £253.0m (2021: £140.7m) and disclosure of sensitivity analysis applied to the carrying value of contingent consideration and put options is in note 28.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Critical accounting estimates and judgements continued

(e) Recognition of internally generated assets

Once capitalisation criteria have been made, a key source of estimation uncertainty arises over own staff costs to be capitalised, particularly when a proportion of their costs are capitalised or where they work on different projects, where the end assets have different useful economic lives. Estimates of staff costs to capitalise are made by project managers. Internally generated assets of £24.7m (2021: £20.3m) were capitalised during the year and a reasonable change to assumptions and estimated would not have resulted in a material change.

(f) Revenue recognition

A key source of estimation uncertainty is where there are variable consideration arrangements, particularly over constraining it.

In DUAL, there are profit commission arrangements over binders where it will be a number of years until the final profit commission is known. As at 30 September 2022 the profit commission recognised in DUAL for the year was £7.6m (2021: £0.8m). A reasonable change in assumptions as at 30 September 2022 would not have resulted in a material change.

The cost of fulfilment asset is dependent on both estimate of time spent by front office staff as well as lead time for the placement of a policy. A cost of fulfilment asset of £27.8m was recognised as at 30 September 2022 (2021: £16.1m) and a reasonable change of assumptions would not have resulted in a material change.

(g) Insurance accounting

Estimations are made to the pattern of the peril incident to determine earned premium as well as ultimate cost of claims incurred as at balance sheet date. See note 5 for earned/unearned premium and note 6 for estimated ultimate costs of claims incurred. A reasonable range of claim estimates as at 30 September 2022 was £27.9m to £66.5m with a claims liability of £45.0m recognised.

(h) Provisions

As noted in note 25, a total legal provision of £46.6m (2021: £32.5m) relating to various matters has been recognised based on management's analysis of most likely outcomes and amounts due in worst case scenarios following consultation with internal and external legal counsel. In the worst cases scenarios, the amounts claimed by the third parties are in excess of £61.9m. Timing of resolution of these cases are uncertain.

3 Segmental analysis

(a) Operating segments

IFRS 8 "Operating Segments" requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board of Directors, as it is this body which is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. Management has determined the operating segments based on the reports reviewed by the Board of Directors. The Board of Directors considers the business principally from a provision of service lines.

The Board of Directors uses revenue and EBITDA, as reviewed on a monthly basis, as the key measure of the segments' results as it reflects the segments' underlying trading performance for the period under evaluation.

The Board of Directors does not review assets and liabilities by segment and only on a Group consolidated basis.

Howden Group Holdings

HOWDEN GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Segmental analysis continued

The divisional analysis has been provided for continuing operations only.

During the year, the Group acquired Aston Lark Group and SPF Group and are treated as separate operating segments for the year ending 30 September 2022. In addition, various transfers between operating segments took place during the year and therefore comparatives have been restated for these transfers.

Year to 30 September 2022	UK broking £m	Non-UK broking £m	Aston Lark £m	A-Plan £m	SPF £m	HBG £m	DUAL £m	HX £m	Central £m	Sub total £m	Statutory adjustments £m	Total continuing operations £m
Fees and commissions	546.7	412.4	92.6	186.4	3.6	1,241.7	318.8	1.0	-	1,561.5	(6.3)	1,555.2
Insurance underwriting income	-	-	-	-	-	-	-	-	-	-	6.0	6.0
Other operating income	5.7	11.4	6.7	30.3	4.8	58.9	3.6	31.6	(18.9)	75.2	(6.0)	69.2
Bad debt expense	(1.7)	(1.0)	-	-	0.1	(2.6)	(1.2)	-	(4.9)	(8.7)	-	(8.7)
Insurance expense	-	-	-	-	-	-	-	-	-	-	(10.0)	(10.0)
Other operating costs	(351.0)	(351.6)	(70.4)	(161.6)	(7.3)	(941.9)	(192.7)	(36.5)	5.5	(1,165.6)	(84.0)	(1,249.6)
EBITDA	199.7	71.2	28.9	55.1	1.2	356.1	128.5	(3.9)	(18.3)	462.4	(100.3)	362.1
Depreciation and amortisation												(176.0)
Intangibles and goodwill impairment												(5.0)
Operating profit												181.1
Dividend income												0.3
Gain on disposal												0.2
Finance income												4.1
Finance costs												(190.2)
Loss before changes in the fair value through profit or loss												(4.5)
Fair value adjustments												(34.9)
Loss before taxation												(39.4)
Taxation												(2.2)
Loss after taxation												(41.6)

HOWDEN GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Segmental analysis continued

The divisional analysis has been provided for continuing operations only.

Year to 30 September 2021(restated)	UK broking £m	Non-UK broking £m	A-Plan £m	HBG £m	DUAL £m	HX £m	Central £m	Sub total £m	Statutory adjustments £m	Total continuing operations £m
Fees and commissions	418.4	309.3	98.5	826.2	171.7	0.8	-	998.7	(1.0)	997.7
Insurance underwriting income	-	-	-	-	-	-	-	-	4.6	4.6
Other operating income	7.6	8.9	17.9	34.4	1.4	20.3	(10.0)	46.1	(4.6)	41.5
Bad debt expense	0.1	(1.0)	-	(0.9)	(0.6)	-	0.7	(0.8)	-	(0.8)
Insurance expense	-	-	-	-	-	-	-	-	(10.3)	(10.3)
Other operating costs	(272.1)	(243.9)	(89.6)	(605.6)	(117.3)	(27.9)	(32.0)	(782.8)	(83.2)	(866.0)
EBITDA	154.0	73.3	26.8	254.1	55.2	(6.8)	(41.3)	261.2	(94.5)	166.7
Depreciation and amortisation										(100.2)
Intangible and goodwill impairment										(9.2)
Operating profit										57.3
Gain on bargain purchase										-
Dividend income										0.6
Gain on disposal										0.2
Finance income										55.7
Finance costs										(74.1)
Profit before changes in the fair value through profit or loss										39.7
Fair value adjustments										(33.6)
Profit before taxation										6.1
Taxation										(27.0)
Loss after taxation										(20.9)

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3 Segmental analysis continued**(b) Geographical segment analysis**

No single customer contributed 10% or more to the Group's revenue in either 2022 or 2021.

Fees and commissions	2022	2021
	£m	£m
Americas	421.9	254.8
UK	458.2	251.7
Northern Europe	244.2	191.4
Far East	145.2	111.0
Middle East	73.7	55.3
Australasia	55.9	43.6
Southern Europe	115.3	60.6
Eastern Europe	25.8	20.8
Africa	15.0	8.5
Fees and commissions total	1,555.2	997.7

4 Income

	2022	2021
	£m	£m
Fees and commissions from placement and claims support services	1,555.2	997.7
Other customer contracts	67.3	40.6
Fiduciary income	1.9	0.9
Total income	1,624.4	1,039.2

Other customer contracts relates to fees earned on advisory and consulting services. All income arise from customer contracts except for Fiduciary income.

The amount of income recognised in the year which was recorded in deferred income at the start of the year was £49.5m (2021: £33.4m). The amount of income recognised in the year from performance obligations satisfied in previous periods was £12.0m (2021: £1.3m).

5 Insurance contract income

In the prior year the Group took on insurance risk for the first time. The Group issued reinsurance to a third party coverholder, which was providing capacity to a retrocessional binder. The coverholder delegated underwriting authority to Tamesis DUAL Limited, a subsidiary to the Group. This arrangement was effected through a protected cell company ("PCC"), controlled by the Group, with collateral for the reinsurance contract. The collateral consisted of cash placed in a trust account of the PCC and is classified as restricted cash. In the current year the Group acquired another protected cell company (see notes 37 and 38).

The premium received, including any reinstatement premium, from the third party coverholder, gross of acquisition costs, is recognised as insurance income once it is earned based on the pattern of risk incidence.

	2022	2021
	£m	£m
Gross written premium	1.7	8.7
Changes in provision for unearned premiums	4.3	(4.1)
Total insurance contract income	6.0	4.6

Gross premium written is recognised on a straight line basis as the incident of risk was considered equally likely across all time periods of the insurance contract.

Gross written premium recognised in 2022 includes estimates of future reinstatement premium commensurate with estimated future claims.

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6 Insurance contract expenses

	2022	2021
	£m	£m
Claims expenses	9.3	9.6
Insurance acquisition costs	0.7	0.7
Total insurance contract expenses	10.0	10.3

7 Operating profit**Acquisition cost**

The acquisition costs incurred during the year were £40.3m (2021: £11.4m). These relate to professional and other incremental costs directly attributable to business combination and acquisition of minority interests.

Operating profit for the year is stated after charging/(crediting):

	2022	2021
	£m	£m
Depreciation of property, plant and equipment	21.4	12.4
Depreciation of right of use assets	25.6	19.6
Amortisation of intangible assets	129.1	68.2
Impairment of goodwill, intangible assets and PPE	5.0	9.2
	181.1	109.4

Professional fees in relation to the Group's auditors**Audit services**

- statutory audit of the Company	0.1	0.7
- statutory audit of subsidiaries	4.6	2.3
- audit-related and other assurance services	0.1	0.1

All other services

- taxation services	0.3	-
- corporate finance services	-	0.1
- professional fees associated with other advisory services	0.2	-

Short term and low value leases

- short-term leases	0.9	0.1
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Foreign exchange (gain)/loss	(44.3)	12.2
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8 Finance costs and income

	2022	2021
	£m	£m
Term loan finance costs	(114.4)	(84.4)
Other loan interest	(56.0)	(2.6)
Impact of financing derivatives	8.3	(11.5)
Interest on lease liabilities	(6.3)	(4.8)
Amortisation of loan arrangement fees	(37.5)	(17.7)
Net foreign currency gains on financing monetary items	15.7	26.9
Total interest expense	(190.2)	(74.1)
Bank and other interest received	4.1	2.2
Gain on debt modification of bank loans	-	53.5
Total interest income	4.1	55.7
Deferred and contingent consideration	(10.4)	(7.3)
Put options and earn-outs on non-controlling interests	(8.3)	(2.9)
Investments	(2.5)	-
Howden share option	(13.7)	(23.4)
Change in the fair value through profit or loss	(34.9)	(33.6)

The gain on debt modification in the prior year relates to favourable debt modifications on the Group's Term Loan arising over the extension of tenor and reduction in interest charges.

9 Staff costs

The average monthly number of employees, including directors, employed by the Group during the year was:

	2022	2021
Average number of employees	Number	Number
Directors and senior management	808	510
Insurance professionals	6,510	4,344
Administration	3,440	2,640
	10,758	7,494

The aggregate payroll costs of the above employees, including directors, were as follows:

	2022	2021
Staff costs	£m	£m
Wages and salaries	801.5	528.9
Social security costs	63.1	38.1
Pension contribution	36.5	23.9
Share based payment	20.5	9.1
Service obligations	17.1	48.9
Staff costs	938.7	648.9

Service obligations relate to contingent consideration or minority put option liabilities whereby the individual forfeits the right to consideration under certain conditions such as voluntary resignation. As a substantive employment condition exists, the expected payment is spread over

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9 Staff costs continued

the service period. The expected payment is subject to annual revision causing cumulative true-up adjustments.

Directors' remuneration

	2022	2021
	£m	£m
Aggregate emoluments	6.6	6.0
Aggregate share-based payments	0.3	0.1
	6.9	6.1

Highest paid director

	2022	2021
	£m	£m
Salary and benefits	3.6	3.3

Number of directors

	2022	2021
Number of directors at 30 September	13	13

During the year ended 30 September 2022, one Director left and one Director joined the Group. The amount paid as compensation for loss of office during the year ended 30 September 2022 was £nil (2021: £nil).

10 Taxation

	2022	2021
	£m	£m
Tax expense comprise:		
Corporation tax on profits for the year	46.3	39.2
Adjustments in respect of prior period	(1.8)	0.1
Total current tax	44.5	39.3
Deferred tax		
Originating and reversing temporary differences	(44.2)	(15.0)
Change in tax rates	-	2.7
Adjustment in respect of prior period	1.9	-
Total deferred tax	(42.3)	(12.3)
Total tax on ordinary activities	2.2	27.0

The total charge for the year can be reconciled to the accounting profit as follows:

	2022	2021
	£m	£m
(Loss)/profit on ordinary activities before tax	(39.4)	6.1
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	(7.5)	1.2
Tax effect of:		
Impact of differently taxed profits in overseas locations	3.9	10.1
Expenses not deductible for taxation purposes	26.5	22.7
Non-taxable gains and income	(22.1)	-

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10 Taxation continued

	2022	2021
	£m	£m
Deferred tax rate change	-	2.3
Non-recognition/(recognition) of deferred tax assets on losses	1.3	(8.4)
Adjustments in respect of prior periods	0.1	0.1
Other items	-	(1.0)
Total tax expense recognised in income statement	2.2	27.0

The rate of corporation tax in the UK is 19.0% (2021:19%).

The Group's future tax charge will depend on the geographic mix of profits earned and the tax rates in force in the jurisdictions in which the group operates. Finance Act 2021 enacted legislation to change the UK rate of corporation tax to 25%, effective from 1 April 2023.

	2022	2021
	£m	£m
Deferred taxation		
Temporary differences	1.9	3.5
Losses carried forward	8.3	5.5
Fair value of derivatives	(16.1)	3.7
Other short-term timing differences	53.6	2.0
Intangible assets	(251.9)	(94.7)
Net deferred tax balance	(204.2)	(80.0)

Deferred tax asset		
Balance at beginning of year	21.1	17.9
Deferred tax credit/(debit) in profit and loss account	18.8	(2.1)
Equity movement	(3.7)	-
Acquisition of subsidiary	69.0	5.3
Exchange differences and other movements	3.2	-
Balance at end of year	108.4	21.1

Deferred tax liability		
Balance at beginning of year	(101.1)	(51.9)
Deferred tax credit in profit and loss account	23.5	14.4
Equity movement	(16.1)	(2.0)
Acquisition of subsidiary	(215.4)	(61.1)
Exchange differences and other movements	(3.5)	(0.5)
Balance at end of year	(312.6)	(101.1)
Net deferred tax liability at end of year	(204.2)	(80.0)

The rate of corporation tax in the UK is 19% (2021: 19%).

The recoverability of losses is dependent on there being sufficient future taxable profits. Accordingly no deferred tax has been recognised in respect of losses and other deductible amounts not expected to be recovered in the foreseeable future.

The Group has unrecognised losses and other deductible amounts of £45.3m (2021: £17.9m) for offset against future income, subject to certain restrictions.

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11 Dividends

The Group has paid interim dividends in the year of £nil (2021: £nil). The Group has not declared any further dividends during the year ended 30 September 2022 (2021:£nil).

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12 Goodwill

	Positive Goodwill	Impairment Losses	Total
	£m	£m	£m
Opening net book value as at 1 October 2021	1,018.6	(26.7)	991.9
Acquisitions (see note 38)	1,498.9	-	1,498.9
Movements due to foreign currency translation	121.6	(5.1)	116.5
Closing net book value as at 30 September 2022	2,639.1	(31.8)	2,607.3
Opening net book value as at 1 October 2020	487.3	(27.7)	459.6
Acquisitions (see note 38)	545.2	-	545.2
Movements due to foreign currency translation	(13.9)	1.0	(12.9)
Closing net book value as at 30 September 2021	1,018.6	(26.7)	991.9

Goodwill is allocated to either individual cash generating units ("CGUs"), or groups of cash generating units (together "GCGU"), where the benefits of the synergies of the business combination in which the goodwill arises is expected to occur. Management have concluded that for the purpose of impairment testing of goodwill, the CGUs are the business lines within individual legal entities, which conduct the business operations.

An analysis of the carrying value of goodwill by CGU or GCGU for impairment testing is as follows. 2021 has been restated where there has been a change in CGU or GCGU for testing purposes:

	2022 £m	2021 (restated) £m
Aston Lark	914.3	-
A-Plan	496.2	489.3
DUAL US	397.3	47.6
Howden UK	270.1	216.8
Howden Italy	181.6	5.8
Howden Germany (formerly Howden Sicherheit International, Euroassekuranz, Hendricks)	59.5	57.6
SPF	51.1	-
Howden IPG	49.4	40.6
Howden Switzerland	23.6	-
Howden Spain (formerly Howden Spain and Artai)	21.1	20.6
Howden Israel	18.7	13.7
Matrix	17.5	17.1
Howden Mexico	16.7	13.6
Howden Turkey	13.6	7.7
Howden Malaysia	11.2	10.2
DUAL UK	8.4	8.4
Howden Finland	8.3	7.4
Howden France	6.2	-
DUAL Australia	5.6	5.3
Howden Norway	5.2	4.0
Howden Singapore	4.5	3.9
Howden Thailand	4.4	4.1
Other	22.8	18.2
Total goodwill	2,607.3	991.9

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12 Goodwill continued

Annual Impairment review

The annual impairment review of goodwill is based on an assessment of each GCGU or CGUs recoverable which is the higher of value in use or fair value less costs to sell. Value in use is calculated from cash flow projections based on the medium-term business plan which have been approved by management covering a three-year period. These projections exclude any estimated future cash flows expected to arise from restructuring not yet committed to. Fair value less costs to sell is based on a multiple of EBITDA based on recent transactions observed in the market place.

The value in use calculation is based on the following key assumptions used in the cash flow projections:

- Future revenue growth based on historical experience and market intelligence
- Operating margin based on historical experience and known cost optimisation initiatives

Cash flows beyond the three-year period are extrapolated by using an estimated long-term growth rates stated below. The long-term growth rates do not exceed the long-term growth rate for the countries in which the GCGU or CGU operates in. Management has assessed the appropriate discount rate for each individual GCGU and CGU. This has been assessed using a weighted average cost of capital for comparable companies and adjusted for risks specific to each GCGU and CGU:

CGU / GCGUs	2022 long-term growth rate	2021 long-term growth rate	2022 pre-tax discount rate	2021 pre-tax discount rate
Aston Lark	2-3%	n/a%	10-11%	n/a%
A-Plan	2%	1%	11%	12%
DUAL US	2%	2%	10%	10%
Howden UK	2-3%	1-3%	10-12%	10-15%
Howden Italy	1%	1%	13%	15%
Howden Germany	1%	1%	11-12%	13-14%
SPF	2%	n/a%	11%	n/a%
Howden IPG	1-3%	1-3%	9-10%	11%
Howden Switzerland	2%	n/a%	10%	n/a%
Howden Spain	2-3%	1-2%	13-14%	15%
Howden Israel	4%	1-3%	11%	13%
Matrix	1-3%	1-4%	10-25%	12-19%
Howden Mexico	2%	2%	14%	17%
Howden Turkey	3%	4%	24-25%	19-20%
Howden Malaysia	4%	5%	12%	14%
DUAL UK	2%	1-3%	10-11%	11-13%
Howden Finland	1%	1%	10-11%	12%
Howden France	1%	n/a%	11%	n/a%
DUAL Australia	3%	2%	11%	14%
Howden Norway	1%	2%	10%	13%
Howden Singapore	3%	3%	9%	11%
Howden Thailand (Maxi)	3%	4%	12%	14%
Other	1-5%	2-5%	10-16%	10-17%

Impairment review

Following the Group's annual impairment review, no impairment was identified.

Sensitivity analysis

Sensitivity analysis was performed whereby certain key assumptions were subjected to reasonable changes, whilst other assumptions were held constant. The sensitivity is as per below:

- Sensitivity one: Reduction of revenue growth rate by 10% and 25% of revenue reduction results in cash saved

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12 Goodwill continued

Sensitivity analysis continued

- Sensitivity two: Reduction of the long term growth rate by 50%
- Applying sensitivities one and two simultaneously

The table below summarises the reduction in value in use which would arise in the sensitised scenarios, and result in an impairment charge on goodwill and intangible assets if both sensitivities were applied simultaneously. There were no impairments arising for other CGUs/GCGUs in the sensitised scenarios. While the sensitised scenarios indicated Aston Lark, Howden Italy and Howden France could suffer an impairment, management do not consider these CGUs to be impaired based on the results of the base scenario. This is based on the likelihood of the sensitised scenarios to occur and the mitigating actions open to management such as further reduction in discretionary costs and other cost optimisation actions.

	Sensitivity one	Sensitivity two	Apply both sensitivities	Impairment
2022	£m	£m	£m	£m
Aston Lark	258.4	195.3	416.6	361.2
Howden Italy	74.0	9.9	81.2	77.2
Howden France	7.3	0.9	7.5	7.2

In the prior year, similar sensitivity analysis was applied, the table below summarises the reduction in value in use which would arise in the sensitised scenarios, and the impairment charge if both sensitivities were applied simultaneously:

	Sensitivity one	Sensitivity two	Apply both sensitivities	Impairment
2021	£m	£m	£m	£m
A-Plan	205.0	70.7	260.4	56.9
Howden Germany Euroassekuranz	14.4	3.2	16.8	2.9
Artai	8.7	1.3	9.5	3.4

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13 Intangible assets

	Patents & Software £m	Customer Relationships and brands £m	Other £m	Total £m
Opening net book value 1 October 2021	94.6	444.1	9.5	548.2
Additions	56.5	14.1	0.4	71.0
Acquisitions of a subsidiary (see note 38)	4.9	753.6	-	758.5
Disposals	(0.6)	(3.9)	-	(4.5)
Exchange differences	4.4	80.3	(3.5)	81.2
Amortisation	(31.2)	(96.8)	(1.1)	(129.1)
Impairments	(5.0)	-	-	(5.0)
Closing net book value as at 30 September 2022	123.6	1,191.4	5.3	1,320.3
Costs	206.2	1,548.6	11.4	1,766.2
Accumulated amortisation	(82.6)	(357.2)	(6.1)	(445.9)
Closing net book value as at 30 September 2022	123.6	1,191.4	5.3	1,320.3
Opening net book value 1 October 2020	64.2	256.7	3.2	324.1
Additions	38.6	1.1	-	39.7
Acquisitions of a subsidiary (see note 38)	16.3	247.3	6.6	270.2
Disposals	(0.7)	(0.1)	-	(0.8)
Exchange differences	(1.2)	(6.6)	0.2	(7.6)
Amortisation	(13.4)	(54.3)	(0.5)	(68.2)
Impairments	(9.2)	-	-	(9.2)
Closing net book value as at 30 September 2021	94.6	444.1	9.5	548.2
Costs	154.6	687.9	14.3	856.8
Accumulated amortisation	(60.0)	(243.8)	(4.8)	(308.6)
Closing net book value as at 30 September 2021	94.6	444.1	9.5	548.2

The research and development expenditure recognised as an expense during the year was £2.5m (2021: £3.0m). The amount capitalised during the period was £24.7m (2021: £20.3m).

In the current year, an impairment charge of £5.0m (2021: £9.1m) was recorded in relation to software following a strategic review, which meant some assets were no longer considered to have any value to the group.

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14 Property, Plant and Equipment

	Fixtures, fittings & equipment	Motor vehicles	Leasehold improvements	Total
	£m	£m	£m	£m
Cost				
At 1 October 2021	40.6	3.2	53.8	97.6
Additions	10.9	0.5	7.0	18.4
Additions through business combinations	10.1	0.4	1.1	11.6
Disposals	(12.9)	(0.7)	-	(13.6)
Foreign currency adjustment	2.5	0.3	1.8	4.6
Balance at 30 September 2022	51.2	3.7	63.7	118.6
Depreciation and impairment losses				
At 1 October 2021	(14.8)	(1.4)	(13.4)	(29.6)
Disposals	12.9	0.2	0.4	13.5
Depreciation	(10.6)	(0.4)	(10.5)	(21.5)
Exchange differences - opening amortisation	(1.9)	-	(1.0)	(2.9)
Balance at 30 September 2022	(14.4)	(1.6)	(24.5)	(40.5)
Carrying amount				
At 1 October 2021	25.8	1.8	40.4	68.0
At 30 September 2022	36.8	2.1	39.2	78.1
	Fixtures, fittings & equipment	Motor vehicles	Leasehold improvements	Total
	£m	£m	£m	£m
Cost				
At 1 October 2020	32.1	2.2	45.5	79.8
Additions	5.4	0.8	3.1	9.3
Additions through business combinations	4.5	1.0	5.7	11.2
Disposals	(0.9)	(0.6)	(0.3)	(1.8)
Foreign currency adjustment	(0.5)	(0.2)	(0.2)	(0.9)
Balance at 30 September 2021	40.6	3.2	53.8	97.6
Depreciation and impairment losses				
At 1 October 2020	(9.3)	(1.1)	(9.1)	(19.5)
Disposals	0.8	0.4	0.4	1.6
Depreciation	(6.8)	(0.8)	(4.8)	(12.4)
Foreign exchange movements	0.5	0.1	0.1	0.7
Balance at 30 September 2021	(14.8)	(1.4)	(13.4)	(29.6)
Carrying amount				
At 1 October 2020	22.8	1.1	36.4	60.3
At 30 September 2021	25.8	1.8	40.4	68.0

As at 30 September 2022 the carrying amount of property, plant and equipment under construction was £2.9m (2021: £6.3m).

