

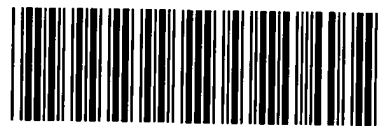
**AQ HERACLIUS HOLDINGS LIMITED**

**ANNUAL REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**Registered number 12590036**

**31 DECEMBER 2020**

FRIDAY



\*AB8AC1EJ\*

A12

15/07/2022

#28

COMPANIES HOUSE

**AQ HERACLIUS HOLDINGS LIMITED**  
**CONTENTS**

**PAGES**

STRATEGIC REPORT	1 - 7
DIRECTORS' REPORT	8 - 9
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS	10
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQ HERACLIUS HOLDINGS LTD	11 - 15
CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME	16
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020	18
CONSOLIDATED CASH FLOW STATEMENT 2020	19
NOTES TO THE 2020 CONSOLIDATED FINANCIAL STATEMENTS	20 - 41
<b>SEPARATE FINANCIAL STATEMENTS</b>	
BALANCE SHEET AS AT 31 DECEMBER 2020	42
PROFIT AND LOSS ACCOUNT 2020	43
STATEMENT OF CHANGES IN EQUITY 2020	44
NOTES TO THE 2020 SEPARATE FINANCIAL STATEMENTS	45 - 47

The directors present the Strategic Report of AQ Heraclius Holdings Limited (the "Company") and its Dutch controlled entities trading as Quintes Verzekeren en Risicobeheer (jointly referred to as "Quintes" and together with the Company, "the Group") for the year ended 31 December 2020.

### **Business review**

The Company was incorporated on 6 May 2020. During the year to 31 December 2020, it acquired Heraclius Topco B.V. ("Topco"), a holding company owning a number of Dutch insurance distribution entities trading as Quintes Verzekeren en Risicobeheer.

The Company's activities are limited to directly holding shares in Topco and indirectly holding shares in the subsidiaries of Topco, and providing stewardship and other services as shareholder, in particular ensuring adequate financing. The trading subsidiaries of Topco operate as insurance brokers between insurance risk carriers and customers as well as being delegated authority holders (in certain cases) for those insurance companies. Apart from the Company's stewardship activities, Quintes is exclusively active in the Dutch market and focusses on SMEs and their personnel and directors as customers.

### **Financial**

Turnover for the period was €13.8m (2019: n/a). The loss before taxation was €15.8m (2019:n/a), after impairment charge of €1.4m.

On 7 July 2020, the Company acquired Heraclius Topco B.V. and subsequently on 17 July 2020, through an indirect subsidiary, the Company acquired Quintes Holdings B.V. The Company subscribed for shares giving it a controlling interest in Topco for €76.5m, of which €8.3m related to ordinary shares and the remaining €68.2m to preference shares. The share subscription was financed by a capital increase provided by the Company's sole shareholder, AQ Heraclius Aggregator LP ("Aggregator").

On 28 October 2020 Heraclius Midco B.V., a subsidiary of Topco entered into a €137.0m financing agreement with two lending institutions, and made an initial drawing of €87.9m, of which €68m was used to redeem preference shares held by the Company and the balance retained within Quintes. The €68m proceeds from the preference share redemption were distributed to Aggregator.

Quintes made two further acquisitions during the period, neither of which was individually material to the Group.

### **Strategy**

The aim of the Group is to be a leading provider of insurance broking services to its targeted end market. It follows a buy and build strategy to achieve the scale and national coverage necessary to differentiate itself in the market vis a vis its customers, as well as national and international risk carriers.

Quintes is organised in regional hubs that each service a radius of approximately 20km and have far-reaching commercial independence. The delegated authority and staff functions are to a large extent centralised.

In addition to delivering organic revenue and margin growth in the existing business, the Group will continue to target acquisitions that complement and enhance the existing client offer and increase geographic coverage within the Netherlands.

### **Principal risks and uncertainties**

Both insurance broking activity and the Group's strategy are subject to a number of risks. The principal risks facing the business are set out below and the Directors are of the opinion that a risk management process is followed that, where possible, identifies, monitors and mitigates these risks.

### **Covid-19**

The Covid-19 pandemic adversely affected clients in certain sectors, notably hospitality and retail, resulting in somewhat reduced revenues to the Group. Although the largely non-discretionary nature of commercial insurance limits the impact of client financial performance on Quintes, Covid-19 has had an overall negative impact.

In line with management's strong commitment to staff welfare, where possible arrangements have been made for home working, protective measures put in place for staff who must be office-based, and strict monitoring to identify potential cases. Staff required to self-isolate have been paid full salary for the period of self-isolation. These measures have increased operating costs, as homeworking requires additional investment in computer equipment and specialist software; without a corresponding reduction in premises cost.

### **Financing**

The Group entered into long-term debt financing arrangements in October 2020 to (i) optimise its capital structure and (ii) support its buy and build strategy. The financing documentation includes customary covenants for a financing of this type. In extreme cases breaching these covenants could make the debt immediately callable and place significant cash flow burden on the Group. The finance department is actively engaged in treasury management and the meeting of financial goals.

The Group's debt financing arrangements include references to variable interest rates, meaning that if market interest rates rise, the interest burden on the Group would also increase. The Group has elected not to hedge this risk as it deems the cost of doing so too high compared to the risk exposure contained in the variability.

### **Underwriting**

The Group's operating entities are active as delegated authority holders for several insurance risk carriers. As a result, loss ratio results are important to the continued availability of these delegated authorities. Quintes employs an experienced team of underwriters that employ strict processes to minimise the chance of poor risks entering the underwriting portfolio.

### **M&A & Integration**

The Group's buy and build strategy necessitates the integration of acquired portfolios and companies for both the realisation of synergy benefits and the continuity of operations. Underestimation of integration cost or unsuccessful integrations of IT systems, staff, office locations and various other dimensions of daily operations are risks with each new acquisition.

The Group employs a dedicated integration team that steers integration projects. This team, given its extensive experience across historical acquisitions, helps to minimise integration risk.

### **Technology and data security**

The Group is dependent on the proper functioning of its IT for daily operations, as virtually all core business processes in the Group rely on IT tooling for execution. Given the importance of IT to the Group's daily operations, little risk is taken vis a vis downtime. Since the accounts date, the Group implemented a disaster recovery site at an external data centre and the Group employs software from only reputable vendors. Only minor applications are self-developed. The IT operations team is highly focussed on IT availability and the resilience of IT is one of the key decision factors when planning maintenance and expansion.

The Group handles confidential customer and business data on behalf of its clients. To reduce this risk to its lowest possible level, the Group has in place strict IT policies and robust IT controls. However, such controls cannot fully mitigate cyber security threats and the group remains subject to the risk of a breach which would cause reputational damage and potentially material penalties.

### **Competitive landscape**

The Company is effectively a price taker vis a vis the commissions it receives on policies placed with specific risk carriers. This risk is however balanced by the competition between risk carriers. The Company manages this risk by maintaining relationships with a wide array of risk carriers, limiting its exposure to a change in commission offered by any single risk carrier.

Although a large number of insurance brokers are active in the Netherlands, Quintes aims to differentiate itself from competitors via personal service and advice. As a result, the long-standing relations between the Group's employees and its customers are of importance to the commercial success of the Group.

### **Foreign exchange movements**

Substantially all of the revenues and costs (including debt financing costs) of the Quintes Dutch entities are denominated in euros. Although the Company has some sterling denominated operating costs, the Directors do not consider foreign exchange risk associated with these to be material in the context of the Group's overall financial position.