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15 Right-of-use assets

	Office buildings £m	Office and IT equipment £m	Other £m	Total £m
Net book value				
At 1 October 2021	110.1	0.5	1.6	112.2
Additions through business combinations	24.6	-	0.9	25.5
Additions	31.5	-	0.7	32.2
Depreciation	(24.1)	(0.2)	(1.3)	(25.6)
Lease modifications and remeasurement	1.8	-	0.2	2.0
Foreign currency adjustment	4.1	-	-	4.1
Balance at 30 September 2022	148.0	0.3	2.1	150.4
Net book value				
At 1 October 2020	103.0	1.1	2.3	106.4
Additions through business combinations	20.0	0.2	-	20.2
Additions	3.5	-	0.7	4.2
Depreciation	(17.8)	(0.7)	(1.1)	(19.6)
Lease modifications and remeasurement	2.4	-	-	2.4
Foreign currency adjustment	(1.0)	(0.1)	(0.3)	(1.4)
Balance at 30 September 2021	110.1	0.5	1.6	112.2

16 Investments held at fair value**Investments held at fair value through other comprehensive income (non-current)**

	2022 £m	2021 £m
Opening balance	18.2	19.0
Additions	-	5.4
Fair value changes	(0.7)	(5.9)
Disposals	(0.5)	(0.3)
Investments held at fair value through other comprehensive income	17.0	18.2

The Group continues to hold 11.9% of 2B Angels Extension Fund L.P., 10.49% of Robin Hood Pro Limited, 39.9% of Howden Korea Company Limited and 37.5% of Charterama B.V. During the year due to corporate events, the Group's interests in Apollo Group Holdings Limited and Azur Group Holdings Limited were diluted to 4.7% and 9.55% respectively. Investment in Soassurancen Danmark A/S was reduced from 20% to 10%. The Group does not have significant influence or control over these investments.

Investments held at fair value through profit and loss (non-current)

	2022 £m	2021 £m
Investments held at fair value through profit and loss at beginning of the year	2.5	-
Additions	0.5	-
Movement due to acquisition	-	2.5

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16 Investments held at fair value continued**Investments held at fair value through profit and loss (non-current) continued**

	2022	2021
	£m	£m
Fair value changes	(2.2)	-
Investments held at fair value through profit and loss	0.8	2.5

Investments held at fair value relate mainly to financial instruments where forecast cash receipts received are not being solely payments of principal and interest. Fair value changes relate to the reduction in value of these instruments due to increase in credit risk of the counterparty.

Investments held at fair value through profit and loss (current)

	2022	2021
	£m	£m
Investment held at fair value through profit and loss at beginning of the year	43.1	39.9
Additions	56.2	107.4
Disposals	(74.5)	(100.2)
Movement due to foreign exchange	9.5	(4.0)
Investments held at fair value through profit and loss	34.3	43.1

Investments held at fair value relate to investments in money market funds of £32.2m (2021: £43.1m). For the investments in money market funds, £32.3m (2021: £43.1m) was restricted due to being related to Term Loan incremental raises, which is limited to specific uses only.

17 Investments in associates and joint ventures

	2022	2021
	£m	£m
Investment in associates at beginning of the year	0.4	-
Acquisitions	2.8	0.4
Investment in associates	3.2	0.4
Investment in joint ventures at beginning of the year	3.8	1.4
Acquisitions	-	2.4
Investment in joint ventures	3.8	3.8
Investments in associates and joint ventures	7.0	4.2

The Group continues to hold its interests in Howden Insurance Brokers LLC (joint venture), Alpha XO Risk Partners Pty Limited (joint venture), TruRisk Limited (joint venture), Kanceleria Brokerska Modern Brokers Spółka Akcyjna (associate), Applied Risk Capital LLC (associate) and Parhelion Capital Limited (associate). The addition during the year related to new investment in Unicorn Risk Solutions (associate).

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18 Trade and other receivables

	2022	2021
	£m	£m
Current		
Insurance receivables	405.0	235.3
Other receivables	152.1	73.1
Accrued income	53.6	45.5
Prepayments	36.9	21.6
Total current receivables	647.6	375.5
Non-current		
Other receivables	8.4	2.4
Accrued income	5.7	2.7
Total non-current receivables	14.1	5.1
Total trade and other receivables	682.6	389.2

The increase in insurance receivables and accrued income from £275.5m to £458.6m is due to a resilient Q4 performance of the Group, impact of M&A and modest increase in ageing profile of receivables. See note 33 for more details on credit risk.

19 Insurance contract assets

	2022	2021
	£m	£m
Insurance premium receivables	4.5	5.8
Deferred acquisition costs	-	0.6
Total insurance contract assets	4.5	6.4

No bad debt provision has been created for the insurance premium receivables. As at 30 September 2022, £nil (2021: £0.5m) was three or more months overdue. Insurance premium receivables includes estimates of future reinstatement premiums commensurate with estimates of future claims.

20 Cost of fulfilment asset

	2022	2021
	£m	£m
Opening	16.1	12.7
Amounts capitalised	26.9	16.1
Amounts amortised	(16.1)	(12.4)
Foreign exchange	0.8	(0.3)
Total cost of fulfilment asset	27.7	16.1

The cost of fulfilment asset relates to staff time spent primarily on placement services in relation to renewals and first time placement of policies once confirmed by customer for policies which have not inception yet.

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21 Cash and cash equivalents

	2022	2021
	£m	£m
Cash at bank and in hand - sterling	444.7	275.6
Cash at bank and in hand - other currencies	1,560.3	893.2
Bank overdraft	(0.4)	-
	2,004.6	1,168.8
	2022	2021
	£m	£m
Insurance cash and cash equivalents	1,351.4	906.1
Own funds	653.2	262.7
	2,004.6	1,168.8

The Group holds short-term deposits that are made for varying periods, depending on the cash requirements of the Group. These earn interest at market rates with the Group. The Group has unrestricted access to these deposits which meet the definition of a cash equivalent.

As at 30 September 2022, the Group's restricted cash balance was £207.7m (2021: £45.1m), which related to:

- £110.3m (2021: £0.1m) of locked account balances relate to incremental Term Loan raises which are restricted to specific uses only
- £93.0m (2021: £34.1m) of cash balances held in the insurance vehicle as collateral until the earlier of 31 December 2023 or the expiration of the last risk placed by the insurance vehicle once run-off reinsurance has been arranged
- £4.4m (2021: £4.1m) of cash held for regulatory capital purposes
- In 2022 there was no cash held (2021: £6.8m) for specific M&A or deferred consideration.

22 Trade and other payables less than one year

	2022	2021
	£m	£m
Insurance payables	(1,460.5)	(978.0)
Trade and other payables	(105.0)	(55.3)
Deferred consideration - business combination	(29.1)	(19.8)
Deferred consideration - share buy-backs	(18.8)	(19.4)
Accruals	(323.9)	(184.1)
Other tax and social security	(31.1)	(17.9)
Deferred income	(79.2)	(46.9)
	(587.1)	(343.4)
Total trade and other payables less than one year	(2,047.6)	(1,321.4)
	2022	2021
	£m	£m
Corporation tax payable	(27.8)	(18.6)

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23 Trade and other payables due after more than one year

	2022	2021
	£m	£m
Trade and other payables	(9.0)	(9.6)
Deferred consideration - business combination	(4.4)	(8.1)
Deferred consideration - share buy-backs	(17.4)	(10.6)
Deferred income	(6.5)	(4.5)
Net Defined Benefit Obligation (LT)	(15.1)	-
	(52.4)	(32.8)

The deferred income is released over a period of up to 8 years. Refer to note 36 for more detail on the Net Defined Benefit Obligation (LT).

24 Borrowings

	2022	2021
	£m	£m
Current		
Bank borrowings	(19.0)	(0.7)
Other loans and borrowings	(3.9)	(3.4)
	(22.9)	(4.1)
Non-current		
Bank borrowings	(3,581.6)	(1,559.0)
Other loans and borrowings	(671.6)	(17.4)
	(4,253.2)	(1,576.4)
	2022	2021
	£m	£m
Total borrowings	(4,276.1)	(1,580.5)

Bank borrowings

Bank borrowings comprises the Group's Term Loan, of which there are first and second lien tranches, and a number of bank loans drawn down by subsidiaries. The gross outstanding principal balances for the PIK notes (Local current year "LCY") are as follows:

	2022	2021
	LCYm	LCYm
USD 1st lien	\$2,735.6	\$1,790.0
USD 2nd lien	\$455.0	-
EUR 1st lien	€898.3	€315.0

The carrying value of the Term Loan, gross of issuance costs and debt modification adjustments, as at 30 September 2022 was £3,685.6m (2021: £1,606.4m) of which £2,478.6m related to USD 1st lien (2021: £1,333.9m), £412.2m related to USD 2nd lien (2021: nil) and £794.8m related to EUR 1st lien (2021: £272.5m). Total issuance costs and debt modification adjustments of £138.9m (2021: £105.4m) have been capitalised against the Term Loan balances and are amortised for the period to November 2027 if first lien (2022: £128.4m, 2021: £105.4m) or November 2028 if second lien (2022: £10.5m, 2021: £nil).

The USD first lien tranche bears interest payable monthly or quarterly at variable rates based on either LIBOR or base rate plus, in either case, an applicable margin. The applicable margin for the USD first lien tranche is 3.25% with a LIBOR floor of 0.75%. The USD first lien tranche is repayable in equal quarterly instalment at approximately 1.00% of the original loan principal per annum with the remaining balance due on maturity in November 2027.

The USD second lien tranche bears interest payable monthly or quarterly at variable rate based on either LIBOR or base rate plus, in either case, an applicable margin. The applicable margin for the USD second lien tranche is 6.75% with a LIBOR floor of 0.50%. The USD second lien tranche is repayable on maturity in November 2028.

The EUR first lien borrowings has two tranches which bear interest payable monthly or quarterly at variable rates based on either EURIBOR

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24 Borrowings continued

Bank borrowings continued

or base rate plus, in either case, an applicable margin. The applicable margin for the EUR first lien tranches is 3.50% and 4.50% with a EURIBOR floor of 0.00%. One EUR first lien tranche is repayable in equal quarterly instalments at approximately 1.00% of the original loan principal per annum and the other tranche does not have quarterly principal repayments. The remaining balance of both tranches are repayable on maturity in November 2027.

Concurrent with the Term Loan, the Group also has £185.0m of RCF maturing in December 2026. The RCF bears interest of LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for the RCF is 3.5% with a LIBOR floor of 0.0%. The carrying value of the RCF drawn down as at 30 September 2022 was £nil (2021: £41.7m). Issuance costs in respect of the RCF have been capitalised and are expensed over the life of the RCF. These total £2.1m as at 30 September 2022 (2021: £1.4m).

The Term Loan and RCF are secured by cross guarantees and debentures over the Company and a number of subsidiaries.

The Group has a number of other bank loans held by subsidiaries with a carrying value of £55.9m (2021: £18.5m). These are typically secured on assets of subsidiaries which have drawn down the debt. These bear interest at a rate of up to 4.0% (2021: 4.0%) with a weighted average rate of 2.4% (2021: 2.9%). These have a maturity profile of up to July 2027 (2021: July 2027) with a weighted average life of 3.7 years (2021: 4.7 years).

Other loans and borrowings

These comprise the Group's PIK notes, preference shares issued by a subsidiary and other loans.

The gross outstanding principal balances for the PIK notes (Local current year "LCY") are as follows :

	2022	2021
	LCYm	LCYm
PIK (GBP)	£399.9	-
PIK (EUR)	€285.1	-

The carrying value of the PIK notes, gross of issuance costs and debt modification adjustments, as at 30 September 2022 was £652.2m (2021: £nil) of which £399.9m related to the GBP tranche (2021: £nil) and £252.2m related to the EUR tranche (2021: £nil). Total issuance costs and debt modification adjustments of £16.9m (2021: £nil) have been capitalised against the PIK balances and are amortised for the period to April 2031.

The PIK tranches bears interest at variable rates based on either LIBOR or base rate plus, in either case, an applicable margin. The applicable margin for the GBP tranche is 9.25% with a SONIA floor of 0.25%. The applicable margin for the EUR tranche is 8.50% with a EURIBOR floor of 0.00%. The interest is capitalised on a quarterly basis if not settled. These are repayable on maturity in April 2031.

A subsidiary has cumulative preference shares, which carry annual cumulative dividend of 6% annually payable every six months. The balance outstanding as at 30 September 2022 was £13.2m (2021: £13.2m).

The Group has a number of other non-bank loans held by subsidiaries with a carrying value of £27.1m (2021: £7.6m). These are typically secured on certain assets of subsidiaries, which have drawn down the debt. These bear interest at a rate of up to 10.0% (2021: 7.0%) with a weighted average rate of 5.2% (2021: 4.1%). These have a maturity profile of up to July 2030 (2021: July 2028) with a weighted average life of 6.9 years (2021: 3.7 years).

See note 42 for changes to bank borrowings occurring after the balance sheet date.

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25 Provisions

	Legal proceedings £m	Onerous contract £m	Dilapidations £m	Other provisions £m	Total £m
At 1 October 2021	32.5	3.7	22.8	7.4	66.4
Expensed to income statement	42.2	(0.1)	0.6	1.0	43.7
Utilised during the period	(28.1)	(2.4)	(2.4)	(3.1)	(36.0)
Arising on business combinations	-	-	-	1.2	1.2
Foreign currency movement	-	-	0.1	0.3	0.4
At 30 September 2022	46.6	1.2	21.1	6.8	75.7
At 1 October 2020	22.3	0.5	13.1	3.8	39.7
Expensed to income statement	12.7	3.9	3.5	2.1	22.2
Utilised during the period	(1.5)	(0.7)	(0.3)	(0.4)	(2.9)
Arising on business combinations	-	-	6.5	1.8	8.3
Foreign currency movements	(1.0)	-	-	0.1	(0.9)
At 30 September 2021	32.5	3.7	22.8	7.4	66.4

Provisions have been analysed between current and non-current as follows

	2022 £m	2021 £m
Current	55.9	46.5
Non-current	19.8	19.9
Total	75.7	66.4

Provisions are generally recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated. As an exception to the above, provisions arising on business combination are recognised when the Group has a present or constructive obligation as a result of past events and the amount can be reliably estimated regardless of whether it is probable that there will be an outflow of resources to settle that obligation.

The Group is involved from time to time in certain significant claims and legal proceedings related to the Group's operations, including employment related and claims made against the Group in respect of errors and omissions. The provision relating to legal proceedings is expected to be settled within five years. Reimbursement assets of £32.2m (2021: £8.5m) have been recognised in respect of these legal proceedings.

Onerous contract provisions relate to exit of London offices, and other onerous lease provisions and contracts, which are expected to be utilised within five years.

Dilapidation provisions relate to restoring property sites on lease expiration and are expected to be utilised within eleven years.

Other provisions relate largely to employee related matters, which are expected to be utilised within five years.

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26 Leasing arrangements

As a lessee

The Group has a number of leases primarily in relation to office space. The Group's headquarters in One Creechurch Place comprises £65.7m (43.7%) of the total right-of-use asset and £89.9m (49.6%) of the total lease liabilities. The lease of One Creechurch Place included rent free periods until second quarter of calendar year 2021 after which quarterly payments have started and continue until it matures in December 2032. In 2022, the Group leased an additional floor of One Creechurch Place. The increase during the year largely relates to this additional floor in addition to the acquisition of Align, Aston Lark and Assiteca Groups (see note 38) which had a number of leasing arrangements.

The details of the right-of-use assets are disclosed in note 15, maturity analysis of leases in note 33 and charges recorded in operating profit in note 7 and interest expense/income in note 8. This includes charges for leases where the Group has accounted as short-term or low-value leases

In addition to the disclosed maturity analysis of cash outflows, in relation to leases there are the following exposures:
A number of office leases include rent reviews after a fixed period. These can be of adjustments to market rate or linked to inflation index. On revision these would adjust both lease liability and right-of-use asset using the same discount rate that was used in the current arrangement. A number of office equipment leases include element of variable payments connected with usage such as pages printed and typically based on a consumption basis. Variable lease element within these leases is not material. There were no material extension or termination options which are probable to be exercised and are not captured in measurement of lease liabilities. There were no material residual value guarantee payments.

There were no material leases not yet commenced but committed. Total cash outflow in the year ended 30 September 2022 in relation to leases of was £29.9m, of which £7.1m related to payment of interest and £22.8m to repayment of principal.

As a lessor

The Group has several lease arrangements where it is a lessee but has sublet office space to an external third party. As a lessor the Group has assessed that most of these arrangements constitute a finance lease. The carrying value of net investment in finance leases as at 30 September 2022 was £0.3m (2021: £0.6m). The interest income recognised was £nil for the year ended 30 September 2022 (2021: £nil). There were no significant subleases identified as operating leases.

The maturity analysis of expected cash receipts under finance sublease arrangements for the future years are as follows:

Finance leases

£m	Total	2022	2023
Year ended 30 September 2022	0.3	0.0	0.3
Year ended 30 September 2021	0.6	0.3	0.3

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27 Insurance contract liabilities

	2022	2021
	£m	£m
Claims reported	13.4	0.9
Claims incurred but not reported	31.6	8.9
Claims liabilities	45.0	9.8
Unearned premiums	-	4.1
Insurance liabilities	1.4	1.3
Total insurance contract liabilities	46.4	15.2

The movement in insurance liabilities are as follows:

	2022	2021
	£m	£m
Claims liabilities		
As at 1 October 2021	9.8	-
Increase in claims	-	-
- Arising from current year claims	9.3	9.6
- Arising from prior year claims	-	-
- Arising from acquisitions	22.3	-
Claims paid	(0.4)	-
Foreign currency movements	4.0	0.2
As at 30 September 2022	45.0	9.8
Reported claims	13.4	0.9
Claims incurred but not reported	31.6	8.9
As at 30 September 2022	45.0	9.8

	2022	2021
	£m	£m
Deferred unearned premiums		
As at 1 October 2021	4.1	-
Increase in the year	-	4.0
Release in the year	(4.3)	-
Foreign currency movements	0.2	0.1
As at 30 September 2022	-	4.1

For claims made, it is anticipated that the amount and timing of claims payments is typically resolved within one year.

On performance of the liability adequacy test, no further liability was deemed necessary in the current or prior year.

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28 Financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Amortised Cost £m	Fair value through OCI £m	Fair value through profit or loss £m	Carrying value £m	Fair value £m
30 September 2022					
Trade and other receivables	219.8	-	-	219.8	219.8
Insurance receivables	405.0	-	-	405.0	405.0
Investments held at fair value (non-current)	-	17.8	-	17.8	17.8
Investments held at fair value through profit and loss (current)	-	-	34.3	34.3	34.3
Cash and cash equivalents (including overdraft)	653.1	-	-	653.1	653.1
Insurance investments	-	-	202.3	202.3	202.3
Insurance contract assets	4.5	-	-	4.5	4.5
Insurance cash and cash equivalents	1,351.4	-	-	1,351.4	1,351.4
Insurance payables	(1,460.5)	-	-	(1,460.5)	(1,460.5)
Trade and other payables	(538.6)	-	-	(538.6)	(538.6)
Insurance contract liabilities	(46.4)	-	-	(46.4)	(46.4)
Lease liabilities (current)	(35.5)	-	-	(35.5)	(35.5)
Lease liabilities (non-current)	(145.7)	-	-	(145.7)	(145.7)
Short-term borrowings	(22.9)	-	-	(22.9)	(51.5)
Long-term borrowings	(4,253.2)	-	-	(4,253.2)	(4,142.1)
Derivative financial instruments					
Interest rate swaps and caps assets	-	-	84.3	84.3	84.3
Foreign currency assets	-	-	98.9	98.9	98.9
Interest rate swaps and caps liabilities	-	-	(2.3)	(2.3)	(2.3)
Foreign currency liabilities	-	-	(9.8)	(9.8)	(9.8)
Future payments to minority interests due in less than one year	-	-	(142.7)	(142.7)	(142.7)
Future payments to minority interests due in more than one year	-	-	(110.3)	(110.3)	(110.3)
Howden share option	-	-	(106.9)	(106.9)	(106.9)
	(3,869.0)	17.8	47.8	(3,803.4)	(3,720.9)

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28 Financial instruments continued

	Amortised Cost	Fair value through OCI	Fair value through profit or loss	Carrying value	Fair value
30 September 2021	£m	£m	£m	£m	£m
Trade and other receivables	123.7	-	-	123.7	123.7
Insurance receivables	235.3	-	-	235.3	235.3
Investments held at fair value (non-current)	-	18.2	2.5	20.7	20.7
Investments held at fair value through profit and loss (current)	-	-	43.1	43.1	43.1
Cash and cash equivalents (including overdraft)	262.7	-	-	262.7	262.7
Insurance investments	-	-	112.1	112.1	112.1
Insurance contract assets	5.8	-	-	5.8	5.8
Insurance cash and cash equivalents	906.1	-	-	906.1	906.1
Insurance payables	(978.0)	-	-	(978.0)	(978.0)
Trade and other payables	(324.8)	-	-	(324.8)	(324.8)
Insurance contract liabilities	(11.1)	-	-	(11.1)	(11.1)
Lease liabilities (current)	(25.1)	-	-	(25.1)	(25.1)
Lease liabilities (non-current)	(116.8)	-	-	(116.8)	(116.8)
Short-term borrowings	(4.1)	-	-	(4.1)	(21.8)
Long-term borrowings	(1,576.4)	-	-	(1,576.4)	(1,662.7)
Derivative financial instruments					
Interest rate swaps and caps liabilities	-	-	(18.2)	(18.2)	(18.2)
Foreign currency assets	-	-	0.2	0.2	0.2
Future payments to minority interests due in less than one year	-	-	(62.1)	(62.1)	(62.1)
Future payments to minority interests due in more than one year	-	-	(78.6)	(78.6)	(78.6)
Howden share option	-	-	(47.4)	(47.4)	(47.4)
	(1,502.7)	18.2	(48.4)	(1,532.9)	(1,636.9)

The carrying value of other financial assets and liabilities approximate their fair value except for the Term Loan. The fair value of the Term Loan is derived using a quoted market rate in an active market (level 1 classification).

Financial liability on payments to minority interests and contingent consideration

The fair value of the Group's financial liability on payments to minority interest and contingent consideration at the year end was £253.0m (2021: £140.7m).

The future commitments include the earn-out due on recent acquisitions, and the future liability on put and call options. The option liability is carried at fair value and revalued each year with movements going through the income statement. The liabilities as at 30 September are as follows:

	2022	2021
Current	£m	£m
Minority put option liability	(54.3)	(33.3)
Howden share option liability	(40.0)	(14.1)
Contingent consideration	(88.4)	(28.8)
	(182.7)	(76.2)
Non-current	2022	2021
	£m	£m
Minority put option liability	(41.4)	(70.4)
Howden share option liability	(66.9)	(33.3)
Contingent consideration	(68.9)	(8.2)

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28 Financial instruments continued**Financial liability on payments to minority interests and contingent consideration continued**

	2022	2021
Non-current	£m	£m
	(177.2)	(111.9)

Some minority put options typically have exercise dates set a number of years after the business combination has completed. However under certain conditions, which if met such as death, would immediately result in the immediate acquisition of the minority interest. Liabilities are classified as current for the portion where the Group does not have unconditional right to defer payment for more than 12 months after balance sheet date.

Financial instruments held at fair value

The disclosure of fair value measurements by level is assessed using the following fair value measurement hierarchy

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)
- inputs for the asset or liability that are not based on observable market data (Level 3)

The fair value of level 2 instruments have been determined using forward exchange rates or forward interest rates derived from market sourced data, with the resulting value discounted back to present value.

The fair value of level 3 instruments have been determined using the probable cash flow profile using management forecast data, with the cash flows discounted back to present value.

	Level 1	Level 2	Level 3
30 September 2022	£m	£m	£m
Insurance investments	202.3	-	-
Investments held at fair value through profit and loss	34.3	-	-
Investments held at fair value through other comprehensive income	-	-	17.8
Derivative financial instruments			
Foreign currency assets	-	98.9	-
Interest rate swaps and caps assets	-	84.3	-
Interest rate swaps and caps liabilities	-	(2.3)	-
Foreign currency liabilities	-	(9.8)	-
Future payments to minority interests	-	-	(253.0)
Howden share option	-	-	(106.9)
	236.6	171.1	(342.1)

	Level 1	Level 2	Level 3
30 September 2021	£m	£m	£m
Insurance investments	112.1	-	-
Investments held at fair value through profit and loss	43.1	-	2.5
Investments held at fair value through other comprehensive income	-	-	18.2
Derivative financial instruments			
Foreign currency assets	-	0.2	-
Interest rate swaps and caps liabilities	-	(18.2)	-
Future payments to minority interests	-	-	(140.7)
Howden share option	-	-	(47.4)
	155.2	(18.0)	(167.4)

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28 Financial instruments continued**Reconciliation of movements in Level 3 financial instruments**

	Contingent considerations £m	Minority put option liability £m	Howden share option £m	Total £m
Balance at 1 October 2021	(37.0)	(103.7)	(47.4)	(188.1)
Gains and losses recognised in Income statement	(22.8)	(4.9)	(13.7)	(41.4)
Acquisitions	(157.5)	(15.8)	(50.6)	(223.9)
Transfers	-	0.7	-	0.7
Adjustments due to foreign exchange	(2.1)	(1.6)	-	(3.7)
Settled during the year	62.1	29.6	4.8	96.5
Balance at 30 September 2022	(157.3)	(95.7)	(106.9)	(359.9)

	Contingent considerations £m	Minority put option liability £m	Howden share option £m	Total £m
Balance at 1 October 2020	(21.8)	(95.6)	(24.0)	(141.4)
Gains and losses recognised in Income statement	(14.7)	(39.9)	(23.4)	(78.0)
Gains and losses recognised in statement of financial position	0.4	-	-	0.4
Acquisitions	(10.2)	(28.6)	-	(38.8)
Transfers	(11.0)	11.1	-	0.1
Transfers to equity	-	3.0	-	3.0
Adjustments due to foreign exchange	(0.1)	0.1	-	-
Settled during the year	20.4	46.2	-	66.6
Balance at 30 September 2021	(37.0)	(103.7)	(47.4)	(188.1)

Sensitivity analysis on level 3 instruments

Financial liabilities on payments to NCI are dependent on financial metrics such as revenue growth or future EBITDA. A change of 10% to these inputs would result in a liability between £227.6m to £278.2m (2021: £126.1m to £154.8m). An increase/decrease to the carrying amount of the liability on the Consolidated Statement of Financial Position would have the corresponding loss/gain on the Consolidated Income Statement.

The Howden put option liability is dependent on shares subject to put and the share price on maturity. A change of 10% to these inputs would result in a liability between £96.2m to £117.6m as at 30 September 2022 (2021: £42.7m to £52.1m). An increase/decrease to the carrying amount of the liability on the Consolidated Statement of Financial Position would have the corresponding loss/gain on the Consolidated Income Statement.

The investments held at fair value relate to non-quoted investments. Allowing for a reasonable change in price multiple, this would not have resulted in a material difference. A change in fair value would be recorded in other comprehensive income.

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29 Share capital

	Allotted and called up Number '000	£m
2022		
Classified as equity		
A ordinary shares of £0.01	121,317	1.2
D ordinary shares of £0.00001	61,070	-
E ordinary shares of £0.00001	12,257	-
F ordinary shares of £0.00001	6,225	-
G ordinary shares of £0.00001	5,015	-
	205,884	1.2

	Allotted and called up Number '000	£m
2021		
Classified as equity		
A ordinary shares of £0.01	108,505	1.1
D ordinary shares of £0.00001	55,843	-
E ordinary shares of £0.00001	11,996	-
F ordinary shares of £0.00001	3,150	-
Deferred ordinary shares of £0.00001	4,935	-
	184,429	1.1

During the year ended 30 September 2022, 12,473,347 "A" shares, 11,352,197 "D" shares, 3,861,303 "E" shares, 3,075,000 "F" shares and 5,014,830 "G" shares were issued by the Company. During the year ended 30 September 2022, 1,200,000 "A" shares, 6,124,584 "D" shares, 1,292,500 "E" shares and 4,934,588 Deferred shares were cancelled. During the year ended 30 September 2022, 2,308,750 "E" shares were re-designated into 1,539,201 "A" shares.

During the year ended 30 September 2021, 20,199,384 "A" shares, 25,962,301 "D" shares and 2,030,114 "E" shares were issued by the Company. During the year ended 30 September 2021, 482,709 "A1" shares, 291,304 "A2" shares, 12,724,337 "D" shares and 300,000 "E" shares were redesignated into 2,726,690 "A" shares and 4,934,588 Deferred shares.

During the year £nil of transaction costs were capitalised (2021: £2.1m).

Voting rights

The "A" ordinary and "F" shares each rank pari passu for voting rights. "D" ordinary, "E" ordinary, "G" ordinary and Deferred shares do not carry voting right.

Return on capital

On the sale or liquidation of the Company the proceeds shall be divided between the shareholders as follows:

"D", "E", "F" and "G" shares are divided into a number of designations. The different designations have the same rights but convert to "A" shares on sale or liquidation of the Company if the "A" share price is above a hurdle. Conversion is also dependent on the relative value of the "A" to "D", "E" or "F" shares and other performance conditions.

Share class	A share price hurdle	2022	2021
D50-53, D59	\$23	3,448,316	3,894,149
D54-58, D60-88	\$28	20,573,468	26,641,671
D91-111, D116-117 and D119-120	£30	15,636,420	15,096,968

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29 Share capital continued**Return on capital continued**

Share class	A share price hurdle	2022	2021
D89-90, D112-115, D118 and D121-122	£32	10,059,750	10,209,750
D123-D126, D135-D139, D141 and D150	£41	5,751,626	nil
D127-D134 and D142-D149	£45	5,600,571	nil
E2	£8.50	nil	1,915,000
E4	£9.50	nil	100,000
E5	\$23	4,481,250	6,050,000
E6	\$28	1,901,374	1,901,374
E7	£30	1,759,801	1,777,301
E8	£30	252,813	252,813
E9	£45	3,861,303	nil
F1	\$23	3,150,000	3,150,000
F2	£45	3,075,000	nil
G1	£31	5,014,830	nil

Deferred shares do not have any return on capital.

Dividend rights

"D", "G" and Deferred shares do not receive dividends. "E" and "F" shares are pari passu with "A" shares subject to aggregated dividends for "A" shares exceeding £0.20 per share and the dividend per "E" or "F" ordinary share will be a fraction of the dividend per "A" share based on relative value between "A", "E" and "F" shares.

Conversion rights

If the sale or liquidation of the Company does not occur within a certain period after issuance date, "D" and "E" shares convert to "A" shares based on certain metrics. The time period to elapse before conversion for "D" shares varies between 34 months and 135 months depending on designations of "D" shares. Once the period has elapsed, "D" shares convert to "A" shares depending on the performance of certain business units and the growth of "A" share price versus specific targets. The time period to elapse before conversion for "E" shares is up to five years from the first issuance of a class. Once the period has elapsed, "E" shares convert to "A" shares depending on growth in the "A" share price versus specific targets. "F" shares are similar to "E" shares but rather than converting to "A" shares after a period of time there is no time limit and is contingent on certain events occurring. Where the vesting period has passed but the share price hurdle has not been met, these do not convert to Howden "A" but to Deferred shares.

Shares issued part of business combinations or acquisitions of NCI

As part of certain business combinations or acquisition of NCI, "A" ordinary shares were issued as consideration with service conditions attached. These conditions include that for a period of 3 years after acquisition, if a holder of these shares leaves employment from the Group and is deemed a bad leaver then the Group has the opportunity to buy back the "A" ordinary shares at the lower of the fair value or the price paid by the shareholders for the original shares, to which the "A" ordinary shares relate. The price paid by shareholders for the original acquiree shares is deemed to be the minimum guaranteed return for the holders of the "A" ordinary shares. As the holder of the "A" ordinary shares do not receive full benefit of the shares until after 3 years, the difference between the fair value of the "A" Ordinary shares and the minimum guaranteed return has been treated as a debit to the "Acquisition share reserve" on issuance of the shares. Over the 3 years, the difference between the fair value of the "A" ordinary shares and the minimum guaranteed return is treated as an equity settled share based compensation scheme and charged to operating costs. To the extent there is a bad leaver, the cumulative entries into the income statement and equity are reversed. The table below summarises the shares issued with service conditions attached with an impact to current year or prior year income statement:

Transaction	Year of transaction	Fair value of shares £m	Minimum guaranteed return £m	Maximum charge to income statement £m
SPF	2022	8.6	0	8.6

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29 Share capital continued**Shares issued part of business combinations or acquisitions of NCI continued**

A-Plan	2021	17.4	-	17.4
St Giles	2021	0.2	-	0.2
MPRS	2021	0.9	-	0.9

Shares held in trust

The Company has an Employee Benefit Trust ("EBT") which through its subsidiary Howden Employee Jersey Holdings Limited ("HEJH") holds Howden's ordinary shares which are used to settle future obligations relating to the Group's share-based compensation plans. As at 30 September 2022, HEJH held the following shares: 635,885 "A" (2021: 680,103), 1,288,213 "D" (2021: 5,593,385), 71,187 "E" ordinary (2021: 840,000) and nil Deferred shares (2021: 4,934,588).

30 Share-based compensation plans

During the year ended 30 September 2022 a total charge of £23.3m (2021: £9.1m) was recognised in respect of share-based compensation plans. The value of liabilities arising from share-based payments as at 30 September 2022 was £3.4m (2021: £nil). A summary of the most significant share based compensation plans are as follows:

Ordinary shares awarded

During the year, the Howden Group Foundation purchased 915,940 Howden "D", "E", "F" and "G" shares at nominal value (2021: 1,066,596 Howden "D" and "E" shares) and a cash donation was made to allow the Howden Group Foundation to purchase 220,000 Howden "A" shares. This has been treated as a share based payment. This and the other historic awards to employees where there are clawback provisions, resulted in a charge of £9.9m (2021: £1.5m).

Due to the conversion nature of "D", "E" and "F" ordinary shares into "A" ordinary shares, these have been treated as equity settled share based payments. The Group has used the Barrier Option Black-Scholes model (E1) or Stochastic model for all remaining shares to calculate the fair value of one award on grant date. Any subscription price paid is deducted from the output of the models to determine the fair value of one award on grant date.

Award	Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
E1	December 2015 - January 2016	21.3%	0.5%	1.2%	60	5.76	7.50	0.51
D23-26, 28-30, 33, 35-37	February - April 2017	16.6%	0.6%	0.2%	46	6.39	8.50	0.22
D-18	February - April 2017	16.4%	0.6%	0.3%	58	6.39	8.50	0.28
D32, 42, 45-49	June 2017	16.7%	0.6%	0.5%	43	6.39	8.50	0.21
E2	March 2017	16.6%	0.6%	0.4%	60	6.39	8.50	0.07
E3	July 2017	16.4%	0.6%	0.7%	60	8.29	9.50	0.44
E4 (T1)	July 2017	16.4%	0.6%	0.7%	60	8.29	9.50	0.47
D34	October 2017	16.2%	0.5%	0.6%	39	8.29	9.50	0.84
E4 (T2)	October 2017	15.8%	0.5%	0.7%	55	8.29	9.50	0.41
D31	November 2017	16.3%	0.5%	0.5%	38	8.29	8.50	0.83
D41	December 2017	15.7%	0.5%	0.6%	38	8.29	8.50	0.81
E5 (T1)	November 2018	15.9%	nil%	1.2%	60	13.39	17.54	0.33

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30 Share-based compensation plans continued

Ordinary shares awarded continued

Award	Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
F1	November 2018	26.8%	nil%	2.0%	Variable	13.39	17.54	3.46
D51	November 2018	16.0%	nil%	0.8%	50	13.39	18.03	0.47
D50	March 2019	16.2%	nil%	1.0%	59	13.39	17.40	0.73
E5 (T2)	April 2019	16.4%	nil%	0.8%	55	13.39	17.47	0.28
D53	April 2019	16.7%	nil%	0.8%	45	13.39	17.79	0.50
D50 (T2)	May 2019	16.3%	nil%	0.9%	57	13.39	17.57	0.67
E5 (T3)	May 2019	16.3%	nil%	0.6%	53	13.39	18.21	0.16
D52	May 2019	16.3%	nil%	0.9%	57	13.39	17.67	0.65
E5 (T4)	July 2019	16.2%	nil%	0.6%	52	13.39	18.37	0.12
D59	August 2019	15.7%	nil%	0.3%	41	13.39	18.73	0.23
E5 (T5)	September 2019	16.1%	nil%	0.3%	49	13.39	18.68	0.08
D54, D61, D69	November 2019	16.1%	nil%	0.5%	51	15.68	21.74	0.36
D55	November 2019	16.1%	nil%	0.5%	87	15.68	21.74	0.74
D56, D60, D62-68	November 2019	15.8%	nil%	0.5%	39	15.68	21.74	0.18
D70	November 2019	17.7%	nil%	0.6%	111	15.68	21.74	1.05
D71	November 2019	16.2%	nil%	0.5%	63	15.68	21.74	0.52
D72	November 2019	21.2%	nil%	0.8%	135	15.68	21.74	1.31
D57	July 2020	21.7%	nil%	(0.1)%	54	15.68	21.99	0.68
D58	July 2020	19.8%	nil%	nil%	90	15.68	21.99	0.90
D73, 77-79, 81-84	July 2020	23.0%	nil%	(0.1)%	42	15.68	21.99	0.59
D74	July 2020	19.6%	nil%	0.1%	102	15.68	21.99	0.96
E6 (T1)	July 2020	21.7%	nil%	(0.1)%	54	15.68	21.99	0.56
D80, 86-88	August 2020	23.2%	nil%	(0.1)%	42	15.68	21.47	0.65
D85	August 2020	21.6%	nil%	(0.1)%	54	15.68	21.47	0.74
E6 (T2)	August 2020	21.6%	nil%	(0.1)%	53	15.68	21.47	0.62
D91, D93, D98	June 2021	24.6%	nil%	0.2%	43	21.96	30.00	1.04
D95-96, D98-111, D116-117, D119-120	June 2021	24.9%	nil%	0.3%	43	21.96	30.00	1.04
D90	June 2021	19.8%	nil%	0.7%	115	21.96	32.00	1.31
D94	June 2021	20.1%	nil%	0.8%	115	21.96	30.00	1.56
D92	June 2021	21.0%	nil%	0.6%	79	21.96	30.00	1.31
D112-114	June 2021	22.6%	nil%	0.3%	55	21.96	32.00	0.88
D89, D114, D118	June 2021	22.7%	nil%	0.3%	55	21.96	32.00	0.89
D115, D121, D122	July 2021	22.7%	nil%	0.3%	54	21.96	32.00	0.89
D97	July 2021	24.9%	nil%	0.3%	42	21.96	30.00	1.04

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30 Share-based compensation plans continued

Ordinary shares awarded continued

Award	Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
E7 (T1)	June 2021	22.6%	nil%	0.3%	55	21.96	30.00	1.32
E7 (T2)	July 2021	22.7%	nil%	0.3%	54	21.96	30.00	1.30
E8	July 2021	22.7%	nil%	0.3%	55	21.96	30.00	1.30
D123-D126, D135-D139, D141, D150	April 22	25.4%	nil%	1.7%	45	31.00	41.00	2.06
D127-D128, D131	April 22	23.6%	nil%	1.6%	57	31.00	45.00	1.86
D129, D132-D133	April 22	23.6%	nil%	1.6%	57	31.00	45.00	1.76
D130, D134	April 22	21.0%	nil%	1.8%	93	31.00	45.00	2.25
E9, E9A, E9B, E9C, E9D	April 22	23.6%	nil%	1.6%	57	31.00	45.00	2.10
F2	April 22	22.6%	nil%	2.0%	204	31.00	45.00	4.95
D142-D149	May 22	24.3%	nil%	1.7%	56	31.00	45.00	1.78

The share price on grant date was estimated by an external expert based on a blend of valuation techniques, including earnings multiple based on listed peer group and transactional precedents, value in use, and sum of the components parts of the Group. An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period. Historical volatility is calculated based on the annualised standard deviation of listed peer group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

Under the terms of the scheme, early conversion may only be granted in exceptional circumstances and therefore the effect of early exercise has not been incorporated into the calculation. Management has also assumed there will not be sale or liquidation of the Group, triggering early conversion, over the life of the scheme.

"D" ordinary shares have hurdles and caps linked to the "A" ordinary shares prior to realising their potential, and these have been treated as effective exercise prices as inputs into the valuation models. "E" and "F" ordinary shares have hurdles linked to the "A" ordinary shares prior to realising their potential value and a proportion vest depending on "A" ordinary shares achieving certain hurdles. Where hurdles and caps are set in a currency other than sterling, the exchange rate on grant date is used when determining model inputs. A summary is presented below:

Award	Hurdle	Cap	Vesting hurdle (25% vesting unless stated)	Vesting hurdle (50% vesting unless stated)	Vesting hurdle (75% vesting unless stated)	Vesting hurdle (87.5% vesting unless stated)	Vesting hurdle (100% vesting unless stated)
D18, D20-37, D41-49	£8.50	£15.00	N/A	N/A	N/A	N/A	N/A
E1	£7.50	N/A	£9.00	£10.00	£11.00	N/A	£12.00
E2	£8.50	N/A	\$15.00	\$17.00	\$19.00	N/A	\$21.00
E3	£9.50	N/A	\$15.00	\$16.00	\$17.00	N/A	N/A
E4	£9.50	N/A	\$15.00	\$17.00	\$19.00	N/A	\$21.00
E5	\$23.00	N/A	\$28.00	\$32.00	\$36.00	N/A	\$40.00
F1	\$23.00	N/A	\$28.00	\$32.00	\$36.00	N/A	\$40.00
D50-53, D59	\$23.00	\$35.00	N/A	N/A	N/A	N/A	N/A
D54-58, D60-74 and D77-88	\$28.00	\$40.00	N/A	N/A	N/A	N/A	N/A
E6	\$28.00	N/A	\$33.00	\$37.00	\$41.00	N/A	\$45.00
E7	£30.00	N/A	£35.00	N/A	£40.00	£45.00	£50.00

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30 Share-based compensation plans continued

Ordinary shares awarded continued

Award	Hurdle	Cap	Vesting hurdle (25% vesting unless stated)	Vesting hurdle (50% vesting unless stated)	Vesting hurdle (75% vesting unless stated)	Vesting hurdle (87.5% vesting unless stated)	Vesting hurdle (100% vesting unless stated)
E8	£30.00	N/A	£35.00	N/A	£40.00	£45.00	£50.00
D89-90, D112-115, D118, D121-122	£32.00	£42.00	N/A	N/A	N/A	N/A	N/A
D91-111, D116- 117, D119-120	£30.00	£40.00	N/A	N/A	N/A	N/A	N/A
D123-D126, D135- D139, D141, D150	£41.00	£56.00	N/A	N/A	N/A	N/A	N/A
D127-D134, D142- D149	£45.00	£60.00	N/A	N/A	N/A	N/A	N/A
E9	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00
E9A	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00
E9B	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00
E9C	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00
E9D	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00
F2	£45.00	£N/A	£52.00	N/A	£58.00	£64.00	£70.00

Assumptions have been made over performance criteria, primarily leavers and business unit performance. Management has assumed up to 20% leavers' and business unit performance is based upon the approved medium term plan. "F" ordinary shares vest only on occurrence of certain events and as at 30 September 2022 and the Company does not believe any of these events are probable in the near future.

A summary of the movement of awards for the year ended 30 September 2022 is as follows:

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2021	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2022
E2	March 2017	0.07	1,725,000	nil	nil	(1,725,000)	nil
E4 (T1)	July 2017	0.47	50,000	nil	nil	(50,000)	nil
E4 (T2)	October 2017	0.41	50,000	nil	nil	50,000	nil
E5 (T1)	November 2018	0.33	4,335,000	nil	nil	(918,750)	3,416,250
F1	November 2018	3.46	3,150,000	nil	nil	nil	3,150,000
D51	November 2018	0.47	1,036,734	nil	nil	nil	1,036,734
D50 (T1)	March 2019	0.73	625,000	nil	nil	nil	625,000
E5 (T2)	April 2019	0.28	575,000	nil	nil	(25,000)	550,000
D53	April 2019	0.50	649,522	nil	nil	nil	649,522
E5 (T3)	May 2019	0.16	150,000	nil	nil	nil	150,000
D52	May 2019	0.65	718,695	nil	(100,000)	nil	618,695
E5 (T4)	July 2019	0.12	255,000	nil	nil	nil	255,000
D59	August 2019	0.23	411,994	nil	nil	nil	411,994
E5 (T5)	September 2019	0.08	85,000	nil	nil	nil	85,000
D54, D61, D69	November 2019	0.36	202,183	nil	nil	nil	202,183
D55	November 2019	0.74	76,833	nil	nil	nil	76,833
D56, D60, D62-68	November 2019	0.18	5,795,508	nil	(70,307)	(62,300)	5,662,901
D71	November 2019	0.52	425,818	nil	nil	nil	425,818

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30 Share-based compensation plans continued

Ordinary shares awarded continued

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2021	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2022
D72	November 2019	1.31	3,009	nil	nil	nil	3,009
D57	July 2020	0.68	188,630	nil	nil	nil	188,630
D58	July 2020	0.90	16,739	nil	nil	nil	16,739
D73, 77-79, 81-84	July 2020	0.59	4,087,196	nil	(67,890)	(2,942)	4,016,364
D74	July 2020	0.96	37,675	nil	(288)	nil	37,387
E6 (T1)	July 2020	0.56	1,697,097	nil	nil	nil	1,697,097
D80, 86-88	August 2020	0.65	7,103,408	nil	(186,811)	nil	6,916,597
D85	August 2020	0.74	2,435,672	nil	nil	nil	2,435,672
E6 (T2)	August 2020	0.62	150,000	nil	nil	nil	150,000
E7 (T1)	June 2021	1.30	51,874	nil	(12,187)	nil	39,687
D89	June 2021	0.89	572,660	nil	nil	nil	572,660
D90	June 2021	1.31	32,132	nil	nil	nil	32,132
D95	June 2021	1.04	607,638	nil	nil	nil	607,638
D98	June 2021	1.04	50,000	nil	(25,000)	nil	25,000
D99	June 2021	1.04	1,864,312	nil	(10,000)	nil	1,854,312
D100	June 2021	1.04	510,150	nil	(15,000)	nil	495,150
D101	June 2021	1.04	404,150	nil	(15,000)	nil	389,150
D102	June 2021	1.04	673,538	nil	nil	nil	673,538
D103	June 2021	1.04	929,250	nil	nil	nil	929,250
D104	June 2021	1.04	764,500	nil	nil	nil	764,500
D105	June 2021	1.04	707,425	nil	(15,000)	(19,500)	672,925
D106	June 2021	1.04	154,450	nil	nil	nil	154,450
D107	June 2021	1.04	175,000	nil	nil	nil	175,000
D108	June 2021	1.04	628,425	nil	(183,150)	nil	445,275
D109	June 2021	1.04	406,500	nil	nil	nil	406,500
D111	June 2021	1.04	2,347,019	nil	(17,233)	nil	2,329,786
D114	June 2021	0.89	140,000	nil	nil	nil	140,000
D119	June 2021	1.04	132,575	nil	nil	nil	132,575
E8	June 2021	1.30	245,000	nil	nil	nil	245,000
D96	June 2021	1.04	344,773	nil	nil	nil	344,773
D110	June 2021	1.04	1,321,323	nil	nil	nil	1,321,323
D116	June 2021	1.04	292,053	nil	nil	nil	292,053
D117	June 2021	1.04	700,871	nil	nil	nil	700,871
D118	June 2021	0.89	198,550	nil	nil	nil	198,550
D120	June 2021	1.04	265,793	nil	nil	nil	265,793
E7 (T2)	July 2021	1.30	795,927	nil	nil	nil	795,927
D115	July 2021	0.89	3,823,375	nil	nil	nil	3,823,375
D122	July 2021	0.89	2,131,637	nil	(150,000)	nil	1,981,637
D97	July 2021	1.04	1,160,270	nil	(27,300)	nil	1,132,970
D121	July 2021	0.89	168,348	nil	nil	nil	168,348
E7 (T3)	June 2021	1.32	870,371	nil	(43,500)	nil	826,871
D91	June 2021	1.04	31,871	nil	nil	nil	31,871
D92	June 2021	1.31	2,338	nil	nil	nil	2,338