### **Compliance**

The Company's Dutch subsidiaries undertake various activities that are regulated by the Dutch Authority on Financial Markets ("AFM"). As a financial service provider, the Quintes Holding group is subject to a substantial body of laws and regulations regarding its activities". The Group has a dedicated compliance officer to identify any possible gaps and suggest remedies. In addition, the Group implements standards that go beyond that which is required by laws and regulations in various areas it deems as essential for good business conduct.

### **Section 172 Statement**

In accordance with the Companies Act 2006 (the "Act"), the directors provide this statement describing how they have had regard to the matters set out in Section 172 of the Act, when performing their duty to promote the success of the company.

The Company is the ultimate holding company within the Group and while the directors implement Group strategies at the company level, key decisions which affect the trading of subsidiaries within the Group, and consequently the success of the Company and its stakeholders, are principally made by the Boards of Heraclius Topco B.V. (in relation to strategic and financing matters) and Quintes Holdings B.V. (in relation to commercial, operational, and compliance matters).

This statement also provides details of how the directors have engaged with and have regard to the interest of the Group's, and therefore indirectly the Company's, key stakeholders:

1. Clients/Customers
2. Colleagues (Employees)
3. Regulators & Government
4. Suppliers
5. Shareholders
6. Group debt providers
7. Society

**Group stakeholders**

Why we engage	Our approach to engagement
<p><b>Clients / customers</b></p> <p>Continuous review of client requirements and preferences allows the Group to focus on key product groups, respond appropriately and ultimately improve growth.</p>	<p>Our culture is to achieve and surpass client objectives, acting with integrity and respect in all manners of our service, and utilising our specialised knowledge base to provide valuable advice and suggest only the most suitable insurance products to our customers' circumstances.</p> <p>A combination of data, technology and analytics allows the Group to provide clients with smarter services and products in a delivery format best suited to them. The Group has developed software to improve quotations for absenteeism insurance, ultimately passing value to clients, as well as building a tool to more efficiently quote business-to-business insurance policies whose risks are less standard than consumers.</p> <p>Subsidiaries within the Group deploy dedicated contact teams to assist servicing client needs. Marketing materials seek to provide regular and pertinent insight into current offerings. The Group also engages with customers through satisfaction surveys, rewards and the commercial website.</p>
<p><b>Employees</b></p> <p>Empowering our workforce facilitates effective contributions to the collective goals of the Group, as well as encouraging the creation of skills and knowledge sharing networks to strengthen the Group.</p>	<p>Directors of companies within the Group engage with employees through internal media platform / intranet and other internal communications.</p>

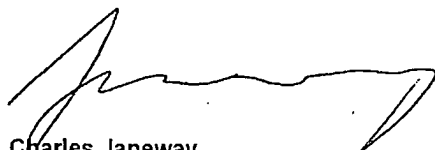
Employees	
<p>Supporting our workforce and ensuring all current or potential employees are treated with fairly and equally builds trust and instils pride within the workforce.</p>	<p>The Group has introduced and successfully implemented an agile working strategy, allowing employees to feel more comfortable and enabled.</p> <p>The Group seeks to provide all necessary resources to employees to enable them to be successful, including specific training at regular intervals and access to equipment and technology that enables timely and effective communication.</p> <p>Efforts to find new staff throughout the Group have been boosted through additional investments in the LinkedIn-portal, a focus on partnerships with a few recruitment agencies and an increased focus on hiring via referrals to ensure that new joiners are aligned with the productive and friendly working culture within the Group.</p> <p>The Group has taken a keen and diligent interest in the absentee figure for 2020 (which was 3.49%) and to understand on a case by case basis, with assistance from management of subsidiaries within the Group and professional partners, the reasons behind this to improve vitality of the workforce in the future. This reflects the attitude of the Group to resolve employee concerns cooperatively.</p>
Suppliers	
<p>Establishing long-term, strong and fair relationships with suppliers and insurance risk carriers is important to the longevity of the Group and benefits all stakeholders.</p>	<p>In order to maintain trust with insurance risk carriers, for which the Group acts with delegated authority, the Group aims to maintain honest engagement with those carriers and other suppliers to enhance understanding of the requirements and constraints of the Group.</p>