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30 Share-based compensation plans continued

Ordinary shares awarded continued

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2021	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2022
D93	June 2021	1.04	55,462	nil	nil	nil	55,462
D94	June 2021	1.56	334	nil	nil	nil	334
D98	June 2021	1.04	574,875	nil	nil	nil	574,875
D112	June 2021	0.88	1,231,200	nil	nil	nil	1,231,200
D113	June 2021	0.88	824,387	nil	(824,387)	nil	nil
D114	June 2021	0.88	691,565	nil	nil	nil	691,565
E9	April 2022	2.10	nil	3,728,251	(8,000)	nil	3,720,251
D123-D126, D135-D139, D141, D150	April 2022	2.06	nil	5,542,394	nil	nil	5,542,394
D127-D128, D131	April 2022	1.86	nil	3,667,342	nil	nil	3,667,342
D129, D132-D133	April 2022	1.76	nil	1,023,244	nil	nil	1,023,244
D130, D134	April 2022	2.25	nil	111,375	nil	nil	111,375
F2	April 2022	4.95	nil	2,925,000	nil	nil	2,925,000
D142-D149	May 2022	1.78	nil	591,629	nil	nil	591,629
G1	April 2022	3.79	nil	4,876,905	nil	nil	4,876,905

HOWDEN GROUP HOLDINGS LIMITED
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30 Share-based compensation plans continued

Ordinary shares awarded continued

A summary of the movement of awards for the year ended 30 September 2021 is as follows:

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2020	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2021
E1	December 2015 - January 2016	0.51	300,000	nil	nil	(300,000)	nil
D23-26, 28-30, 33, 35-37	February - April 2017	0.22	8,136,151	nil	(2,541,774)	(5,594,377)	nil
D32, 42, 45-49	June 2017	0.21	1,876,526	nil	(697,042)	(1,179,484)	nil
E2	March 2017	0.07	1,915,000	nil	nil	(190,000)	1,725,000
E4 (T1)	July 2017	0.47	50,000	nil	nil	nil	50,000
D34	October 2017	0.84	112,469	nil	(67,481)	(44,988)	nil
E4	October 2017	0.41	50,000	nil	nil	nil	50,000
D31	November 2017	0.83	720,706	nil	(122,520)	(598,186)	nil
D41	November 2017	0.81	394,740	nil	nil	(394,740)	nil
E5 (T1)	November 2018	0.33	4,935,000	nil	nil	(600,000)	4,335,000
F1	November 2018	3.46	3,150,000	nil	nil	nil	3,150,000
D51	November 2018	0.47	1,036,734	nil	nil	nil	1,036,734
D50 (T1)	March 2019	0.73	625,000	nil	nil	nil	625,000
E5 (T2)	April 2019	0.28	575,000	nil	nil	nil	575,000
D53	April 2019	0.50	649,522	nil	nil	nil	649,522
D50 (T2)	May 2019	0.67	325,000	nil	nil	(325,000)	nil
E5 (T3)	May 2019	0.16	150,000	nil	nil	nil	150,000
D52	May 2019	0.65	718,695	nil	nil	nil	718,695
E5 (T4)	July 2019	0.12	255,000	nil	nil	nil	255,000
D59	August 2019	0.23	411,994	nil	nil	nil	411,994
E5 (T5)	September 2019	0.08	85,000	nil	nil	nil	85,000
D54, D61, D69	November 2019	0.36	305,149	nil	nil	(102,966)	202,183
D55	November 2019	0.74	76,833	nil	nil	nil	76,833
D56, D60, D62-68	November 2019	0.18	9,474,040	nil	(336,917)	(3,341,615)	5,795,508
D70	November 2019	1.05	nil	nil	nil	nil	nil
D71	November 2019	0.52	425,818	nil	nil	nil	425,818
D72	November 2019	1.31	3,009	nil	nil	nil	3,009
D57	July 2020	0.68	188,630	nil	nil	nil	188,630
D58	July 2020	0.90	16,739	nil	nil	nil	16,739
D73, 77-79, 81-84	July 2020	0.59	4,404,917	nil	(27,249)	(290,472)	4,087,196
D74	July 2020	0.96	38,999	nil	(193)	(1,131)	37,675
E6 (T1)	July 2020	0.56	1,697,097	nil	nil	nil	1,697,097
D80, 86-88	August 2020	0.65	7,295,054	nil	(191,646)	nil	7,103,408

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30 Share-based compensation plans continued**Ordinary shares awarded continued**

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2020	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2021
D85	August 2020	0.74	2,435,672	nil	nil	nil	2,435,672
E6 (T2)	August 2020	0.62	150,000	nil	nil	nil	150,000
E7 (T1)	June 2021	1.30	nil	51,874	nil	nil	51,874
D89	June 2021	0.89	nil	572,660	nil	nil	572,660
D90	June 2021	1.31	nil	32,132	nil	nil	32,132
D95	June 2021	1.04	nil	607,638	nil	nil	607,638
D98	June 2021	1.04	nil	50,000	nil	nil	50,000
D99	June 2021	1.04	nil	1,864,312	nil	nil	1,864,312
D100	June 2021	1.04	nil	510,510	nil	nil	510,510
D101	June 2021	1.04	nil	404,150	nil	nil	404,150
D102	June 2021	1.04	nil	673,538	nil	nil	673,538
D103	June 2021	1.04	nil	929,250	nil	nil	929,250
D104	June 2021	1.04	nil	764,500	nil	nil	764,500
D105	June 2021	1.04	nil	707,425	nil	nil	707,425
D106	June 2021	1.04	nil	154,450	nil	nil	154,450
D107	June 2021	1.04	nil	175,000	nil	nil	175,000
D108	June 2021	1.04	nil	628,425	nil	nil	628,425
D109	June 2021	1.04	nil	406,500	nil	nil	406,500
D111	June 2021	1.04	nil	2,347,019	nil	nil	2,347,019
D114	June 2021	0.89	nil	140,000	nil	nil	140,000
D119	June 2021	1.04	nil	132,575	nil	nil	132,575
E8	June 2021	1.30	nil	245,000	nil	nil	245,000
D96	June 2021	1.04	nil	344,773	nil	nil	344,773
D110	June 2021	1.04	nil	1,356,888	(35,565)	nil	1,321,323
D116	June 2021	1.04	nil	292,053	nil	nil	292,053
D117	June 2021	1.04	nil	700,871	nil	nil	700,871
D118	June 2021	0.89	nil	198,550	nil	nil	198,550
D120	June 2021	1.04	nil	265,793	nil	nil	265,793
E7 (T2)	July 2021	1.30	nil	795,927	nil	nil	795,927
D115	July 2021	0.89	nil	3,823,375	nil	nil	3,823,375
D122	July 2021	0.89	nil	2,131,637	nil	nil	2,131,637
D97	July 2021	1.04	nil	1,160,270	nil	nil	1,160,270
D121	July 2021	0.89	nil	168,348	nil	nil	168,348
E7 (T3)	June 2021	1.32	nil	870,371	nil	nil	870,371
D91	June 2021	1.04	nil	31,871	nil	nil	31,871
D92	June 2021	1.31	nil	2,338	nil	nil	2,338
D93	June 2021	1.04	nil	55,462	nil	nil	55,462
D94	June 2021	1.56	nil	334	nil	nil	334
D98	June 2021	1.04	nil	574,875	nil	nil	574,875
D112	June 2021	0.88	nil	1,231,200	nil	nil	1,231,200
D113	June 2021	0.88	nil	824,387	nil	nil	824,387
D114	June 2021	0.88	nil	691,565	nil	nil	691,565

A charge of £8.5m (2021: £5.6m) was recorded for the year ended 30 September 2022.

Due to the conversion nature of "G" ordinary shares into "A" ordinary shares, these have been treated as equity settled share based

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30 Share-based compensation plans continued

Ordinary shares awarded continued

payments. The Group has used a Stochastic model to determine the fair value of one award on grant date. The fair value of an award is dependent on the growth above specific hurdle amounts linked to the combined valuation of certain businesses. Any subscription price is deducted from the output of the models to determine the fair value of one award at grant date

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2021	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2022
G shares	April 2022	3.79	nil	4,876,905.00	nil	nil	4,876,905.00

A charge of £1.3m (2021: £nil) was recorded for the year ended 30 September 2022.

In the prior year, certain subsidiaries of the A-Plan Group awarded incentive shares to employees. Due to the conversion nature of these shares into Howden Group "A" ordinary shares, these have been treated as equity settled share based payments. The Group has used a Stochastic model to calculate the fair value of one award on grant date. The fair value of an award for each scheme is dependent on the growth above specific hurdle amounts linked to the acquisition price of the A-Plan Group. Any subscription price paid is deducted from the output of the models to determine the fair value of one award on grant date. In the current year, the incentive scheme was cancelled except for KGM.

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2021	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2022
APH (1)	March 2021	7.50	10,778,197	nil	(10,778,197)	nil	nil
APH (2)	May 2021	7.54	348,205	nil	(348,205)	nil	nil
APH (3)	September 2021	7.54	60,480	nil	(60,480)	nil	nil
Endsleigh	June 2021	2.23	15,000	nil	(15,000)	nil	nil
KGM	June 2021	1.83	191,734	nil	nil	nil	191,734
Ingenie	June 2021	0.57	95,667	nil	(95,667)	nil	nil
Vast	August 2021	4.04	80,000	nil	(80,000)	nil	nil

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2020	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2021
APH (1)	March 2021	7.50%	10,778,197	nil	nil	nil	10,778,197
APH (2)	May 2021	7.54%	348,205	nil	nil	nil	348,205
APH (3)	September 2021	7.54%	60,480	nil	nil	nil	60,480
Endsleigh	June 2021	2.23%	15,000	nil	nil	nil	15,000
KGM	June 2021	1.83%	191,734	nil	nil	nil	191,734
Ingenie	June 2021	0.57%	95,667	nil	nil	nil	95,667
Vast	August 2021	4.04%	80,000	nil	nil	nil	80,000

A charge of £10.5m (2021: £0.8m) was recorded for the year ended 30 September 2022.

Recycled awards

During the year ended 30 September 2019, there were a number of D share incentive schemes where the economic benefits of shares belonging to leavers were recycled to other recipients. The features are identical to the connected D share award save at the end of the scheme, the value pot is determined and deductions are made for tax. The end net value is used to award the equivalent number of "A" ordinary shares. These vested in the prior year.

These awards have been treated as equity settled share based payments. The Group has used a Stochastic model to calculate the fair value of one award on grant date. For description over assumptions refer to the relevant section under Ordinary shares awarded.

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30 Share-based compensation plans continued

Ordinary shares awarded continued

Recycled award	Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
D23	October 2018	14.3%	nil%	0.8%	27	13.39	8.50	3.86
D15	October 2018	15.4%	nil%	0.7%	14	13.39	7.50	4.63
D6	February 2019	19.0%	nil%	0.7%	11	13.39	7.50	4.56
D7	February 2019	19.0%	nil%	0.7%	11	13.39	7.50	4.56
D31	February 2019	16.1%	nil%	0.7%	24	13.39	8.50	3.60
D25	April 2019	16.7%	nil%	0.6%	22	13.39	8.50	3.80

As these vested in the prior year there are no movements in the current year.

A summary of the movement of awards for the year ended 30 September 2021 is as follows:

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2020	Granted / adjustments	Lapsed	Exercised	Options outstanding 30 September 2021
D23	October 2018	3.86	253,402	nil	nil	(253,402)	nil
D15	October 2018	4.63	nil	nil	nil	nil	nil
D6	February 2019	4.56	nil	nil	nil	nil	nil
D7	February 2019	4.56	nil	nil	nil	nil	nil
D31	February 2019	3.60	113,216	nil	nil	(113,216)	nil
D25	April 2019	3.80	268,480	nil	nil	(268,480)	nil

A charge of £nil (2021: £1.1m) was recorded for the year ended 30 September 2022.

Howden Group Holdings

HOWDEN GROUP HOLDINGS LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

31 Other reserves

	Capital redemption reserve £m	Asset revaluation reserve £m	Share option reserve £m	EBT reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Acquisition share reserve £m	Cost of hedging reserve £m	Minority option reserve £m	Howden share option reserve £m	Total other reserves £m
2022										3,500,397	0
As at 1 October 2021	0.2	0.3	10.1	(145.0)	(63.0)	(15.7)	(16.6)	(0.2)	(82.9)	-	(312.8)
Reserves transfer arising on utilisation of options	-	-	-	-	-	-	-	-	22.2	-	22.2
Arising on put options over Company's shares	-	-	-	-	-	-	-	-	(45.8)	-	(45.8)
Net foreign exchange adjustments	-	-	-	-	(257.3)	-	-	-	-	-	(257.3)
Arising on acquisitions and disposals	-	-	-	-	-	-	-	-	(15.6)	-	(15.6)
Net movement in shares held by Employee Benefit Trust	-	-	-	(37.4)	-	-	-	-	-	-	(37.4)
Movement in cash flow hedge	-	-	-	-	-	58.4	-	0.2	-	-	58.6
Share-based payment	-	-	1.5	-	-	-	(2.0)	-	-	-	(0.5)
As at 30 September 2022	0.2	0.3	11.6	(182.4)	(320.3)	42.7	(18.6)	-	(122.1)	-	(588.6)

HOWDEN GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

31 Other reserves continued

2021	Capital redemption reserve £m	Asset revaluation reserve £m	Share option reserve £m	EBT reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Acquisition share reserve Total other reserves £m	Cost of hedging reserve £m	Minority option reserve £m	Total other reserves £m
As at 1 October 2020	0.2	0.3	15.7	(120.7)	(81.9)	(26.2)	(1.3)	(0.2)	(86.4)	(300.5)
Reserves transfer arising on utilisation of options	-	-	-	-	-	-	-	-	32.1	32.1
Net foreign exchange adjustments	-	-	-	-	18.9	-	-	-	-	18.9
Arising on acquisitions and disposals	-	-	-	-	-	-	-	-	(28.6)	(28.6)
Net movement in shares held by Employee Benefit Trust	-	-	-	(24.3)	-	-	-	-	-	(24.3)
Movement in cash flow hedge	-	-	-	-	-	10.5	-	-	-	10.5
Share-based payment	-	-	(5.6)	-	-	-	(15.3)	-	-	(20.9)
As at 30 September 2021	0.2	0.3	10.1	(145.0)	(63.0)	(15.7)	(16.6)	(0.2)	(82.9)	(312.8)

HOWDEN GROUP HOLDINGS LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2022

31 Other reserves continued**Capital redemption reserve**

When share capital is cancelled, a capital redemption reserve is created, equal to the nominal value of the share capital cancelled.

Asset revaluation reserve

This reserve relates to historic revaluation of certain assets.

Share option reserve

This reserve records the transactions in equity for equity-settled share-based payments. For equity-settled share-based payments arising over business combinations (see note 29), entries are recorded in the "Acquisition share reserve"

EBT reserve

This reserve records the transactions in equity for buyback of ordinary shares and consideration received in respect of reissuance of treasury shares.

Translation reserve

This reserve contains the accumulated foreign exchange differences arising on translation of foreign operations into the Group's presentational currency on consolidation.

Cash flow hedge reserve

The Group has a number of cash flow hedge arrangements (see note 33). This reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions which are forecast and probable, but not yet occurred.

Minority option reserve

The reserve for minority options includes the initial fair value of put option liabilities granted to non-controlling shareholders, and future commitments or potential obligations to acquire shares in subsidiaries currently held by non-controlling shareholders. It also includes put options granted in respect of the Company's shares held by shareholders based on the initial fair value of the put option liability. Subsequent changes in the fair value of the put option liability are recognised in the income statement. When a put option is exercised in full or in part, the element of the reserve relating to this acquisition is re-cycled from the minority option reserve through to retained earnings. The amount re-cycled in 2022 was £22.2m (2021: £29m). An amount of £nil (2021: £2.1m) was transferred from put option liabilities direct to equity.

Share acquisition reserve

The acquisition share reserve arises when Howden shares are issued as consideration to effect a business combination or acquire a minority shareholder of a subsidiary but services are required to be rendered to obtain the full benefit of the shares over a period of time (see note 29). Share capital and premium is recognised based on the fair value of the share and the debit entry relating to the service element is booked in the share acquisition share reserve.

Cost of hedging reserve

The cost of hedging reserve relates to the treatment of time value component of options (see note 1).

32 Cash from operations

	2022	2021
	£m	£m
Loss after tax	(41.6)	(20.9)
Income tax expense	2.2	27.0
Fair value through profit and loss	34.9	33.6
Movement due to foreign exchange	(68.7)	15.0
Acquisition cost	40.3	11.4
Dividend income	(0.3)	-
Net finance costs	186.1	18.4
Depreciation and amortisation	176.0	100.2
Share based payments	30.1	9.1
Goodwill and intangible assets impairment	5.0	9.2
Employee services post business combination	17.1	48.9

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32 Cash from operations continued

	2022	2021
	£m	£m
Gain on sale of subsidiaries and other non-current assets	(0.2)	(0.2)
(Increase)/decrease in non-current trade and other receivables	7.1	5.4
(Increase)/decrease in insurance investments	(90.2)	(111.3)
(Increase)/decrease in insurance receivables	(106.0)	(66.8)
(Increase)/decrease in current other receivables, accrued income and prepayments	(24.0)	(13.6)
(Increase)/decrease in cost of fulfilment asset	(11.7)	(3.4)
Increase/(decrease) in insurance payables	239.1	232.2
Increase/(decrease) in current trade and other payables	74.4	45.1
Increase/(decrease) in deferred income	16.6	7.3
Increase/(decrease) in non-current trade and other payables	(5.0)	0.1
Increase/(decrease) in provisions	7.2	18.5
Increase/(decrease) in insurance underwriting balance	6.4	8.8
Cash generated from operations	494.8	374.0

33 Financial risk management**Credit risk**

The Group's principal financial assets exposed to credit risk are trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and clients.

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are the Group's bankers with high credit ratings assigned by international credit rating agencies.

In respect of managing credit risk arising over trade and other receivables, the subsidiaries across the Group maintain credit control teams as appropriate to manage the credit risk and in some business units, a variable element of remuneration of staff is linked to cash collection. The Group applies the lifetime credit risk model to insurance receivables. The Group monitors the ageing of insurance receivables based on whether it is current or not and days past due. Management provides for all balances more than 365 days overdue and for all remaining balances a bad debt provision is created based on prior experience of bad debt unless a specific provision is created due to there being an identified loss. An example of event triggering a specific bad debt provision would be the counterparty in known distressed financial situation. The main input in determining the lifetime credit loss is the average historical bad debt experience rate based over typically over the last three years. The Group applies the 12 month credit loss model to other receivables unless there has been a significant increase in credit risk. The main input is the likelihood of a default occurring in the next 12 months based on past experience and current market conditions given the majority of the other receivables are due within 12 months.

Ageing information of insurance receivables are as set out below :

	Not past due	0-3 months	More than 3 months	Total
	£m	£m	£m	£m
At 30 September 2022				
Insurance receivables and accrued income	339.7	99.6	25.0	464.3
	Not past due	0-3 months	More than 3 months	Total
	£m	£m	£m	£m
At 30 September 2021				
Insurance receivables and accrued income	199.4	63.1	20.9	283.5

The total bad debt provision on insurance receivables was £21.6m (2021: £12.4m). The increase is predominantly driven from net additional recognition of provision following recoverability review as well overall increase in size of Group driven by acquisitions and organic growth.

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33 Financial risk management continued**Credit risk continued**

The bad debt expense recognised in respect of insurance and trade receivables was £8.7m for the year ended 30 September 2022 (2021: £0.8m).

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table includes the principal and interest cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2022	£m	£m	£m	£m
Bank borrowings	(264.5)	(1,015.6)	(3,592.6)	(4,872.7)
IFRS 16 lease liabilities	(35.6)	(104.6)	(70.1)	(210.3)
Other loans and borrowings	(5.8)	(33.3)	(1,575.8)	(1,614.9)
	(305.9)	(1,153.5)	(5,238.5)	(6,697.9)

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2021	£m	£m	£m	£m
Bank borrowings	(86.7)	(385.8)	(1,597.1)	(2,069.6)
IFRS 16 lease liabilities	(24.3)	(75.5)	(72.2)	(172.0)
Other loans and borrowings	(4.4)	(17.1)	(3.3)	(24.8)
	(115.4)	(478.4)	(1,672.6)	(2,266.4)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on discounted net cash flows on derivative instruments. Where the amount payable or receivable is not fixed, the amount disclosed is the fair value of the instrument at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay such as exercise date of options and excludes impact of conditions which could accelerate payment such as death (see note 1(m) financial liabilities, which impact classification of the liabilities as current or noncurrent).

Note 40 sets out the estimated cash flow if these future payments to NCI, a significant portion of which are put options, were all settled.

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2022	£m	£m	£m	£m
Interest rate swaps and caps	-	(2.3)	-	(2.3)
Future payments to NCI	(137.8)	(166.2)	(7.1)	(311.1)
Howden share put option	(40.0)	(66.9)	-	(106.9)
Foreign currency derivatives	(9.8)	-	-	(9.8)
	(187.6)	(235.4)	(7.1)	(430.1)

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2021	£m	£m	£m	£m
Interest rate swaps and caps	(8.9)	(9.3)	-	(18.2)
Future payments to NCI	(44.8)	(152.3)	(36.4)	(233.5)
Howden share put option	(14.1)	(33.3)	-	(47.4)
	(67.8)	(194.9)	(36.4)	(299.1)

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33 Financial risk management continued

Interest rate risk

The Group's exposure to interest rate risk is on the interest payable on the Company's variable rate borrowings, including overdrafts, and interest receivable on banking deposits held in the ordinary course of business. As a result, the Group is subject to a certain degree of interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Group is not subject to interest rate risk in relation to the fixed rate borrowings.

The exposure for the Group, at 30 September 2022, of financial assets and financial liabilities to interest rate risk is shown by reference to:

- Floating interest rates (i.e. giving cash flow interest rate risk) when the interest rate is due to be re-set; and
- Fixed interest rates (i.e. giving fair value interest rate risk) when the financial instrument is due for repayment.

	Fixed rate £m	Floating rate £m	Total £m
At 30 September 2022			
Financial assets			
Cash and cash equivalents	-	653.5	653.5
Insurance cash and cash equivalents	-	1,351.4	1,351.4
Insurance investments	-	202.3	202.3
Investments at fair value through profit and loss	-	34.3	34.3
Total financial assets	-	2,241.5	2,241.5
Financial liabilities			
Cash and cash equivalents	-	0.4	0.4
Bank borrowings	16.3	3,584.2	3,600.5
Lease liabilities	181.2	-	181.2
Other loans	40.3	635.2	675.5
Total financial liabilities	237.8	4,219.8	4,457.6
At 30 September 2021			
Financial assets			
Cash and cash equivalents	-	262.7	262.7
Insurance cash and cash equivalents	-	906.1	906.1
Insurance investments	-	112.1	112.1
Investments at fair value through profit and loss	2.5	43.1	45.6
Total financial assets	2.5	1,324.0	1,326.5
Financial liabilities			
Bank borrowings	(18.5)	(1,541.2)	(1,559.7)
Lease liabilities	(141.9)	-	(141.9)
Other loans	(20.8)	-	(20.8)
Total financial liabilities	(181.2)	(1,541.2)	(1,722.4)

The Group's largest exposure to interest rate risk relates to the Term Loans, where the USD portion has interest payable based on LIBOR and the EUR portion has interest payable based on EURIBOR (see note 24). While there is a partial natural hedge with USD and EUR denominated insurance cash and investments earning floating LIBOR or EURIBOR interest, the Group has entered into interest rate swaps and interest rate caps to manage the interest rate risk. It is estimated that through the combination of the natural hedge and interest rate derivatives (swaps and cap), a weighted average of 61% (2021: 36%) of the notional of the Term Loans is hedged for the period to March 2024. This further decreases to a weighted average of 41% (2021: 18%) of the notional of the Term Loans hedged for the period to March 2025 and to 8% for the remaining period to November 2027.

The Group also has interest rate risk relating to the PIK notes which carry interest in SONIA and EURIBOR. These are unhedged but as interest is cash settled on election of the Group, the interest can be capitalised and settled on maturity of the instruments.

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33 Financial risk management continued

Interest rate risk continued

As at 30 September 2022

	Fair value / £m	Duration	Notional	Fixed leg
LIBOR swaps (no floor)	4.5	Up to Dec 2024	100.0 - 483.2	1.89% - 1.93%
LIBOR swaps (floor)	69.5	Up to Mar 2025	33.5 - 529.3	1.05% - 3.26%
EURIBOR swaps (no floor)	0.8	Up to Dec 2024	18.0 - 40.6	0.19% - 0.21%
EURIBOR swaps (floor)	9.4	Up to Mar 2025	47.6 - 225.1	0.08% - 1.67%
SOFR swaps (floor)	(2.3)	Up to Sep 2025	127.5 - 409.2	4.31% - 4.36%

The total fair value of the interest rate swaps was £81.9m as at 30 September 2022, of which £42.2m was recorded in current derivative financial instrument assets, £42.0m was recorded in non-current derivative financial instrument assets and £2.3m was recorded in non-current derivative financial instrument liabilities.

As at 30 September 2021

	Fair value / £m	Duration	Notional	Fixed leg
LIBOR swaps (no floor)	(7.4)	Up to Dec 2024	100.0 - 483.2	1.89% - 2.76%
LIBOR swaps (floor)	(7.9)	Up to Dec 2024	116.7 - 197.6	2.94% - 3.26%
EURIBOR swaps (no floor)	(0.4)	Up to Dec 2024	18.0 - 40.6	0.92% - 1.67%
EURIBOR swaps (floor)	(2.4)	Up to Dec 2024	47.6 - 69.2	0.19% - 0.21%
EURIBOR caps	(0.2)	Up to Apr 2022	107.8 - 108.5	0.00%

The total fair value of the swaps and caps was £18.2m as at 30 September 2021, of which £9.3m was recorded in noncurrent derivative financial instrument liabilities and £8.9m was recorded in current derivative financial instrument liabilities.

The interest swaps and the intrinsic portion of the interest rate caps have been designated as hedging instruments in cash flow hedges on inception of the hedging instruments. The swaps and caps are recognised and measured at fair value on the Consolidated Statement of Financial Position, with fair value movements on the swaps and intrinsic portion of the caps are recognised in the cash flow hedge reserve via the Consolidated Statement of Comprehensive Income, as long as the requirements for hedge accounting are met and are effective. Amounts are recycled from the cash flow hedge reserve as and when the hedged forecast transaction occurs. Fair value movements in relation to time value of the interest rate caps are recognised in the cost of hedging reserve and amortised into the Consolidated Income Statement over the life of the instrument.

Historically, some interest rate hedges have been terminated as they no longer met the risk management objectives due to mismatch between variable interest rate risk and hedging instrument or an economic relationship was no longer able to be demonstrated between the hedged item and hedging instruments. On termination date, the balance in cash flow hedging reserve is recycled over the remaining life of the derivative as the underlying forecast transaction is still expected to occur and the changes in fair value of the derivative is recorded in the Consolidated Income Statement.

For the year ended 30 September 2022, a gain of £74.9m (2021: £2.3m) excluding tax was recognised in other comprehensive income. A total of £7.7m loss (2021: £11.1m) was recycled from equity to profit and loss. A total gain of £17.6m (2021: loss of £0.6m) was recognised in finance costs from hedge ineffectiveness arising from credit risk and changes in fair value of swaps, where the hedging relationship has been terminated.

A 50bps change in interest rates would not have a material impact for the year ended 30 September 2022 or 30 September 2021.

Group Treasury oversees Howden's IBOR transition alongside divisions who are responsible for transitioning the exposures in their own reporting structures. The LIBOR transition project is ongoing and managed in phases with Group Treasury providing updates to senior management committees periodically. Treasury is currently focused on transitioning Howden's USD LIBOR exposures by 30 June 2023, the permanent cessation date for this benchmark rate. The Group Credit Agreements already contain updated fall-back language that clarifies which rates to use when USD LIBOR ceases to be accepted. Treasury is working with divisions and derivative counterparties to transition Group's remaining USD LIBOR exposures.

HOWDEN GROUP HOLDINGS LIMITED
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33 Financial risk management continued

Foreign currency risk

Foreign exchange risk arises where a subsidiary's assets, liabilities, income and expenses are denominated in currencies other than the subsidiary's functional currency. The Group's policy is to:

- Align the Term Loan's servicing costs in USD/EUR and operating profits in USD/EUR
- Monitor and where appropriate to hedge foreign currency transaction exposures

For the latter, this is most prevalent in certain subsidiaries where the costs are largely denominated in GBP but revenue is earned in a number of foreign currencies. In this situation, foreign exchange contracts to sell foreign currencies and buy GBP can be entered into to cover a proportion of the forecast foreign currency receipts. The amount forward sold is considered on basis of amounts after debt servicing in currency and acceptable impact on leverage for extreme movements in foreign exchange.

In the current and prior year, the Group entered into a series of foreign exchange forwards to buy GBP-sell USD to hedge foreign exchange risk arising in a GBP functional currency subsidiary which had USD income. These forwards were designated as hedging instruments in a cash flow hedge to hedge the foreign exchange risk arising from the revenue recognition and subsequent arising receivable. As at 30 September 2022 the following forwards had not yet expired:

	Fair value / £m	Duration	Notional	Forward rate
USD forwards	9.8	Up to Dec 2023	\$88.5m	1.2494 - 1.3431

As at 30 September 2021, the following forwards had not yet expired:

	Fair value / £m	Duration	Notional	Forward rate
USD forwards	0.1	Up to Nov 2021	\$12.5m	1.324 - 1.327

For the year ended 30 September 2022, a loss of £11.5m (2021: a gain of £1.5m) was recognised in other comprehensive income. A total loss of £4.8m (2021: a gain of £1.5m) was recycled from equity to profit and loss. A total loss of £4.1m (2021: a gain of £0.2m) was recognised in operating costs for changes in fair value of swaps after the revenue had been recognised as well as credit adjustments on the fair value of the derivatives.

In addition, the Group designated a €99.4m (2021: €102.1m) portion of the EUR Term Loan and a \$338.5m (2021: \$210.1m) portion of the USD Term loan as hedging instruments in net investment hedges of EUR and USD foreign operations. The hedging instruments were recorded in non-current borrowings. The hedged risk is the foreign exchange risk arising on the value of the Group's net investment in assets and liabilities in USD and EUR functional currency entities. The net gain or loss under this arrangement is recognised in other comprehensive income. The fair value changes and net effect on other comprehensive income in the year ended 30 September 2022 was a gain of £56.5m (2021: £9.9m).

The value of the Group's revenue, expenses and assets/liabilities that have USD and EUR foreign currency exposure is as follows:

	USD £m	EUR £m
At 30 September 2022		
Net (liabilities)/assets	(35.5)	(960.6)
Revenue	441.2	94.8
Expenses	(125.1)	(58.3)
	USD £m	EUR £m
At 30 September 2021		
Net assets/(liabilities)	287.5	(284.9)
Revenue	320.9	67.3
Expenses	(25.3)	(14.8)

The following table details the sensitivity of the Group's equity, revenue and expenses to a 10% decrease in GBP against USD and EUR.

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33 Financial risk management continued

	USD	EUR
	£m	£m
At 30 September 2022		
Net (liabilities)/assets	(3.6)	(94.4)
Revenue	44.4	9.3
Expenses	(12.6)	(5.7)
	USD	EUR
	£m	£m
At 30 September 2021		
Net assets/(liabilities)	23.8	(27.6)
Revenue	26.6	6.5
Expenses	(2.1)	(1.4)

Capital management

The Group's objectives when managing capital (raised via equity or debt) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is funded through a mixture of debt and equity and in common with its peers, the Group has long-term debt as a core element of its capital structure. The Group manages the risk with regards to the availability of debt by maintaining a close relationship with a number of different debt providers. The Group's main borrowings mature between 2027 and 2031. They will be refinanced at an appropriate time in the future.

Details of the balances outstanding on the Group's main borrowings at year end are as follows:

	2022	2021
	m	m
USD 1st lien	\$2,735.6	\$1,790.0
USD 2nd lien	\$455.0	-
EUR 1st lien	€898.3	€315.0
PIK (GBP)	£399.9	-
PIK (EUR)	€285.1	-

In addition there is £185m RCF (2021: £125m) to provide liquidity to aid short term working capital needs and was undrawn as at 30 September 2022 (2021: £41.7m drawn). The Board monitors the forecast levels of borrowings and leverage ratios to ensure it remains within its risk appetite.

To maintain leverage ratios and to remain within its risk appetite, the Group drew an additional £300m of fresh equity from its institutional investors during the year to fund M&A and expansion plans.

As noted in note 1, the Group is subject to one principal financial covenant and is only applicable once a certain amount of the RCF is drawn down. The Group monitored the rolling forecast of cash flow for the period to December 2023. Where the RCF is forecast to be utilised sufficiently to trigger covenant compliance testing, the Group is forecast to be compliant during the forecast period.

Insurance risk

The three key components of insurance risk are underwriting, reinsurance and reserving.

Underwriting

Poor claims experience could lead to larger losses than anticipated. The Group has issued reinsurance to a third party coverholder providing capacity to a retrocessional binder, with the coverholder delegating underwriting authority to a subsidiary of the Group. The retro binder covers a range of risks, where there are detailed historical records over claims albeit there is no certainty the claims pattern will repeat for the future. This detailed dataset, allied with a subsidiary of the Group having delegating underwriting authority helps ensure the

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33 Financial risk management continued

Insurance risk continued

quality of underwriting despite the Group not previously taking on insurance risk.

As set out in note 5, the Group's losses are limited to the collateral placed for the reinsurance contract. Scenarios were modelling based on catastrophe models, which evaluate expected results over a significant timeframe and not for any one year. Based on these models, it is anticipated that there is a 2% chance for the complete exhaustion of collateral.

Reinsurance

As this is the first time the Group has taken on balance sheet risk and the low risk of complete utilisation of collateral, no reinsurance has been taken. Once there is sufficient certainty over the claims development, reinsurance may be considered to effectively lock in performance and minimise deterioration of results.

Reserving

Reserving risk arises where insurance liabilities are insufficient. To manage this risk, actuarial analysis is deployed to project the ultimate claims ratio as well monitoring for claims made and incurred claims but not yet reported on a regular basis. Reserving exercises include expert input from the Underwriter and independently from actuarial resources within the Group, with additional external review where appropriate. The selected reserves were within a range of our outcomes considered. The upper and lower bounds of the range would have increased/decreased the claims liability by £21.5m and £17.1m respectively. For claims made, it is anticipated that the amount and timing of claims payments is typically resolved within one year.

34 Contingent liabilities

At 30 September 2022 the Group had contingent liabilities in respect of guarantees and indemnities entered into as part of the ordinary course of the Group's business. No material losses are likely to arise from such contingent liabilities and therefore no provision has been recorded.

The Group is involved from time to time in certain claims and legal proceedings related to the Group's operations, including employment related matters. Where the recognition criteria of IAS 37 have been met, provisions have been made as per note 25. On other matters where the recognition criteria have not been met, the Group analyses its litigation exposure based on available information, including internal and external legal consultation where appropriate, to assess its potential liability. In the opinion of management, liabilities, if any, arising from these claims and proceedings will generally not have a material adverse impact.

35 Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £36.5m (2021: £23.9m). Contributions outstanding at the end of the year amounted to £4.2m (2021: £1.8m).

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36 Defined benefit scheme**(a) Defined benefit pension scheme - actuarial valuation and assumptions**

The Group operates some small defined benefit schemes in the UK, Switzerland and Italy through acquisitions during the current year. The defined benefit schemes are valued by a qualified actuary at least every three years and contributions are assessed in accordance with the actuary's advice.

The Italian defined benefit scheme is a state operated fund and open to all eligible employees within the Assiteca Group, and official rules of the plan are described in article 2120 of the Italy Civil Code and the applicable national labour agreements for the establishment of the industry-wide pension funds. To note, this defined benefit scheme holds no plan assets and thus consists of defined obligations only. Within the Swiss component there are several entities which each administer a defined benefit scheme. These are open to all eligible employees. These companies provide their employees with occupational pensions against the economic consequences of old age, disability and death with various collective foundations. The insurance plans are set out in the relevant regulations, plan and affiliation agreements with the collective foundations. An entity, Bruce Stevenson Ltd, within the Aston Lark Group, sponsors a scheme which is a defined benefit pension plan and there is a separate trustee administered entity holding assets to meet long term pension liabilities.

A full actuarial valuation of the scheme was carried out as at 30 September 2022. The next actuarial valuation will be carried out as at 30 September 2023.

At 30 September 2022, the combined market value of the UK and Swiss plan assets was £22.3m and, based on the above assumptions, the value of the assets is sufficient to cover 60% of the benefits accrued to members with the liabilities amounting to £37.1m. For the UK pension scheme, the employer is only able to recognise a surplus when the scheme liabilities are fully settled.

(b) Defined benefit pension scheme

The following summarises the components of net defined benefit expenses recognised in the consolidated income statement, the funded status and amounts recognised in the consolidated balance sheet and other amounts recognised in the consolidated statement of comprehensive income. The methods set out in IAS 19 are different from those used by the scheme actuaries in determining funding arrangements.

(c) Principal assumptions adopted

The assumptions used in calculating the expenses and obligations are set by the directors after consultation with the independent actuaries.

Assumptions	Rate per annum		
	Italy	Switzerland	UK
Discount rate for accrued benefits	3.3% pa	2.0% pa	5.2% pa
Rate of increase to pensions	2.4% pa	0.5% pa	2.8 - 3.8% pa
Inflation	2.1% pa	0.5% pa	2.1 - 3.0% pa

For the UK and Swiss defined benefit schemes, the Group uses demographic assumptions underlying the formal actuarial valuation of the scheme as at 30 September 2022. Post-retirement mortality has been assumed to follow the standard mortality tables 'S3' All Pensioners tables published by the CMI, based on the experience of Self-Administered Pension Schemes ('SAPS') with multipliers of 108% for males and 104% for females. In addition, an allowance has been made for future improvements in longevity by using the new CMI 2021 Core projections with a long term rate of improvement of 1.5% per annum for men and 1.25% per annum for women. Applying such tables results in an average expected longevity of between 86.5 years and 88.1 years for men and between 89.0 years and 90.5 years for women for those reaching 65 over the next 20 years. For the Italian defined benefit scheme, the Trattamento di Fine Rapporto (TFR) is a lump sum plan and therefore post-retirement mortality assumptions are not required.

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36 Defined benefit scheme continued**(d) Amounts recognised in the consolidated income statement**

	Italy £m	Switzerland £m	UK £m
Current service cost	0.2	0.2	-
Net interest expense on defined benefit obligation	0.1	-	-
Total expense recognised in the income statement	0.3	0.2	-

Amounts recognised in OCI

	Italy	Switzerland	UK
Remeasurement of defined benefit obligation - actuarial gains/(losses) arising from:			
Changes in demographic assumptions	-	-	1.7
Changes in financial assumptions	0.6	0.3	-
Experience adjustments	-	(1.0)	(0.2)
Remeasurements of scheme assets:			
Actual return on plan assets	-	(0.9)	(2.7)
Effect of limit on surplus recognised	-	-	1.1
Cumulative actuarial gain/(loss)	0.6	(1.7)	-

(e) Amounts recognised in the consolidated balance sheet

	Italy £m	Switzerland £m	UK £m
Present value of defined benefit obligations	(10.8)	(24.0)	(2.3)
Fair value of plan assets	-	20.0	2.3
Net obligations	(10.8)	(4.0)	-

(f) Changes in the present value of the defined benefit obligation

	Italy £m	Switzerland £m	UK £m
Current service cost	0.2	0.3	-
Interest cost	0.1	0.1	0.1
Remeasurements in OCI:			
Demographic assumptions	-	-	(1.7)
Financial assumptions	(0.6)	(0.3)	-
Experience adjustments	-	1.0	0.2
Effect of business combinations and disposals	11.3	14.8	3.9
Benefits paid	(0.4)	5.5	(0.1)
Contributions	-	0.1	-

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36 Defined benefit scheme continued**(f) Changes in the present value of the defined benefit obligation continued**

	Italy £m	Switzerland £m	UK £m
FX	0.2	2.5	-
Closing obligation	10.8	24.0	2.4

The weighted average maturity profile of the Italian and Swiss defined benefit obligation at the end of the year is 10.9 years and 17.3 years respectively which relates wholly to active participants.

The weighted average maturity profile of the UK defined benefit obligation at the end of the year is 15.3 years comprising an average maturity of 20.7 years for deferred members and 9.8 years for pensioners.

Changes in the fair value of the scheme assets

	Switzerland	UK
Interest income	0.1	0.1
Employer contributions	0.4	-
Employee contributions	0.2	-
<i>Effect of business combinations and disposals</i>	<i>12.7</i>	<i>5.4</i>
Actual return on plan assets	(0.9)	(2.7)
Benefits paid	5.5	(0.1)
Unrecognised surplus	-	(0.4)
FX	2.1	-
Closing fair value	20.0	2.3

(g) Analysis of scheme assets:

	Switzerland £	UK £
Equities - listed	4.2	-
Equity instruments - listed	-	2.3
Bonds - listed	3.9	-
Cash - listed	1.0	-
Real estate - listed	2.6	-
Real estate - unlisted	0.5	-
Other - listed	0.8	-
Other - unlisted	7.0	-
Total	20.0	2.3

The table above provides the market value of the scheme assets split into key categories as at 30 September 2022.

In the fair value hierarchy, listed investments are categorised as level 1. Unlisted investments (including unlisted LDIs and synthetic equity) relate to derivatives, which are categorised as level 2, and private credit and private equity funds which are categorised as level 3. Private credit investments are valued by aggregating bid and offer quotes from brokers where this information is available. If this information is not available, investments are valued at amortised cost, with provision for impairment where appropriate. Private equity fund valuations are based on the last audited accounts of each investment plus any known movements including distributions since the last audited accounts.

For the UK defined benefit scheme, the investment strategy of the schemes is determined by the independent Trustees through advice provided by an independent investment consultant. The Trustee's objective is to achieve an above average long term return on the scheme's assets from a mixture of capital growth and income, whilst managing investment risk and ensuring the strategy remains within the guidelines set out in the Pensions Act 1995 and 2004 and the scheme's statement of investment principles. In setting the strategy, the nature and duration of the Scheme's liabilities are taken into account, ensuring that an integrated approach is taken to investment risk and

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36 Defined benefit scheme continued**(g) Analysis of scheme assets: continued**

both short-term and long-term funding requirements. The scheme invests in a diverse range of asset classes as set out above with matching assets primarily comprising holdings in inflation linked gilts, corporate bonds and liability driven investments.

To reduce volatility risk a liability driven investment ('LDI') strategy forms part of the Trustee's management of the defined benefit scheme's assets, including government bonds, corporate bonds and derivatives. Repurchase agreements are entered into with counterparties to better offset the scheme's exposure to interest and inflation rates, whilst remaining invested in assets of a similar risk profile. Interest rate and inflation rate derivatives are also employed to complement the use of fixed and index-linked bonds in matching the profile of the scheme's liabilities.

For Switzerland, the plan assets are measured at fair value and include any employer contribution and welfare reserves. The assets of each underlying scheme are held with various collective foundations (i.e. third party pension funds) and are calculated as the sum of the retirement assets of active members adjusted for expected cash flows and a return based on interest rates. In some cases, there are weighted based on the estimated level of coverage of the pension plan. The investment risks are borne by the affiliated pension funds themselves and the investment strategy is structured around payments as they fall due.

(h) Sensitivities

Positive/negative effect	Italy £m	Switzerland £m	UK £m
Discount rate			
Effect of a 0.25% increase	(10.3)	(23.1)	(2.2)
Interest rate			
Effect on surplus of a 0.25% increase	n/a	(24.2)	n/a
Inflation rate			
Effect on surplus of a 0.25% increase*	(11.2)	n/a	(2.4)
Mortality rate			
Effect of a 1 year increase	(10.8)	(24.0)	(2.3)

* Changes in inflation rates has no direct influence on pension obligations in Switzerland

The value of the defined benefit pension scheme assets are sensitive to market conditions. Changes in assumptions used for determining retirement benefit costs and liabilities may have a material impact on the 2022 income statement and the balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The above table provides an estimate of the potential impacts of each of these variables if applied to the defined benefit obligation.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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37 Related party transactions

Income/(expense)	Relationship	2022 £m	2021 £m
Fees paid to other Directors	Directors	(0.1)	(0.1)
Fees paid to General Atlantic Hawthorn B.V.	Major shareholders	(0.1)	(0.1)
Fees accrued for CDP Investissements Inc	Major shareholders	(0.1)	(0.1)
Fees to Theia Bidco Limited	Major shareholders	(0.1)	-
Gain on derivative (see below)	Major shareholders	98.9	-
Interest income on loans to key management	Key management	(0.1)	0.1
Services received by companies controlled by key management	Key management	(1.1)	(1.0)
Amounts included within income statement		97.5	(1.2)
Amounts receivable/(payable)			
Put option over Howden Group shares by a key management member	Key management	(26.0)	-
Loans due from key management	Key management	3.9	2.4
Balances with companies controlled or jointly controlled by key management	Key management	0.1	-
Derivative asset (see below)	Major shareholders	98.9	-
Fees payable to Institutional investors	Major shareholders	(0.3)	(0.2)
Amounts included within balance sheet		76.6	2.2

The Group had the following settled transactions (excluding share capital transaction) with related parties during the year and prior year:

Loans totalling £2.1m (2021: £2.8m) were extended to members of key management or companies in which they have an ownership interest. Loans are interest bearing. A total of £3.9m was outstanding as at 30 September 2022 (2021: £2.4m);

Amounts totalling £nil (2021: £4.2m) were paid to settle deferred consideration. A total of £2.5m was outstanding as at 30 September 2022 (2021: £nil);

A total of 9,677,418 "A" Ordinary shares were issued for a total of £300m to General Atlantic Hawthorn B.V., CDP Investissements Inc and Theia Bidco Limited (2021: 18,855,160 "A" Ordinary shares issued to Theia Bidco Limited for £414.1m);

The Group acquired a protected cell company from a member partnership in the Saturn 2 Fund for £25.3m and no goodwill or gain on bargain purchase arose. See note 38 for more details.

Connected with the proposed acquisition of TigerRisk, General Atlantic Hawthorn B.V., CDP Investissements Inc and Theia Bidco Limited committed to subscribe for 17,609,021 "A" Ordinary shares for a fixed amount of \$906.0m and to be settled on the completion of the acquisition of TigerRisk. As the Group's share price is denominated in GBP, this represents an embedded derivative. Accordingly, the embedded derivative has been bifurcated from the host contract and held at fair value through the income statement. As at 30 September 2022, the derivative was an asset of value of £98.9m with a corresponding fair value gain recognised.

General Atlantic Hawthorn B.V., CDP Investissements Inc and Theia Bidco Limited held an option at 30 September 2022 to acquire in aggregate £200m of "A" ordinary shares on the same terms as the equity commitment for the proposed acquisition of TigerRisk. This option expires on 8 June 2023.

Compensation awarded to key management (Board of Directors and Group Executive Committee):

	2022 £m	2021 £m
Short-term employee benefits	14.0	14.6
Share-based payment	3.6	0.3
	17.6	14.9

During the year ended 30 September 2022 the Directors and other members of key management and other senior management identified as a related party acquired a total of 43,800 "A" ordinary shares for total consideration of £1.4m, 2,107,750 "E" ordinary shares for total consideration of £1.0m, 2,925,000 "F" ordinary shares for total consideration of £1.4m, 481,737 "G" ordinary shares for total consideration of £0.5m and converted 1,040,000 "E" ordinary shares into 691,238 "A" ordinary shares.