Regulators and Government	
<p>As insurance intermediaries, companies within the Group are subject to financial services regulations in the Netherlands. The Group works with regulators to ensure all aspects of the businesses comply with legislation in the Netherlands to uphold responsibilities to stakeholders.</p>	<p>Subsidiaries within the Group as insurance intermediaries are regulated by AFM and De Nederlandsche Bank and the Group aims to have an open and transparent approach in all communications with regulatory bodies.</p> <p>Regulatory communications are managed by the legal and compliance teams of each relevant subsidiary, with significant regulatory matters being escalated to the subsidiary board and holding company level, as appropriate.</p>
Shareholders	
<p>Providing accurate information to shareholders is crucial to support and aligning on long-term objectives.</p>	<p>The majority institutional investor is represented by directors on the board of the Company and therefore participate directly in strategic decision-making and the direction of the Group. Information is shared with minority shareholders through our consolidated annual report.</p>
Group debt providers	
<p>The Group has a responsibility to engage with debt providers under the facilities agreements and appreciates the importance of providing timely and detailed information on a regular basis as part of the covenants.</p>	<p>Updates are provided to debt providers at regular intervals to maintain a healthy working relationship. Updates are provided by Group CFO on behalf of Topco.</p>



Society	
<p>It is our belief that the Group should act responsibly in society and be aware of key social concerns</p>	<p>Develop policies and practices to promote sustainability and environmental considerations in the Group's day to day operations, which are reviewed and updated regularly.</p> <p>Consider the expectations of society and clients when designing products to cater to a wide cross-section of society.</p> <p>Regular training of employees to stay abreast of regulatory obligations.</p>

By order of the board



Charles Janeway  
Director

13 July 2022

## 1. Principal activities

AQ Heraclius Holdings Limited (the "Company") is a private company incorporated on 6th May 2020, domiciled and registered in the UK. The registered number is 12590036 and the registered address is Rex House 4th Floor, 4-12, Regent Street, London.

The activities of AQ Heraclius Holdings Limited and its group companies mainly consist of the management of subsidiaries engaged in advice and mediation in insurance, pensions and mortgages.

## 2. Research and development information

The Group's research and development activities revolve around the continued effort of the Group to make its operations more efficient and offer value to its customers. To that end the Group has two development projects:

- The first development project relates to the creation of software to run a quotation system for absenteeism insurance. This will aid the Group's advisers to advise current and prospective clients more efficiently with regards to their absenteeism insurance. Furthermore, it will aid in the cross selling of absenteeism insurance with absenteeism management services, offered by the Group.

- The second project concerns a tool to more efficiently quote insurance policies relevant to business customers, whose risks are often less standard than those of consumers. By coupling the risk assessment with products from risk carriers for which the Group has delegated authority, the customer can be offered better products and the Group will be able to sell more delegated authority policies, on which it earns a higher margin.

## 3. Dividends

Dividends paid during the year comprise a final dividend of Euro 67,950,912 in respect of the year ended 31st December 2020. There were no proposed or paid dividends after the balance sheet date.

## 4. Directors

Directors of the Company were as follows:

Ignace Van Waesberghe	Appointed on 6 May 2020
Daniel Pascal Flueckiger	Appointed on 15 July 2020
Charles Hall Janeway	Appointed on 15 July 2020
Lord Ian Lang	Appointed on 1 May 2021

None of the directors benefited from qualifying third party indemnity provisions in place or qualifying pension scheme indemnity provisions as at 31st December 2020.

## 5. Company secretary

Citco Management (UK) Ltd were appointed as Company Secretary on 29 April 2021.