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37 Related party transactions continued

In addition, a member of key management sold shares in a subsidiary of the Group for £3.6m of which £2.5m remains payable.

As at 30 September 2022 a deferred consideration to the members of Group Executive Committee of £2.5m was outstanding (2021: £nil).

38 Business combinations**Aston Lark**

On 21 April 2022 the Group acquired 100% of Hammersmith TopCo, the ultimate parent company of the Aston Lark Group ("Aston Lark") one of largest UK insurance brokers with significant presence in Ireland. Aston Lark is one of the UK's leading, independent, specialist complex commercial and private client brokers and will enhance the Group's broking business in the UK and Ireland.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash Consideration	654.0
Equity consideration	75.9
Total purchase consideration	729.9
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable intangible assets	358.7
Property, plant and equipment	7.0
Right of use lease assets	12.2
Cash and cash equivalents	75.7
Insurance cash and cash equivalents	113.9
Trade and other receivables	7.3
Insurance payables	(110.1)
Trade and other payables	(45.2)
Borrowings	(401.4)
Provisions	(4.4)
Lease liabilities	(12.2)
Deferred tax liabilities	(83.5)
Insurance Receivables	23.5
Contingent consideration	(99.8)
Net liabilities acquired	(158.3)
Non-controlling interests	1.0
Goodwill	889.2

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Non-controlling interests of 51% for a subsidiary of the Aston Lark Group was measured using a share of net assets approach.

Since acquisition, Aston Lark has contributed revenue of £91.8m and an operating profit of £3.7m to the Group.

Acquisition related costs of £8.4m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued**Align**

On 1 October 2021, the Group acquired 100% of the economic interest in Align Financial Holdings LLC and its controlled subsidiaries. Align is one of the leading specialist general agency and underwriting management groups in the US and operates in the commercial casualty, commercial property catastrophe, personal property and surety businesses. The combined US operations have more than 400 employees underwriting from 8 locations. Align enhances the Group's MGA business in the US market and to become one of the largest global managing general agencies.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash Consideration	377.8
Equity consideration	19.5
Total purchase consideration	397.3
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable intangible assets	249.4
Property, plant and equipment	2.3
Right of use lease assets	6.4
Deferred tax assets	6.3
Cash and cash equivalents	14.6
Insurance cash and cash equivalents	42.4
Trade and other receivables	4.9
Insurance payables	(78.7)
Corporation tax payable	(5.0)
Borrowings	(113.8)
Lease liabilities	(6.4)
Trade and other payables	(18.1)
Deferred tax liability	(28.3)
Provisions	(3.6)
Insurance receivables	44.5
Corporation tax receivable	5.3
Net assets acquired	122.2
Goodwill	275.1

Goodwill represents assembled workforce and revenue synergies to the Group. £131.3m of the goodwill is expected to be deductible for income tax purposes relating to the acquired entities that are structured as a partnership.

Since acquisition, Align has contributed revenue of £84.3m and an operating profit of £10.2m to the Group.

Acquisition related costs of £6.9m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued**Assiteca**

On 6 May 2022, the Group acquired 93% of economic interest in Assiteca S.p.A and its controlled subsidiaries. Assiteca is one of the leading independent insurance brokers in Italy and operates in the agriculture, surety, construction, employee and energy sectors. Assiteca enhances the Group's brokerage business in Italy where it is the third largest brokerage.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash Consideration	190.0
Total purchase consideration	190.0
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable intangible assets	68.5
Property, plant and equipment	0.9
Cash and cash equivalents	4.4
Trade and other receivables	21.9
Lease Right of use assets	4.1
Investments	0.5
Insurance cash and cash equivalents	18.6
Insurance Receivables	20.9
Insurance payables	(16.2)
Trade and other payables	(11.3)
Corporation tax receivable	0.6
Deferred tax assets	1.2
Borrowings	(39.8)
Other liabilities	(2.1)
Lease liabilities	(4.1)
Defined benefit obligation	(13.5)
Deferred Tax Liability	(18.6)
Net assets acquired	36.0
Non-controlling interests	6.3
Goodwill	160.3

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Non-controlling interests were measured using a share of net assets approach for both the remaining 7% shareholding in Assiteca S.p.A and its controlled subsidiaries, as well as Artigian Broker, Assita and SA Lugano where Assiteca S.p.A had shareholdings of 50%, 80% and 50% respectively, as at acquisition date.

Since acquisition, Assiteca has contributed revenue of £17.8m and an operating loss of £11.6m to the Group.

Acquisition related costs of £4.6m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued

SPF Clients

On 1 August 2022, the Group acquired 100% of the economic interest in SPF Private Clients Holdings Limited and its controlled subsidiaries. SPF specialises in residential and commercial mortgage broking, commercial real estate insurance, high net worth personal lines insurance, property title insurance, life assurance and associated wealth management consulting.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash Consideration	90.5
Total purchase consideration	90.5
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable intangible assets	21.2
Property, plant and equipment	0.6
Right of use lease assets	2.3
Cash and cash equivalents	12.1
Trade and other receivables	17.2
Insurance trade and other payables	(8.9)
Trade and other payables	(4.6)
Corporate tax payable	(0.3)
Insurance cash and cash equivalents	7.3
Lease liabilities	(2.3)
Deferred tax liabilities	(5.3)
Net assets acquired	39.3
Goodwill	51.2

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

There is additional consideration settled in shares, with service conditions attached whereby the sellers must remain with the Group for three years i.e. payments may be forfeited if employment terminates (and are declared to be bad leavers). Therefore, this portion will be accounted for as remuneration for post-combination services (IFRS 3: B55).

Since acquisition, SPF has contributed revenue of £8.4m and an operating profit of £0.7m to the Group.

Acquisition related costs of £1.3m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued**UK Global**

On 29 April 2022, the Group acquired 100% of the economic interest in UKGlobal Holdings Limited and its controlled subsidiaries. UK Global is an insurance broker in the UK and operates from 11 offices. UK Global enhances the Group's brokerage business in the UK.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022
	£m
Purchase consideration	
Cash consideration	32.6
Equity consideration	2.7
Deferred consideration	0.8
Contingent consideration	25.1
Total purchase consideration	61.2
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	0.2
Identifiable intangible assets	7.8
Lease Right of use assets	0.3
Trade and other receivables	0.9
Insurance cash and cash equivalents	3.5
Insurance receivables	1.5
Cash and cash equivalents	1.8
Trade and other payables	(1.3)
Insurance payables	(3.5)
Corporate tax payables	(0.5)
Borrowings	(0.2)
Lease liabilities	(0.3)
Deferred Tax Liability	(1.5)
Net assets acquired	8.7
Goodwill	52.5

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration relates to an earn-out arrangement which is calculated based on estimated future performance of the business and will be settled in cash.

Since acquisition, UK Global has contributed revenue of £4.9m and an operating profit of £1m to the Group.

Acquisition related costs of £0.7m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued**Born Consulting**

On 1 July 2022, the Group acquired 100% of economic interest in Contino AG (referred hereafter as 'Born Consulting') and its controlled subsidiaries. Born Consulting is one of the leading independent brokers in Switzerland.

The purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash Consideration	32.4
Equity Consideration	1.7
Contingent Consideration	4.2
Total purchase consideration	38.3
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable intangible assets	17.5
Cash and cash equivalents	11.4
Trade and other receivables	1.0
Trade and other payables	(4.5)
Defined benefit pension	(2.2)
Deferred tax liability	(3.2)
Net assets acquired	20.0
Goodwill	18.3

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration relates to an earn-out arrangement which is calculated based on estimated future performance of the business and will be settled in cash.

Since acquisition, Born Consulting has contributed revenue of £1.1m and an operating loss of £0.6m to the Group.

Acquisition related costs of £1.6m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued**Mercury Raven Cell**

On 12 September 2022, the Group acquired 100% interest in Mercury Raven Cell 1. This is the sister Cell to Raven Cell 1 which was already fully owned by the Group.

The combined purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash consideration	25.3
Deferred Consideration	0.4
Total purchase consideration	25.7
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	46.5
Insurance trade and other receivables	2.2
Insurance trade and other payables	(22.9)
Net assets acquired	25.7
Goodwill	-

Gains and losses from the run-off of the insurance assets and liabilities including changes in Gross Premium earned and claims liabilities will result in a commensurate increase or decrease in the deferred consideration. Any returns made from investing activities will not affect deferred consideration.

Since acquisition, there has been a £0.2m reduction in insurance creditors, which has resulted in an increase in deferred consideration.

Acquisition costs in relation to this transaction were less than £0.1m and have been recognised within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued

J F Dunne

On 29 April 2022, the Group acquired 100% of the economic interest in J F Dunne Insurances Limited and its controlled subsidiaries. J F Dunne is one of the leading specialist insurance brokers in Ireland in the bus, coach and road sectors. J F Dunne enhances the Group's presence in Ireland and provides increased specialism.

The purchase consideration and the fair value of the assets and liabilities recognised on acquisition are as follows:

	2022 £m
Purchase consideration	
Cash consideration	5.0
Deferred consideration	0.6
Contingent consideration	6.7
Total purchase consideration	12.3
Recognised amounts of identifiable assets acquired and liabilities assumed	
Lease Right of use assets	0.2
Identifiable intangible assets	3.9
Insurance receivables	0.7
Trade and other receivables	0.2
Cash and cash equivalents	0.9
Insurance cash and cash equivalents	2.1
Insurance payables	(2.2)
Trade and other payables	(0.6)
Lease liabilities	(0.2)
Deferred Tax Liability	(0.5)
Net assets acquired	4.5
Goodwill	7.8

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration relates to an earn-out arrangement which is calculated based on estimated future performance of the business and will be settled in cash.

Since acquisition, J F Dunne has contributed revenue of £1.2m and an operating profit of £0.3m to the Group.

Acquisition related costs of £0.2m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

Other M&A

During the year, the Group completed several individually immaterial business combinations as follows that are material collectively. These are:

Acquisition	Date	Country	Interest Acquired
Aneco Forsikringsmegling AS	1 October 2021	Norway	100%
Broker Center Zurichsee AG	1 October 2021	Switzerland	100%
CHB Kindlustusmaakler OU	1 October 2021	Estonia	100%
Sarton & Associés SA	1 October 2021	Belgium	100%
Foram Brokerage Limited	1 October 2021	Bermuda	100%

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38 Business combinations continued

Watkin Davies Insurance Consultants Limited	1 November 2021	United Kingdom	100%
Ross Insurance Group Limited	1 December 2021	United Kingdom	100%
Nilibit Insurance Brokers (1990) Ltd	2 January 2022	Israel	Portfolio
Tower S.p.A.	3 January 2022	Italy	100%
Globalis GMBH	1 February 2022	Germany	100%
Nord Est Insurance Broker S.R.L.	1 April 2022	Italy	100%
Bachmann & Partner AG	7 April 2022	Switzerland	100%
Eridge Underwriting Agency Ltd	1 May 2022	United Kingdom	100%
Aegis Insurance Agencies PTE. LTD	5 May 2022	Singapore	Portfolio
Dolcan Group Holdings Underwriting Limited	31 May 2022	Ireland	100%
Wallace McLean Limited and Wallace McLean	1 July 2022	New Zealand	100%
Sparrow Insurances Limited	25 July 2022	Ireland	100%
C.R.F Conseils	27 July 2022	France	100%
AJ Insurance Service (Holdings) Limited	17 August 2022	United Kingdom	100%

The combined purchase consideration and fair value of the assets and liabilities recognised on acquisition are as follows:

	2022
	£m
Purchase consideration	
Cash Consideration	61.8
Equity Consideration	0.8
Deferred Consideration	2.3
Contingent consideration	13.7
Total purchase consideration	78.6
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	0.6
Identifiable intangible assets	31.5
Investments	2.5
Trade and other receivables	5.1
Cash and cash equivalents	6.8
Insurance cash and cash equivalents	12.8
Insurance receivables	10.0
Insurance payables	(22.9)
Trade and other payables	(6.3)
Deferred Tax Liability	(5.5)
Corporation taxation payable	(0.5)
Net assets acquired	34.1

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38 Business combinations continued

	2022
	£m
Goodwill	44.5

Goodwill represents assembled workforce and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration relates to various earn-out arrangements which are calculated based on estimated future performance of the business.

Since acquisition, these companies have contributed revenue of £19.1m and an operating profit of £0.3m to the Group.

Acquisition related costs of £5.8m were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2022.

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38 Business combinations continued

Annualised impact of M&A

If the acquisitions set out previously had been made on 1 October 2021, the consolidated income statement, under IFRS, for the year ended 30 September 2022 would have been revenue of £1,843.4m and operating profit of £214.9m.

Finalisation of fair value adjustments

In the year ended 30 September 2021, the Group made a number of acquisitions. The fair values of the identifiable asset and liabilities at the date of acquisition were provisionally estimated and disclosed in the 2021 Financial Statements. In 2022, the provisional values have been finalised within one year of the acquisition date, and no material changes were identified.

39 Ultimate controlling party

The Group had no controlling shareholder at 30 September 2022, or 30 September 2021.

40 Capital commitments

The Group had the following commitments as at 30 September 2022:

- Put options which could be exercised by minority shareholdings are disclosed in note 28. The total expected cash outflow is estimated to be £253.0m (2021: £181.0m);
- Put options over Howden shares are disclosed in note 28. The total expected cash outflow is estimated to be £106.93m (2021: £47.4m);
- Committed but not yet completed acquisitions of £1,076.9m (2021: £515.9m), of which £1,026.8m related to TigerRisk and £40.1m related to Theoreme. See note 42 for more details.

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41 Subsidiary and associated companies

The following were the principal subsidiary and associate entities at 30 September 2022. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation.

Subsidiary	Country	%	Address
Howden Guardian Insurance Brokers LLC	Abu Dhabi	34	New Emi State Tower, Abu Dhabi Island, E3.c24, Office no.103 and 104, Abu Dhabi, P.O. BOX 51012, United Arab Emirates
Howden Guardian Holdco Limited	Abu Dhabi	70	DD-15-134-004 - 007, Level 15, Wework Hub71, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
Unicorn Risk Solutions Pty Ltd	Australia	15	Level 1, 360 Rokeby Road Subiaco WA 6008, Australia
DUAL Australia Pty Limited	Australia	100	Suite B, Level 10, 127 Creek Street, Brisbane QLD 4000, Australia
Howden Insurance Brokers (Australia) Pty Ltd	Australia	75	Level 3, Bligh House, 4-6 Bligh Street, Sydney NSW 2000, Australia
Claims X Pty Ltd	Australia	75	Level 3, Bligh House, 4-6 Bligh Street, Sydney NSW 2000, Australia
Alternative Risk Management Services Pty Ltd	Australia	75	Level 3, Bligh House, 4-6 Bligh Street, Sydney NSW 2000, Australia
Howden Pacific Holdings Pty Ltd	Australia	75	Level 3, Bligh House, 4-6 Bligh Street, Sydney NSW 2000, Australia
Howden Reinsurance Brokers (Australia) Pty Ltd	Australia	100	C/- TMF Corporate Services (AUST) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
AlphaXO Risk Partners Pty Limited	Australia	33	Australian Business Lawyers & Advisors, Level 10, 140 Arthur Street, North Sydney NSW 2060, Australia
Howden Österreich GmbH	Austria	100	Jordangasse 7/12, 1010, Wien, Austria
DUAL Austria GmbH	Austria	80	Firmiangasse 7/2, 1130, Wien, Austria
Howden Belgium NV	Belgium	100	1, Belgicastraat, 1930 Brussels, Zaventem, Belgium
Howden Sarton S.A.	Belgium	100	Chaussée de Waterloo 1135, 1180 Brussels, Belgium
International Planning Group Insurance Brokers, Ltd.	Bermuda	80	Clovelly, 36 Victoria Street, Hamilton HM 12, Bermuda
Howden Bermuda Limited	Bermuda	100	Wessex House, 5th Floor, 45 Reid Street, Hamilton, HM 12, Bermuda
DUAL Brasil Services Ltda	Brazil	100	Rua Funchal, No. 418, sala 3416, Vila Olimpia, Sao Paulo, 04551-060, Brazil
Benefit Administradora de Benefícios Ltda	Brazil	100	Av Luiz Carlos Berrini, 105 - 10o andar, sala 102 B, Torre Berrini One, São Paulo, SP, Brazil
Harmonia Corretora de Seguros S.A.	Brazil	100	Av. Luiz Carlos Berrini, 105 - 10o andar, Ed berrini One, Sao Paulo SP, Brazil
Howden Re Corretora de Resseguros Ltda	Brazil	100	Av Luiz Carlos Berrini, 105 - 10o andar, sala 102 A, Torre Berrini One, São Paulo, SP, Brazil
BluCurve Limited	BVI	50	PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, Virgin Islands, British
DUAL Commercial (Canada) Inc.	Canada	100	c/o Norton Rose, 200 Bay Street, Suite 3800, Toronto ON M5J 2Z4, Canada
Asesorías e Inversiones Howden-Patagonia S.A.	Chile	70	Apoquindo 4660 Of 301, Las Condes, Santiago de Chile, Chile
Howden-Patagonia Corredores de Seguros SpA (Sociedad por Acciones)	Chile	70	Avenida Apoquindo N° 4660, Oficina 301, Las Condes, Santiago, Chile
Sociedad Corredora de Reaseguros Howden Chile S.A.	Chile	75	Miguel Claro 195 810, Providencia, Chile
Howden Corredores De Seguros S.A.	Colombia	100	Av Kra 45 # 102-10 piso 6, Bogotá, Colombia
Proseguros Corredores de Seguros S.A.	Colombia	100	Av Kra 45 # 102-10 piso 6, Bogotá, Colombia
HC Consulting SAS	Colombia	100	Av Kra 45 # 102-10 piso 6, Bogotá, Colombia
Howden Re Corredores de Reaseguros S.A.	Colombia	100	Av Kra 45 # 102-10 piso 3, Bogotá D.C, Colombia
Howden Corredores De Seguros S.A.	Colombia	100	Av Kra 45 # 102-10 piso 6, Bogotá, Colombia

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Subsidiary	Country	%	Address
MIRB INSURANCE & REINSURANCE BROKERS LTD	Cyprus	51	47, Gkropious Street, IRA Court, 2nd Floor, Office 203, Limassol, 3076, Cyprus
Advanced Risk & Capital Solutions Ltd	Cyprus	9	47, Gkropious Street, IRA Court, 2nd Floor, Office 203, Limassol, 3076, Cyprus
Søassurancen Danmark A/S	Denmark	10	Skolegade 1, 5960, Marstal, Denmark
Howden Insurance Brokers LLC***	Dubai	48	1st Floor, , Latifa Towers, Trade Centre First, Office Suite 109, Sheikh Zayed Road, Dubai, P O BOX: 49195, United Arab Emirates
Howden Kindlustusmaakler OÜ (formerly CHB Kindlustusmaakler OÜ)	Estonia	100	Harju maakond, Tallinn, Kesklinna linnaosa, Pärnu mnt 158/1, 11318
CHB Kindlustusagent OÜ	Estonia	100	Pärnu mnt 158/1, Kesklinna linnaosa, Tallinn, Harju maakond, 11317, Estonia
DUAL Finland Oy	Finland	100	Merimiehenkatu 29, 00150, Helsinki, Finland
Howden Finland Oy	Finland	100	Malminkaari , 9 B 00700 Helsinki , Finland
Howden France SAS	France	100	34 Avenue George V , 75008, Paris, France
C.R.F. Conseils	France	100	85 rue Edouard Vaillant, 92300, Levallois-Perret, France
Howden Sturge International Services	France	100	Residence des Fleurs, 15 rue Sadi Carnot, 06600, Antibes, France
DUAL Deutschland GmbH	Germany	100	Schanzenstr. 36, 51063, Köln, Germany
HVR Hamburger Vermögensschaden-Haftpflicht Risikomanagement GmbH	Germany	100	Kattrepelsbrücke 1, 20095, Hamburg, Germany
DUAL Europe GmbH	Germany	100	Schanzenstr. 36, 51063, Köln, Germany
Tamesis DUAL Europe GmbH	Germany	75	Schanzenstr. 36, 51063, Köln, Germany
EURO Engineer Consulting GmbH	Germany	100	Dr.-Gessler-Straße 37, 93051, Regensburg, Germany
Euro Transaction Solutions GmbH	Germany	100	Franklinstr. 56, 60486, Frankfurt, Germany
Euroassekuranz Versicherungsmakler Aktiengesellschaft	Germany	100	Dr.-Gessler-Straße 37, 93051, Regensburg, Germany
Howden Deutschland AG	Germany	100	Belfortstrasse 15, 50668, Cologne, Germany
Hendricks GmbH	Germany	100	Georg-Glock-Strasse 8, 40474, Düsseldorf, Germany
Erwin Himmelseher Assekuranz-Vermittlung GmbH & Co. KG	Germany	51	Theodor-Heuss-Ring 23, 50668 Köln, Germany
Erwin Himmelseher Assekuranz-Vermittlung Beteiligungsgesellschaft GmbH	Germany	51	Theodor-Heuss-Ring 23, 50668 Köln, Germany
Howden Caninenberg GmbH	Germany	100	Belfortstrasse 15, 50668, Cologne, Germany
Howden Sicherheit International GmbH	Germany	100	Belfortstrasse 15, 50668, Cologne, Germany
SRC Special Risk Consortium GmbH	Germany	80	Belfortstrasse 15, 50668, Cologne, Germany
SPS - Sales Promotions & Solutions GmbH & Co. KG	Germany	100	Am Gries 4f, 85435, Erding, Germany
SPS-Verwaltungsgesellschaft Sales Promotions & Solutions mbH	Germany	100	Am Gries 4f, 85435, Erding, Germany
Globalis GmbH	Germany	100	Hauptstr. 155, 97896 , Freudenberg, Germany
Howden M&A (Germany) GmbH	Germany	100	Kaiserhofstrasse 6, 60313 Frankfurt au Main, Germany
Howden Hellas Insurance and Reinsurance Brokers S.A.	Greece	51	1, Kifissias Avenue, Athens, PO BOX 115 23 , Greece
Howden Agents Single Member S.A	Greece	51	Stratigou Tompra 5, Agia Paraskevi, Athens, 15342, Greece
ES Risks Europe Insurance and Reinsurance Brokers LLC	Greece	99	13, Hasioti Str. 151 23 Maroussi, Athens, Greece
Spring Insure Guernsey Limited	Guernsey	100	Bucktrout House Glatigny Esplanade St Peter Port Guernsey GY1 1WR, United Kingdom
DUAL Underwriting Agency (Hong Kong) Limited	Hong Kong	100	Suite 2103, 21/F, Fu Fai Commercial Centre, 27 Hillier Street, Sheung Wan, Hong Kong, Hong Kong
Howden Insurance Brokers (HK) Limited	Hong Kong	100	35/F Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
HBG Asia Holdings Limited	Hong Kong	100	35/F Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
IPG Howden Asia Holdings Limited	Hong Kong	80	6/F, Henley Building, 5 Queen's Road, Central, Hong Kong
Howden Reinsurance Brokers Limited	Hong Kong	100	Tower 2 Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Howden Specialty Limited	Hong Kong	100	Tower 2 Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

HOWDEN GROUP HOLDINGS LIMITED
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Subsidiary	Country	%	Address
Howden Insurance Brokers India Private Limited	India	100	6th Floor Peninsula chambers, Peninsula Corporate Park, Lower parcel, Mumbai, 400 013, India
PT Howden Insurance Brokers Indonesia ***	Indonesia	80	Millenium Cettennial Center, 33rd Fl, Jl. Jend. Sudirman kav. 25, Jakarta, 12920, Indonesia
DUAL Underwriting Ireland DAC	Ireland	100	98 St Stephen's Green, Dublin 2, D02 V324, Ireland
IRIA Designated Activity Company (Strike Off Requested 27/09/2022)	Ireland	100	70 Sir John Rogerson's Quay, Dublin, 2, Ireland
Silex Group Limited	Ireland	100	10 The Courtyard, Kilcarbery Park, Nangor Road, Dublin 22 Ireland, Dublin 22, Dublin
Aston Lark Europe Limited	Ireland	100	10 The Courtyard, Kilcarbery Park, Nangor Road, Dublin 22 Ireland, Dublin 22, Dublin
Wnghts Group Brokers Limited	Ireland	100	The Bushels, Cornmarket, Co. Wexford, Y35HYE0, Ireland
North County Brokers Limited	Ireland	100	Unit 3 D Fingal Bay Business Park, Balbriggan Co Dublin, Balbriggan, Dublin, K32WP62, Ireland
Veritan Consultants Limited	Ireland	100	31 Main Street, Co.Kildare, Newbridge, Kildare
McMahon Galvin Limited	Ireland	100	59 Amiens Street, Dublin 1, Dublin, D01P786
Principal Insurance Ireland Designated Activity Company	Ireland	100	Unit 45, Block 5, Northwood Court Santry Dublin 9, Santry, Dublin, D09H578, Ireland
A R Brassington & Co Limited	Ireland	100	10 The Courtyard, Kilcarbery Park, Nangor Road, Dublin 22 Ireland, Dublin 22, Dublin
Deanspoint Insurance Brokers Limited	Ireland	100	No.3 New Street, Co. Longford, Longford, N39TN30, Ireland
D O'Loughlin & Co Limited	Ireland	100	Little North Street, Co. Dublin, Swords, Dublin
Spring Insure Europe Limited(696934)	Ireland	100	2nd Floor, Palmerston House, Denzille Lane, Dublin 2, D02WD37, Ireland
J F Dunne	Ireland	100	Embassy Office Park, Kill, Kildare
The Euro-Irish Insurance Bureau Limited	Ireland	100	Embassy Office Park, Kill, Kildare
Federation of Transport Operators Limited	Ireland	100	Embassy Office Park, Kill, Kildare
Marine and General Insurances DAC	Ireland	100	Dolcan House, 80 Tower Road, Dublin 22, Clondalkin, Dublin, D22N6F6, Ireland
Dolcan Group Hold Underwriting Ltd	Ireland	100	Dolcan House, 80 Tower Road, Dublin 22, Clondalkin, Dublin, D22N6F6, Ireland
Dolcan Underwriting	Ireland	100	Dolcan House, 80 Tower Road, Dublin 22, Clondalkin, Dublin, D22N6F6, Ireland
Sparrow Insurances Limited	Ireland	100	5, Wesley Terrace, Co. Laois, Ireland, Portlaoise, Laois, R32XJ51
TruRisk Limited	Ireland	40	Leahy O'Riordan, 1-2 Marino Mart, Fairview, Dublin 3, D03 T3P1, United Kingdom
Howden Boutique Insurance Agency Ltd	Israel	88	35 Efal Street, Petah Tikva, 4951132, Israel
Howden Pension Insurance Agency (2020) Ltd	Israel	66	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
Howden RE Israel Ltd	Israel	66	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
Cyber Advisory Excellence Ltd	Israel	70	Rothschild Blvd 45, Tel Aviv-Yafo, Israel
Robin Hood Pro Limited	Israel	9	Moaza Ezorit Shaar Hanegev, Israel
Bar-Ziv Ravid Insurance Agency Limited	Israel	88	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
Howden International Underwriters General Insurance Agency (2009) Ltd.	Israel	88	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
Howden General and Marine Insurance Brokers (2011) Limited	Israel	88	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
Howden Insurance Brokers (2002) Limited	Israel	88	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
M.M.I. Management Risk Consultants Limited	Israel	88	35 Efal Street, Petah Tikva, Israel
Howden General and Guarantees Insurance Agency (2018) Limited	Israel	44	Adgar Tower, 35 Efal Street, Petah Tikva, 4951132, Israel
A&B Insurance and Reinsurance S.r.l.***	Italy	100	Via Costanza Arconati, 1, 20135, Milano, Italy
Assiteca Agricoltura S.r.l.	Italy	100	Via Francia, 4, 37135, Verona, Italy
Assiteca Consulting S.r.l.	Italy	100	Via Costanza Arconati, 1, 20135, Milano, Italy

HOWDEN GROUP HOLDINGS LIMITED
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Subsidiary	Country	%	Address
Assita S.p.A.	Italy	100	Via Costanza Arconati, 1, 20135, Milano, Italy
Artigian Broker S.r.l.	Italy	50	Via San Giovanni in Laterano, 152, Roma, Italy
AST S.r.l. (In Liquidation 25/07/2022)	Italy	100	Via Costanza Arconati, 1, 20135, Milano, Italy
Nord Est Insurance Broker S.R.L.****	Italy	100	Viale Brigata Marche 38 , 31100 , Treviso, Italy
Howden Italia Holdings S.R.L.	Italy	100	Piazza Vetra, 17, 20123, Milano, Italy
Assiteca S.p.A.	Italy	100	Via Costanza Arconati, 1, 20135, Milano, Italy
DUAL Italia S.p.A.	Italy	100	Via Edmondo De Amicis, 51, 20123, Milan, Italy
Howden Italia S.p.A.	Italy	100	Via Della Posta, 20123, Milano, Italy
Andrea Scagliarini S.p.A.	Italy	70	no.1 , Via Calzolerie, 40125, Bologna, Italy
Tower S.p.A.	Italy	100	no. 32, Via dell'Oreficeria, 36100, Vicenza , Italy
Hyperion Development Jersey Limited	Jersey	100	3rd Floor 44 Esplanade, St Helier, Jersey , JE4 9WG, Jersey
Hyperion Euro Growth Limited	Jersey	100	3rd Floor 44 Esplanade, St Helier, Jersey , JE4 9WG, Jersey
ICE Ltd (Jersey)	Jersey	100	PO Box 264, Forum 4, Grenville Street, St Helier JE4 8TQ, Jersey
Hammersmith Topco Limited	Jersey	100	22 Grenville Street St Helier, JE4 8PX, Jersey
Howden Korea Company Limited	Korea	40	8th Floor (Kwanjoeng B/D) 35 Cheonggyecheon-ro, Jongno-gu, Seoul, 03188, Korea, Republic of
Howden Specialty Luxembourg S.a.r.L	Luxembourg	100	21, rue Giesener, L-1631, Luxembourg
Howden Specialty Agency Luxembourg S.a.r.L.	Luxembourg	100	21, rue Giesener, L-1631, Luxembourg
Hyperion Refinance S.à r.l.	Luxembourg	100	12C rue Guillaume J. Kroll, 1882, Luxembourg
Howden Insurance Brokers Sdn. Bhd.	Malaysia	44	SUITE 13.03, 13TH FLOOR MENARA, TAN & TAN 207 JALAN TUN RAZAK, 50400 KUALA LUMPUR, Wilayah Persekutuan, Malaysia
Sterling Knight (Sdn) Bhd (In Liquidation 27/08/2021)***	Malaysia	100	SUITE 13.03, 13TH FLOOR MENARA, TAN & TAN 207 JALAN TUN RAZAK, 50400 KUALA LUMPUR, Wilayah Persekutuan, Malaysia
HBG Malaysia Sdn. Bhd.****	Malaysia	44	SUITE 13.03, 13TH FLOOR MENARA, TAN & TAN 207 JALAN TUN RAZAK, 50400 KUALA LUMPUR, Wilayah Persekutuan, Malaysia
HOWDEN TAKAFUL BROKERS SDN. BHD.***	Malaysia	44	SUITE 13.03, 13TH FLOOR MENARA, TAN & TAN 207 JALAN TUN RAZAK, 50400 KUALA LUMPUR, Wilayah Persekutuan, Malaysia
HBG Asia Sdn. Bhd.***	Malaysia	100	SUITE 13.03, 13TH FLOOR MENARA, TAN & TAN 207 JALAN TUN RAZAK, 50400 KUALA LUMPUR, Wilayah Persekutuan, Malaysia
Howden (L) Ltd	Malaysia	44	Brumby Centre , Lot 42, Jalan Muhibbah 87000 Labuan F.T Mala, Malaysia
Howden PCC (L) Bhd***	Malaysia	44	Brumby Centre , Lot 42, Jalan Muhibbah 87000 Labuan F.T Mala, Malaysia
Howden (Mauritius) Limited***	Mauritius	100	42, Hotel Street, Level 3, GFin Tower, Cybercity, Ebene , 72201, Mauritius
Dock Re	Mexico	100	Insurgentes Sur 1079, Piso 5, Oficina 05-122, Col. Noche Buena, Benito Juárez, 03720, Mexico
Bufete Ordás y Asociados, S.C.	Mexico	51	Lago Zurich 245 Torre Frisco Piso 16, Colonia Ampliación Granada, CP 11529 CDMX, Mexico
Grupo Ordás Howden, Agente de Seguros y de Fianzas S.A.P.I. de C.V.	Mexico	51	Lago Zurich 245 Torre Frisco Piso 16, Colonia Ampliación Granada, CP 11529 CDMX, Mexico
Servicios Ordás S.A. de C.V.	Mexico	51	Lago Zurich 245 Torre Frisco Piso 16, Colonia Ampliación Granada, CP 11529 CDMX, Mexico
Compensación Total, S. de R.L. de C.V.	Mexico	60	Calle Moliere 310, Office 615, Colonia Polanco, Miguel Hidalgo, 11510, Mexico
Administración de Riesgos, Agente de Seguros Y de Fianzas, S.A.	Mexico	51	Bosque de Ciruelos 278, 1st floor, Bosques de las Lomas, Mexico City, 11700, Mexico
Segub, S.A. De C.V.	Mexico	51	Bosque de Ciruelos 278, 1st floor, Bosques de las Lomas, Mexico City, 11700, Mexico
Seradri, S.A. De C.V.	Mexico	51	Bosque de Ciruelos 278, 1st floor, Bosques de las Lomas, Mexico City, 11700, Mexico
Howden Assurances Maroc, S.à r.l	Morocco	47	Angle boulevard Moulay Youssef et avenue hassan, 1 er, appt 6, Casablanca, Morocco
Howden Assurances Tanger, S.À R.L	Morocco	47	Tanger City Center, Apart Type A. Etage 12, Place Maghreb, Tanger, Morocco
Howden Insurance Brokers Nederland B.V.	Netherlands	100	Veerhaven 7, 3016 CJ , Rotterdam, Netherlands
Charterama B.V.	Netherlands	41	Veerkade 2, 3016 DE , Rotterdam, Netherlands
Wallace McLean Financial Services Limited	New Zealand	75	Level 3, 2 Emily Place, Auckland, 1010, New Zealand

HOWDEN GROUP HOLDINGS LIMITED
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Subsidiary	Country	%	Address
DUAL New Zealand Limited	New Zealand	100	Level 6, 5 High Street, Auckland, 1010, New Zealand
Howden Broking Limited	New Zealand	75	Level 3, 2 Emily Place, Auckland, 1010, New Zealand
Howden People Risk Limited	New Zealand	75	Level 3, 2 Emily Place, Auckland, 1010, New Zealand
Howden Forsikringsmegling AS	Norway	100	Karenslyst Allé 2, Oslo, 0278, Norway
Norwegian Insurance Partner AS	Norway	51	Christian Michelsens gate 6B, Bergen, 5012, Norway
Howden Insurance Brokers LLC (Oman)	Oman	52	PO Box No: 3283, PC 130, Azaiba, 6th Floor, Building No 340, Way No 4805, Azaiba, Muscat, Oman
Howden Insurance & Reinsurance Brokers (Phil.), Inc.	Philippines	100	5/F 111 Paseo de Roxas Building, 111 Paseo de Roxas St. corner Legaspi, ST. Makati City, Philippines
Ultramar Reinsurance Brokers, Inc. (In Liquidation 30/04/2017)	Philippines	100	Penthouse, 331 Gil Puyat, Building 331 Sen., Gil Puyat Avenue, Makati City 1200, Philippines
Accette Life & Accident Insurance Brokers, Inc. (In Liquidation 30/04/2017)****	Philippines	100	Penthouse, 331 Gil Puyat, Building 331 Sen., Gil Puyat Avenue, Makati City 1200, Philippines
Howden Polska Spółka Akcyjna****	Poland	56	ul. Wielkie Garbary 7A, 87-100 Toruń, Poland
Kancelaria Brokowska Modern Brokers Sp. z o.o.	Poland	14	Antoniego Slonimskiego 6, 53-661, Wrocław, Poland
Howden Portugal, Unipessoal Lda	Portugal	100	Avenida Duque de Ávila, 46, 4º B, freguesia de Avenidas Novas, Lisboa, 1050 083
DUAL Underwriting Agency (Singapore) Pte. Ltd.	Singapore	100	89A, Amoy Street, 069908, Singapore
Howden Insurance Brokers (S.) Pte. Limited	Singapore	100	79 Robinson Road, #13-01, 068897, Singapore
HBG Holdings (Singapore) Pte Ltd	Singapore	100	79 Robinson Road, #13-01, 068897, Singapore
IPG Financial Services Pte. Ltd.	Singapore	80	79 Robinson Road, #13-01, 068897, Singapore
Howden Specialty Asia Pacific Pte. Ltd	Singapore	100	79 Robinson Road, #13-02, 068897, Singapore
Howden Broking South Africa (PTY) Ltd	South Africa	84	24 Peter Place, Lyme Park, Bryanston, Gauteng, 2191, South Africa
Assiteca Broker Internacional De Seguros, S.A.	Spain	100	Calle Lagasca 11, Madrid, Spain
Howden Singular Investments, S.L.U.	Spain	100	Calle Montalbán 7, 28014, Madrid, Spain
DUAL Ibérica Riesgos Profesionales S.A.U.	Spain	100	Plaza de la Lealtad 2, 2a planta, 28014, Madrid, Spain
Howden Iberia, S.A.U.	Spain	100	Calle Montalbán nº 7, 28014 MADRID, Spain
H Equitas, Litigios y Peritaciones, S.L.	Spain	74	Avenida de la Palmera 28B 2º, 41012 SEVILLA, Spain
Howden America Investments S.L.U.	Spain	100	Avenida de la Palmera 28B 2º, 41012 SEVILLA, Spain
Howden Latin America Holdings S.L.U.	Spain	100	Calle Montalbán nº 7, 28014 MADRID, Spain
Compensa Capital Humano, S.L.	Spain	60	Calle Bonaire 21, Entresuelo 3ro, 07012, Palma de Mallorca, Spain
Howden Artai, S.A.U.	Spain	94	Travesa de Bouzas Servicios Portuarios s/n, Oficina 2, Piso 1, Puerta A, 36208, Vigo, Pontevedra.
Segur Grupo Artai, S.L.U.	Spain	94	Number 13-1ºB, calle del Príncipe, Vigo, Spain
Nerga Pandi, S.L.U. (In Liquidation 21/09/2022)	Spain	94	Calle Areal 18, 2º, Vigo, 36201, Pontevedra, Spain
James Steel, S.L.U.****	Spain	94	Number 48-1ºD, Avenida de García Barbón, Vigo, Spain
Howden Insurance Brokers South AB	Sweden	83	Södergatan 13, 211 34, Malmö, Sweden
Howden Insurance Brokers AB	Sweden	100	Linnégatan 2, SE-114 47, Stockholm, Sweden
Howden Insurance Brokers West AB	Sweden	70	Fredsgatan 1, 411 07 Gothenburg, Sweden
Dual Swiss GmbH	Switzerland	100	Spaetzstrasse 35, 8810, Horgen, Switzerland
Howden Schweiz AG	Switzerland	100	c/o Teodoro Martino, Riedstrasse 13b, 8832, Wollerau, Switzerland
Howden BCZ Versicherungsbroker AG	Switzerland	100	Brown-Boveri-Strasse 5, Oerlikon, 8050, Zürich, Switzerland
Assiteca SA	Switzerland	52	Via F. Pelli 2, Lugano, Switzerland
Bachmann & Partner AG	Switzerland	100	Bahnhofstrasse 8, 6300, Zug, Switzerland

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Subsidiary	Country	%	Address
Born Consulting AG	Switzerland	100	Nussbaumstrasse 21, 3006, Bern, Switzerland
MD Broker AG	Switzerland	100	Sihiquai 253, 8005, Zürich, Switzerland
Iria SA	Switzerland	100	Place de Longemalle 16, 1204, Geneva, Switzerland
International Planning Group GmbH	Switzerland	80	Bodmerstrasse 9, 8002, Zurich, Switzerland
Howden Puri Insurance Brokers Limited	Tanzania	32	Suite 203, Acada Estates, 84 Kinondoni Road, Dar es Salaam, P O BOX 1047, Tanzania
Howden Maxi Insurance Broker Co., Ltd***	Thailand	49	No. 2222/9 Ladprao Road, Kwaeng Plubpla, Khet Wangthonglang, Bangkok, Thailand
Sabuy Maxi Insurance Broker Co., Ltd***	Thailand	18	No. 2222/9 Ladprao Road, Kwaeng Plubpla, Khet Wangthonglang, Bangkok, Thailand
Howden RE Sigorta ve Reasürans Brokerliği A.Ş.	Turkey	100	Maslak Mahallesi, Meydan Sokak, Beybi Giz Plaza, No. 1, K. 5 No.16-17-18, Sarıyer, Istanbul, Turkey
Howden ACP Sigorta Ve Reasürans Brokerliği Anonim Sirketi	Turkey	100	Maslak Mahallesi, Meydan Sokak, Beybi Giz Plaza, No. 1, K. 5 No.16-17-18, Sarıyer, Istanbul, Turkey
HGH Midco 1 Limited(13642978)* **	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HGH Midco 2 Limited(13644440) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HGH Finance Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HGH Midco 3 Limited(13646017)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HIG Finance Limited (08721671)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Hyperion Development UK Limited (09348999) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HIG Finance 2 Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Apollo Limited (11350938)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Apollo Group Holdings Limited	U.K.	10	1 Bishopsgate, London, EC2N 3AQ, United Kingdom
Howden Group Services Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Group Capital Management Limited (13065631) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
DUAL International Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
DUAL Corporate Risks Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
DUAL Asset Underwriting Limited (In Liquidation 29/06/2022)	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Tamesis DUAL Limited	U.K.	75	One Creechurch Place, London, EC3A 5AF, United Kingdom
DUAL International Underwriting Limited (In Liquidation 27/06/2018)	U.K.	100	C/O Frp Advisory Lip Kings Orghard, 1 Queen Street, Bristol, BS2 0HQ, United Kingdom
DUAL Underwriting Limited (In Liquidation 27/06/2018)*****	U.K.	100	C/O Frp Advisory Lip Kings Orghard, 1 Queen Street, Bristol, BS2 0HQ, United Kingdom
Dale DUAL MGU Limited	U.K.	71	One Creechurch Place, London, EC3A 5AF, United Kingdom
Global Services 1999 Limited (03824958)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Mexico HoldCo Limited (10988610)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Broking Group Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Matrix Brokers UK Limited	U.K.	51	One Creechurch Place, London, EC3A 5AF, United Kingdom
MIRB HOLDINGS LTD	U.K.	51	One Creechurch Place, London, EC3A 5AF, United Kingdom
Matrix Top Holding UK Limited	U.K.	51	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Reinsurance Brokers Holdings Limited (13503288)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Reinsurance Brokers Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Ross Insurance Group Limited (06587376)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
R K Harrison Insurance Brokers Limited (06720048)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden M&A Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom

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Subsidiary	Country	%	Address
HB&A Services Limited (In Liquidation 30/06/2020)*****	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden International Broking Limited(00203500)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
WIBL Runoff Limited (In Liquidation 29/11/2018)*****	U.K.	100	Frp Advisory Lip Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, United Kingdom
WPIL Limited (In Liquidation 29/11/2018)*****	U.K.	100	Frp Advisory Lip Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, United Kingdom
WPL Runoff Limited (In Liquidation 21/02/2020)*****	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
RKH Group Limited (03612207)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Ina Limited (06627113, Strike Off Requested 04/10/2021)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Insurance Brokers Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
PSL Runoff Limited (In Liquidation 04/03/2019)	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Employee Benefits & Wellbeing Holdings Limited (07919587)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Employee Benefits & Wellbeing Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Red Arc Assured Limited (03507147)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Prime Care Insurance Services Limited (In Liquidation 13/06/2018) ****	U.K.	100	C/O Frp Advisory Lip Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, United Kingdom
STGL&P Limited (In Liquidation 20/04/2022)*****	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Safeonline LLP (OC319208) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Sturge Taylor And Associates Holdings Limited (07362457)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Fastnet Marine Insurance Services Limited (02738337)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Sturge Taylor & Associates Limited(03706480)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Medical Professional Risk Solutions Ltd(09239660)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden UK&I Holdings Limited (formerly Oxford HoldCo Limited (12875660) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
A-Plan Group Ltd (09341484)*	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Trafalgar Midco 1 Limited (09341583)*	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Trafalgar Pikco 1 Limited (06492060)*	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Trafalgar Midco 2 Limited (09341627)*	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Trafalgar Bidco Limited (09341709)*	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
UK Vast Holdco Limited (10278323)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Pyvot Limited(10278798)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Vast Visibility Limited	U.K.	100	8 Princes Parade, Liverpool, L3 1DL, United Kingdom
A-Plan Limited (05956402)	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Made by Sauce Limited (06687777)*	U.K.	100	2 Des Roches Square, Witney, Oxon, OX28 4LE, United Kingdom
A-Plan Holdings	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
Assured Futures Limited	U.K.	100	2 Des Roches Square, Witney, OX28 4LE, United Kingdom
KGM Underwriting Services Limited	U.K.	100	2nd Floor St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH, United Kingdom
Eridge Underwriting Agency Ltd (09574780)*	U.K.	100	2nd Floor, St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH, United Kingdom
Cotters Insurance Services Limited(03307999)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Endsieigh Limited (04335786)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Endsieigh Insurance Services Limited	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Schools Specialists Limited(07427256)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
SFS Group Limited(02418802)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Howden Driving Data Limited	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
SFTS Trustees Limited	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Subsidiary	Country	%	Address
Watkin Davies Insurance Consultants Limited (02102120)*	U.K.	100	2 Des Roches Square, Witney, Oxfordshire, OX28 4LE, United Kingdom
Lagonda HoldCo Limited (13665097)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (TopCo) Limited (10820826)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (MidCo) Limited (10821469)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (BidCo) Limited(10821487)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (AT) Limited (09442280)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (AM) Limited (09442321)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark (AB) Limited (09442341)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark Group Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Lark (2012) Limited(08043688)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Lark Midco Limited(08043698)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Lark Group Holdings Limited(04171039)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Jobson James Holdings Limited(07674271)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Hammersmith Midco Limited(11874092)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Hammersmith Bidco Limited(11875299)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Spring Partners (Holdings) Limited	U.K.	50	1st Floor Mitre House, 12-14 Mitre Street, London, United Kingdom, EC3A 5BU
Spring Insure Limited	U.K.	100	1st Floor Mitre House, 12-14 Mitre Street, London, United Kingdom, EC3A 5BU
Inet3 Group Limited(06447179)*	U.K.	100	3 Whiting Street, Bury St. Edmunds, Suffolk, IP33 1NX, United Kingdom
Bruce Stevenson Limited	U.K.	100	76 Coburg Street, Edinburgh, EH6 6HJ, United Kingdom
Plester Group Holdings Limited(08662839)*	U.K.	100	Cover House The Ringway, Stourport Road, Kidderminster, Worcestershire, DY10 1HE, United Kingdom
Plester Holdings Limited(06788126)*	U.K.	100	Cover House The Ringway, Stourport Road, Kidderminster, Worcestershire, DY10 1HE, United Kingdom
J Brian Higgs (Kingswinford) Limited(02116575)*	U.K.	100	Cover House, The Ringway Stourport Road, Kidderminster, Worcestershire, DY10 1HE, United Kingdom
Epsilon Group Limited(09502207)*	U.K.	100	5th Floor, Minorities House, 2-5 Minorities, London, EC3N 1BJ, United Kingdom
The Healthwise Group Limited	U.K.	100	Unit 6 Castle Court, Castlegate Way, Dudley, West Midlands, DY1 4RD, United Kingdom
LGR Holdings Limited(10044900)*	U.K.	100	Amelia House, Crescent Road, Worthing, West Sussex, BN11 1QR, United Kingdom
Wordwing Limited	U.K.	100	Minorities House, 2-5 Minorities, London, EC3N 1BJ, United Kingdom
Magenta One Limited(10397706)*	U.K.	100	3 Whiting Street, Bury St. Edmunds, Suffolk, IP33 1NX, United Kingdom
Sanctuary Holdco Limited(08012203)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Dickson Financial Services Limited	U.K.	100	Avenue House, 31 The Avenue, Watford, WD17 4AJ, United Kingdom
Minority Venture Partners 5 Limited(10871612)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark Employee Benefits Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Aston Lark Group (Holdings) Limited(05639290)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Salt Risk Management Ltd (06911316)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
First Commercial Insurance Brokers Limited(04630911)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
A.H. Bell&Co (Insurance Brokers) Limited(01381575)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Euromarine Insurance Services Limited(02869815)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Ingram Hawkins & Nock Ltd(01185094)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Subsidiary	Country	%	Address
Aston Lark Trustees Limited(11026750)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Aston Lark Dormant Holding Co Ltd(10784386)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Aston Scott Limited(01341849)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Michael James Insurance and Property Services LLP(OC334048)*	U.K.	99	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Pharos Insurance Brokers Limited(00716939)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Pharos Holdings Limited(06380711)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Pharos Insurance Brokers (Kent) Limited (02392471)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Highworth Insurance Limited(07980064)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Jobson James Insurance Brokers Limited (07117949)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Jobson James Consulting Limited(09559852)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Buckland Harvester Insurance Brokers Limited (05402634)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Protean Risk Limited	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Isca Barum Insurance Brokers Limited(02713714)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Private Healthcare Managers Ltd(04505284)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Incepta Risk Management Limited(07285254)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Brunel Professions Limited	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Inet3 Limited (02694581)*	U.K.	100	3 Whiting Street, Bury St. Edmunds, Suffolk, IP33 1NX, United Kingdom
Constabulary Travel Club Limited(01596058)*	U.K.	100	3 Whiting Street, Bury St. Edmunds, Suffolk, IP33 1NX, United Kingdom
Right to Health Limited	U.K.	100	98 Hornchurch Road, Hornchurch, Essex, RM11 1JS, United Kingdom
Bruce Stevenson Insurance Brokers Limited	U.K.	100	76 Coburg Street, Edinburgh, EH6 6HJ, United Kingdom
Sennocke International Insurance Services Limited	U.K.	100	6 Pembroke Road, Sevenoaks, Kent, TN13 1XR, United Kingdom
Build-zone Survey Services Limited	U.K.	100	6 Pembroke Road, Sevenoaks, Kent, TN13 1XR, United Kingdom
DNA Insurance Services Limited(04537209)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Venture Insurance Brokers Limited(07544321)*	U.K.	100	1 Burlington Road, BnstoI, BS6 6TJ, United Kingdom
Premier Insurance Consultants (Bolton) Limited(04842771)*	U.K.	100	Premier House, 13 Bark Street East Bolton, Lancashire, BL1 2BQ, United Kingdom
K.L. Plester Insurance Services Limited(01868300)*	U.K.	100	Cover House, The Ringway, Stourport Road, Kidderminster, DY10 1HE, United Kingdom
K.L. Plester Personal Insurance Services Limited(04822910)*	U.K.	100	Cover House, The Ringway, Stourport Road, Kidderminster, DY10 1HE, United Kingdom
Readhurst Finance Limited(02386133)*	U.K.	100	Cover House, The Ringway, Stourport Road, Kidderminster, DY10 1HE, United Kingdom
J Brian Higgs & Co Limited(01110410)*	U.K.	100	Cover House, The Ringway, Stourport Road, Kidderminster, DY10 1HE, United Kingdom
ES Risks Limited(06343872)*	U.K.	100	5th Floor, Minorities House, 2-5 Minorities, London, EC3N 1BJ, United Kingdom
Essex Insurance Brokers Limited(01769036)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
S Johnson & Company(04361078)*	U.K.	100	348 Bromford Lane, Ward End, Birmingham, West Midlands, B8 2RZ, United Kingdom
Absolute Products Limited(04657773)*	U.K.	100	C/O Roberts Accountancy And Tax Ltd, 11 Chartmoor Road, Leighton Buzzard, LU7 4WG, United Kingdom
Bainbridge Collins Limited(02619997)*	U.K.	100	120 Warstone Lane, Birmingham, West Midlands, B18 6NZ, United Kingdom
Innovation Broking Group Limited(10757123)*	U.K.	100	Avenue House, 31 The Avenue, Watford, WD17 4AJ, United Kingdom
Philip Williams (G INS) Management Limited (11181168)*	U.K.	100	35 Walton Road, Stockton Heath, Warrington, Cheshire, United Kingdom, WA4 6NW
Fidelius Corporate Risk Consultants Limited(04101670)*	U.K.	100	One Creechchurch Place, London, EC3A 5AF, United Kingdom
Dunsby Associates Insurance Brokers Limited(09676327)*	U.K.	100	Granville House, 2 Tettenhall Road, Wolverhampton, West Midlands, England, WV1 4SB