## 6. Employees

The Company itself does not employ any staff. All staff is employed by (subsidiaries of) Quintes Holding B.V. On December 31st the number of staff employed by the Group was 350, equivalent to 289 FTE (full time equivalents).

Efforts to find new staff (both for our subsidiaries as well as for the Head Office) have had a boost from additional investments in the LinkedIn-portal, a focus on the partnerships with a few recruitment agencies, and an increased focus on hiring via referrals. A new recruitment website has been launched in 02 2021.

**6. Employees (continued)**

The average absenteeism number for the Group was 3,49% in 2020. Together with Management and professional partners, the HR team is working case-by-case and subsidiary-by-subsidiary to reduce this number further as well as to increase the vitality of the workforce. Although COVID-19 has not led to an increase of the absenteeism number, it has been a challenging task for management to keep in contact with their staff and understand if there are any physical or mental health issues to be dealt with.

In January 2021 Quintes went "live" with its new UNIT4 Payroll & Administration system, thus providing one platform and standardised processes for staff and management.

**7. Disclosure of information to auditor**

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

**8. Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

**9. Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Charles Janeway**  
Director

13 July 2022

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- Make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**Opinion**

We have audited the financial statements of AQ Heraclius Holdings Limited ("the Company") for the period ended 31 December 2020 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Balance Sheet, Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect***Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit team of relevant fraud risks identified at the Group level and request to component audit team to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are clearly defined, non-judgmental revenue recognition points for commission and delegated authority income streams.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words and those posted to unusual account combinations.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, financial crime regulations (including those relating to anti-bribery and money laundering), and regulatory conduct regulations, recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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**

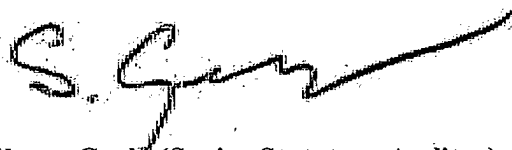
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Shaun Gealy (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff, CF10 4AX

13 July 2022

**AQ HERACLIUS HOLDINGS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

16.

	Note	2020 EUR
<b>Turnover</b>	3	13,801,641
Other operating income		703,820
<b>Total operating income</b>		<u>14,505,461</u>
External charges for services		1,848,274
Personnel expenses	4	11,362,165
Amortisation and depreciation on tangible and intangible fixed assets	9,10	9,287,939
Impairment charges	9	1,423,384
Other operating expenses	5	3,498,536
<b>Total operating expenses</b>		<u>27,420,298</u>
Interest income, expenses and similar charges	6	(2,915,351)
		<u>(2,915,351)</u>
<b>Loss before taxation</b>		<u>(15,830,188)</u>
Taxation	7	708,878
<b>Loss for the financial period</b>		<u>(15,121,310)</u>
<b>Loss attributable to:</b>		
Shareholders of the Parent Company		(13,542,587)
Non-controlling interest		<u>(1,578,723)</u>
<b>Loss for the period</b>		<u>(15,121,310)</u>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax		-
<b>Total comprehensive income for the period</b>		<u>(15,121,310)</u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Parent Company		(13,542,587)
Non-controlling interest		<u>(1,578,723)</u>
<b>Total comprehensive income for the period</b>		<u>(15,121,310)</u>

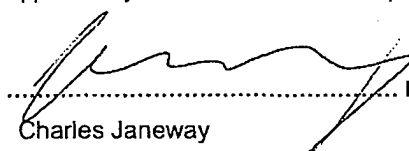
The notes on pages 20 to 41 form an integral part of these consolidated financial statements

**AQ HERACLIUS HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020**

17.