HOWDEN GROUP HOLDINGS LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2022

Subsidiary	Country	%	Address
RiskAlliance Limited (03317097)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
RiskAlliance International Limited(03633199)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
CRS Yachts Limited(06371937)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
LGR Solutions Limited (07837929) *	U.K.	100	Amelia House, Crescent Road, Worthing, West Sussex, BN11 1QR, United Kingdom
Phoenix Healthcare (UK) Limited(04264245)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Healthwise Limited(02793049)*	U.K.	100	Unit 6 Castle Court, Castlegate Way, Dudley, West Midlands, DY1 4RD, United Kingdom
Braddons Limited(02877960)*	U.K.	100	3 Beer Cart Lane, Canterbury, Kent, CT1 2NY, United Kingdom
UKGlobal Holdings Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Broking Group Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Partnerships Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Private Clients Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Investments Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Wakefield Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Healthcare Solutions Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Midlands Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal London Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Bristol Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Chester Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Solihull Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Leeds Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Group Risk Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Risk Solutions Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 1 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 2 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 3 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 4 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 5 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 6 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 7 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 8 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Management Company No 9 Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
UKGlobal Commercial Insurance Brokers Limited	U.K.	100	The Boardwalk, 21 Little Peter Street, Manchester, M15 4PS, United Kingdom
ISO Investments Limited (07716008)*	U.K.	100	Devonshire House, 60 Goswell Road, London, EC1M 7AD, United Kingdom
Robertson Low Limited(11283312)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Denmark Green & Associates Limited (06709903)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
AJ Insurance Service (Holdings) Limited(07162142)*	U.K.	100	12 High Street, Stanford-Le-Hope, SS17 0EY, United Kingdom
AJ Insurance Services Limited	U.K.	100	12 High Street, Stanford-Le-Hope, SS17 0EY, United Kingdom
SPF Private Clients Holdings Limited	U.K.	100	33 Gracechurch Street, London, EC3V 0BT, United Kingdom
SPF Private Clients Limited	U.K.	100	33 Gracechurch Street, London, EC3V 0BT, England

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Subsidiary	Country	%	Address
HX Group Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Dot Labs Limited (11121601)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Hyperion Data Services Limited (11590573)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
ReThink Underwriting Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
HX Limited (Strike Off Requested 12/09/2022)	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden Capital Markets Limited	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Risk Policy Administration Limited (07931426)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Insyt Agency Limited (12349152) *	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Azur Group Limited	U.K.	10	1st Floor, Templeback, 10 Templeback, Bristol, BS1 6FL, United Kingdom
Alliant, London Ltd	U.K.	45	One Creechurch Place, London, EC3A 5AF, United Kingdom
Bruce Stevenson Risk Management Limited (dissolved 4 October 2022)	U.K.	100	76 Coburg Street, Edinburgh, EH6 6HJ, United Kingdom
DUAL Retail Risks Limited (Strike Off Requested 22/08/2022)	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Howden X Limited (12808966)*	U.K.	100	One Creechurch Place, London, EC3A 5AF, United Kingdom
Parhelion Capital Limited	U.K.	25	13 Upper High Street, Thame, OX9 3ER, United Kingdom
Tamesis DUAL Americas LLC	U.S.A.	75	1221 Brickell Avenue, Suite 2130, Miami FL 33131, United States
DUAL North America, Inc.	U.S.A.	100	1100 5th Avenue S, Suite 301, Naples FL 34102, United States
DUAL Commercial LLC	U.S.A.	100	1100 5th Avenue S, Suite 301, Naples FL 34102, United States
Energy, Industrial & Utility Risk Solutions LLC	U.S.A.	75	1100 5th Avenue S, Suite 301, Naples FL 34102, United States
DUAL Re America LLC	U.S.A.	100	1100 5th Avenue S, Suite 301, Naples FL 34105, United States
Chelsea Risk Management & Insurance Services, Inc.	U.S.A.	91	4 Embarcadero Center, Suite 1454, San Francisco CA 94111, United States
DUAL Specialty Flood LLC	U.S.A.	82	1100 5th Avenue S, Suite 301, Naples FL 34102, United States
DUAL Specialty Underwriting, LLC	U.S.A.	100	1100 5th Avenue S, Suite 301, Naples FL 34102, United States
Deposit Choice, LLC	U.S.A.	100	729 N. Route, 83, Suite 321, Bensenville IL 60106, United States
Align General Insurance Agency, LLC	U.S.A.	100	350 , 10th Avenue Ste 1450, San Diego CA 92101, United States
Catalytic Risk Managers & Insurance Agency, LLC	U.S.A.	100	350 , 10th Avenue Ste 1450, San Diego CA 92101, United States
NALICO General Agency, Inc.	U.S.A.	100	900 Austin Avenue, Waco TX 76701, United States
Align Claims Services, Inc.	U.S.A.	100	350 , 10th Avenue Ste 1450, San Diego CA 92101, United States
Catalytic Claims Services, Inc.	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
NBIS Construction & Transport Inc	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
Align NL Holdings, LLC	U.S.A.	100	251 Little Falls Drive, Wilmington DE 19808, United States
Enspire Insurance Services, Inc.	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
AFH Holdings, LLC	U.S.A.	100	251 Little Falls Drive, Wilmington DE 19808, United States
AlignCat, Inc.	U.S.A.	100	350 , 10th Avenue Ste 1450, San Diego CA 92101, United States
NLASCO Services, Inc.	U.S.A.	100	900 Austin Avenue, Waco TX 76701, United States

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Subsidiary	Country	%	Address
IPGH Private Client Insurance Services, LLC	U.S.A.	80	Suite 1100, 121 West Trade Street, Charlotte NC 28202, United States
IPGH Holdings, Inc	U.S.A.	80	Suite 1100, 121 West Trade Street, Charlotte NC 28202, United States
Howden Specialty Miami LLC	U.S.A.	100	1221 Brickell Avenue, Suite 1240, Miami FL 33131, United States
Howden Reinsurance Brokers (US), Inc.	U.S.A.	100	325 N. St. Paul Street, Suite 3121, Dallas TX 75201, United States
Align Financial Holdings, LLC	U.S.A.	100	251 Little Falls Drive, Wilmington DE 19808, United States
Praetorian Blocker Merger Sub, Inc.	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
Praetorian Holdco, Inc.	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
Praetorian Merger Sub, LLC	U.S.A.	100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States

* Subsidiaries that are exempt from audit by virtue of section 479A of the Companies Act 2006 with parental guarantee given by the company. The Company Registration numbers have been provided in relation to these exempt subsidiaries.

** Held directly by Howden Group Holdings Limited

*** Although legal ownership is less than 50%, financial results are 100% consolidated for the purposes of these financial statements, as the Group has effective control over these entities.

**** Entities that are currently in the process of liquidation

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

41 Subsidiary and associated companies continued

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2022	2021
	£m	£m
IPG Howden Asia Holdings, Limited and controlled entities		
Statement of financial position		
Non-current assets	90.5	73.7
Current assets	41.8	21.5
Non-current liabilities	(22.6)	(15.4)
Current liabilities	(23.2)	(11.7)
Equity attributable to owners of the Group	69.2	54.5
Non-controlling interests	17.3	13.6
Income statement		
Revenue	60.6	51.6
Expenses	(51.3)	(42.2)
Profit for the year	9.3	9.4
Profit attributable to owners of the Group	7.4	7.0
Profit attributable to the non-controlling interests	1.9	2.4
	9.3	9.4
Dividends paid to non-controlling interests	1.9	2.5

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

41 Subsidiary and associated companies continued

	2022	2021
	£m	£m
Segub SV and controlled entities		
Statement of financial position		
Non-current assets	19.8	18.2
Current assets	8.6	7.8
Non-current liabilities	(7.4)	(6.7)
Current liabilities	(2.2)	(1.5)
Equity attributable to owners of the Group	9.6	9.1
Non-controlling interests	9.2	8.7
Income statement		
Revenue	8.5	7.7
Expenses	(6.1)	(5.4)
Profit for the year	2.4	2.3
Profit attributable to owners of the Group	1.2	1.2
Profit attributable to the non-controlling interests	1.2	1.1
	2.4	2.3
Dividends paid to non-controlling interests	2.4	-

HOWDEN GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

42 Events after balance sheet date

On 1 October 2022, the group changed its operating segments to be HBG, DUAL and central.

On 3 October 2022, the Group entered into additional LIBOR interest rate swaps and EURIBOR interest rate cap to increase its hedge cover against interest rate risk. Libor swaps contain "Pay fixed" component in the range 3.85-4.04% and EURIBOR cap contains 2.67% strike rate. The notional ranged from \$nil to \$1,162.7m and €120.0m to €440.8m respectively with maturity up to September 2025. These were designated as hedging instruments in cash flow hedges.

On 3 October 2022, the Group acquired 100% of Théorème, an insurance broker in France for a total initial consideration of £40.1m.

On 5 October 2022, the Group acquired 100% of Pembroke Insurance Limited, an insurance broker in Ireland for a total initial consideration of £9.6m.

The Group also made a further four acquisitions in Austria, Australia and France with a combined total consideration of £20.6m after 30 September 2022 but before approval of these accounts.


On 25 October 2022, the Group drew down an additional Term Loan – First lien tranche USD 255m maturing on 12 November 2027. The proceeds will be used to fund various acquisitions and associated transaction costs with the residual proceeds recorded in restricted cash. This transaction increased gross borrowings by £231.0m and cash on balance sheet by £225.6m based on rates as at 30 September 2022.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Fixed assets			
Investments in subsidiary undertakings	6	1,090.4	590.3
Current assets			
Debtors due within one year	7	145.6	262.0
Debtors due after more than one year	7	69.1	-
Cash and cash equivalents		0.1	1.1
		214.8	263.1
Creditors			
Amounts falling due with one year	8	(91.3)	(63.0)
Net current assets		123.5	200.1
Total assets less current liabilities		1,213.9	790.4
Creditors			
Amounts falling due after more than one year	9	(17.4)	(10.6)
Provision for liability			
Other provision	18	-	(32.4)
Net assets		1,196.5	747.4
Capital and reserves			
Called up share capital	11	1.2	1.1
Share premium	15	904.0	507.6
Other reserves	15	(165.5)	(131.2)
Retained earnings	15	456.8	369.9
		1,196.5	747.4

Profit after tax for the year ended 30 September 2022 was £86.9m (2021: £64.6m loss).

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2022. They were signed on its behalf by:


David Howden
Chief Executive Officer
Company number 02937398


Mark Craig
Chief Financial Officer

The notes on pages 132 to 138 form an integral part of these financial statements.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
As at 1 October 2021	1.1	507.6	(131.2)	369.9	747.4
Profit for the year	-	-	-	86.9	86.9
Other Comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	86.9	86.9
Conversion and shares issued during the year	0.1	396.4	-	-	396.5
Share-based payments	-	-	3.1	-	3.1
EBT share reserve movement	-	-	(37.4)	-	(37.4)
As at 30 September 2022	1.2	904.0	(165.5)	456.8	1,196.5

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
As at 1 October 2020	0.9	61.7	(109.0)	434.5	388.1
Loss for the year	-	-	-	(64.6)	(64.6)
Other Comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	(64.6)	(64.6)
Conversion and shares issued during the year	0.2	445.9	-	-	446.1
Share-based payments	-	-	2.3	-	2.3
EBT share reserve movement	-	-	(24.5)	-	(24.5)
As at 30 September 2021	1.1	507.6	(131.2)	369.9	747.4

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is One Creechurch Place, London, EC3A 5AF.

These financial statements present information about the Company as an individual undertaking.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These were applied to items considered material to the financial statements in both the current and prior year.

(a) Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

(b) Financial reporting standard 102 - reduced disclosure exemptions

For the year ended 30 September 2019 and subsequent periods, the Company has taken advantage of the following disclosure exemptions in preparing the financial statements as permitted by FRS 102 paragraph 1.12 (a) – (e):

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of Howden Group Holdings Limited as at 30 September 2022 and these financial statements may be obtained from the Group Finance Department, One Creechurch Place, London, EC3A 5AF.

(c) Going concern

The Company's business activities, future outlook, business risks and uncertainties and risk management are set out in the Directors' report and strategic report.

Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

(d) Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

(e) Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(f) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2022

(g) Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

(h) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(i) Foreign currency translationFunctional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

(j) Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(k) Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

(l) Interest income

Interest income is recognised in the Income Statement using the effective interest method.

(m) Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2022

(n) Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change *attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.*

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(o) Share capital transactions

When the Company purchases equity share capital, the amount of the consideration paid, including attributable costs, is recognised as a change in reserves. Purchased shares are either held in treasury in order to satisfy future liabilities arising from business combinations or share incentive scheme, or cancelled and in order to maintain capital an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

The shares in the Company are held to settle obligations arising from share option incentive schemes or business combination considerations. Subject to the assets held for the beneficiaries of the EBT, there are no restrictions over the assets or liabilities in the EBT.

The Company uses Howden Employee Jersey Holdings ("HEJH") to facilitate the purchase of shares in itself. As the Company is the sponsoring company of the EBT and HEJH, the assets and the liabilities of the EBT and HEJH are reported as part of the Company. The EBT's and HEJH's assets are primarily shares of the Company and liabilities relate to deferred payments for the shares.

(p) Share-based payments

The cost of employees' services rendered to subsidiaries received in exchange for the grant of rights under share incentive schemes is measured at the fair value of the equity scheme granted. Where there are performance conditions, as assessment is made of the likelihood of these conditions being achieved is made at the end of each reporting year and reflected in the accounting entries made. The grant by the Company over share incentive schemes to employees of subsidiary undertakings is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company accounts.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The estimates and judgements that have a significant effect on the carrying value of assets and liabilities are:

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable value of an asset is determined based on value-in-use calculations or multiple earnings calculation prepared on the basis of management's assumptions and estimates. Judgements are exercised in determining whether there are indicators of impairment and by the Board of Directors in their challenge and approval of the budgeting and forecasting process. Key sources of estimation for determining value-in-use relate to the approved future cash flows, long term revenue growth rate beyond the approved forecast period, operating margins and discount rates. In addition, the impact of global inflationary pressures, Russia/Ukraine conflict and Covid-19 continuing to impact certain parts of the world, in which the Group trades, are other sources of estimation uncertainty on forecasts.

4 Profit and loss account

As permitted by section 408 Companies Act 2006, the Company has not included its own profit and loss account in these financial statements. The Company's profit after tax for the year was £86.9m (2021: £64.6m loss) this is dealt with in the financial statements of the Group.

5 Dividends

The Company has not declared any dividends during the year ended 30 September 2022 (2021: £nil).

6 Investments

	Investments in subsidiary companies
	£m
Cost or valuation	
At 1 October 2021	623.4
Additions	1,127.4
Disposals	(660.4)
At 30 September 2022	1,090.4
Provision for impairment	
At 1 October 2021	(33.1)
Disposals	33.1
At 30 September 2022	-
Net book value	
At 30 September 2022	1,090.4
At 30 September 2021	590.3

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Amounts falling due within one year

	2022	2021
	£m	£m
Other debtors	1.5	17.9
Amounts due from Group undertakings	45.2	1.6
Recoverable asset	-	8.5
Loans to subsidiaries	-	232.9
Derivative financial instruments asset	98.9	
Tax recoverable	-	1.1
	145.6	262.0

	2022	2021
	£m	£m
Amounts falling due after more than one year		
Loans to subsidiaries	69.1	-
	69.1	-

8 Creditors - amounts falling due within one year

	2022	2021
	£m	£m
Amounts owed to Group undertakings	(52.4)	(32.9)
Accruals and deferred income	(0.2)	(1.8)
Deferred consideration - share buy-backs	(18.8)	(19.3)
Trade and other payables	(19.3)	(9.0)
Corporation tax payable	(0.6)	-
	(91.3)	(63.0)

9 Creditors - amounts falling due after more than one year

	2022	2021
	£m	£m
Deferred consideration - share buy-backs	(17.4)	(10.6)
	(17.4)	(10.6)

10 Financial Instruments

The Company has granted share options to certain shareholders in respect of their Howden shares. The share options are carried at fair value. As the instruments allows the holders to put Company shares back to the Company at fair value, the instruments have a fair value of nil. Management's best estimate of the liability which would arise if all the options were exercised would be £106.9m as at 30 September 2022 (2021: £47.4m). Sensitivity analysis, allowing for a reasonable change in assumptions indicates a maturity range of £96.2m - £117.6m (2021: £42.7m - £52.1m).

Connected with the proposed acquisition of TigerRisk, General Atlantic Hawthorn B.V., CDP Investissements Inc and Theia Bidco Limited committed to subscribe for 17,609,021 "A" Ordinary shares for a fixed amount of \$906.0m and to be settled on the completion of the acquisition of TigerRisk. As the Company's share price is denominated in GBP, this represents an embedded derivative. Accordingly, the embedded derivative has been bifurcated from the host contract and held at fair value through the income statement. As at 30 September 2022, the derivative was an asset of value of £98.9m with a corresponding fair value gain recognised.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Share capital

Details of the Company's share capital are given in the Group financial statements on note 29.

	2022 £m	2021 £m
Allotted, called up and fully paid		
121,317,215 (2021: 108,504,667) A ordinary shares of £0.01 each	1.2	1.1
61,070,151 (2021: 55,842,538) D ordinary shares of £0.00001 each	-	-
12,256,541 (2021: 11,996,488) E ordinary shares of £0.00001 each	-	-
6,225,000 (2021: 3,150,000) Ordinary F shares of £0.00001 each	-	-
5,014,830 (2021: nil) Ordinary G shares of £0.00001 each	-	-
nil (2021: 4,934,588) Deferred shares of £0.00001 each	-	-
	1.2	1.1

12 Treasury shares

The Company holds shares in itself via HEJH, a subsidiary of the EBT. Refer to note 29 of the Group accounts for further detail.

13 Other reserves**Share premium**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserves

This reserve relates to shares held in itself via HEJH, a subsidiary of the EBT, along with any profits made on transactions with these shares, share-based payment reserve and the translation reserve which contains the accumulated foreign exchange differences arising on translation of investments.

Profit and loss account

Made up of all current and prior period retained profits and losses.

14 Employees

The average monthly number of persons employed by the Company during the year was 1 (2021: 3).

	2022 £m	2021 £m
Employee costs		
Wages and salaries	2.2	5.7
Share based payment	0.1	-
Pension contributions	-	0.1
	2.3	5.8

The highest paid director received total remuneration of £1.2m (2021: £3.3m).

In addition there were other directors who received fees totalling £0.1m (2021: £0.3m).

During the year ended 30 September 2022, directors received £nil in respect of compensation for loss of office (2021: £nil).

15 Share based payments

Refer to the Group accounts for details of share based payments. The Company recognised a charge of £3.1m (2021: £1.3m). The Company recognised an increase in investments in subsidiaries of £9.9m (2021: increase of £5.2m) in respect of share-based payments where it is the ultimate settling entity for certain awards for subsidiaries.

HOWDEN GROUP HOLDINGS LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

16 Provisions

Provisions are generally recognised when the Company has a present or a constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation and the amount can be reliably estimated.

The Group is involved from time to time in certain claims and legal proceedings related to the Group's operations, including employment related matters. The provisions in the entity relate to legal claims and proceedings

	2022
	£m
At 1 October 2021	32.4
Additions	-
Disposals	(32.4)
At 30 September 2022	-

A reimbursement asset of £nil (2021: £8.5m) has been recognised as at 30 September 2022.

17 Contingent liabilities

The Company has given parental guarantees to members of wholly-owned UK subsidiaries relating to outstanding liabilities to which the subsidiary companies are subject.

18 Related party transactions

The Company has taken advantage of the exemption available in FRS 102 to not disclose related party transactions with subsidiaries that are wholly owned within the Group.

See note 37 in the group accounts for related party transactions with significant shareholders.

19 Post balance sheet events

See note 42 in the Group accounts for events occurring after the balance sheet date.