	Note	2020 EUR	2020 EUR
<b><u>Fixed assets</u></b>			
Goodwill	9	94,192,052	
Other intangible fixed assets	9	66,512,273	
Tangible fixed assets	10	1,817,269	
Financial fixed assets		5,445	
			162,527,039
<b><u>Current assets</u></b>			
Trade receivables	11	1,346,722	
Other receivables	12	7,793,009	
Cash and cash equivalents	13	12,143,616	
			21,283,347
<b><u>Total assets</u></b>			<b>183,810,386</b>
<b><u>Capital and reserves</u></b>			
Ordinary share capital	14	1,433,039	
Profit and loss account		60,377,332	
Equity attributable to shareholders of the Parent Company			61,810,371
<b><u>Non-controlling interest</u></b>			10,887,741
			72,698,112
<b><u>Non-current liabilities</u></b>			
Provisions	15	7,082,451	
Annuity	16	101,239	
Finance loan and subordinated debts	17	80,186,921	
			87,370,611
<b><u>Current liabilities</u></b>	18		23,741,663
<b>Total liabilities</b>			<b>111,112,274</b>
<b>Total equity and liabilities</b>			<b>183,810,386</b>

Approved by the directors of the Company on ..... 28 June ..... 2022 and signed on its behalf by:

 ..... Director  
Charles Janeway

..... Director

..... Director

AQ HERACLIUS HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020

18.

*Attributable to shareholders of AQ Heraclius Holdings Limited*

	Share capital EUR	Share premium EUR	Profit and loss account EUR	Total shareholder's equity EUR	Non-Controlling interest EUR	Total equity EUR
Balance at 06 May	-	-	-	-	-	-
Issue of shares	1,433,039	141,870,831	-	143,303,870	-	143,303,870
Arising on acquisitions	-	-	-	-	6,072,370	6,072,370
Cancellation of share premium	-	(141,870,831)	141,870,831	-	-	-
Dividend	-	-	(67,950,912)	(67,950,912)	-	(67,950,912)
Subsidiary issued shares to NCI	-	-	-	-	6,394,094	6,394,094
Result for the period	-	-	(13,542,587)	(13,542,587)	(1,578,723)	(15,121,310)
Balance as at 31 December 2020	<u>1,433,039</u>	<u>-</u>	<u>60,377,332</u>	<u>61,810,371</u>	<u>10,887,741</u>	<u>72,698,112</u>

**AQ HERACLIUS HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

19.

	Note	2020 EUR
Loss before income tax		(15,121,310)
<i>Adjustments for:</i>		
Amortisation and depreciation charges		10,711,323
Changes in provision and annuity		7,183,690
Changes in working capital		11,959,625
		14,733,328
Interest paid		(1,443,898)
<b>Cash flows from operating activities</b>		<b>13,289,430</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible fixed assets		(171,061,747)
Capitalised development costs		(73,128)
Investment in tangible fixed assets		(2,140,008)
Disposal of tangible fixed assets		41,967
Investment in financial fixed assets		(5,445)
<b>Net cash used in investing activities</b>		<b>(173,238,361)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings		(21,970)
Proceeds from new debt		84,295,095
NCI arising on acquisition		6,072,370
Subsidiary issued shares to NCI		6,394,094
Proceeds from the issue of share capital		143,303,870
Dividend distribution		(67,950,912)
<b>Net cash from financing activities</b>		<b>172,092,547</b>
Net increase in cash and cash equivalents in the period		12,143,616
Cash and cash equivalents as at start of reporting period		-
Effect of exchange rate fluctuations		-
<b>Cash and cash equivalents at end of financial period</b>	13	<b>12,143,616</b>

The notes on pages 20 to 41 form an integral part of these consolidated financial statements.

## General

AQ Heraclius Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 12590036 and the registered address is Rex House 4<sup>th</sup> Floor, 4-12, Regent Street, London.

## Activities

The activities of AQ Heraclius Holdings Limited and its group companies mainly consist of the management of subsidiaries engaged in advice and mediation in insurance, pensions and mortgages.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest Euro.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

## Going concern

For the period ending 31 Dec 2020, the Group achieved total sales of €13.8m with a net result of €(15.1)m. The growth of the business is caused by the acquisition of Quintes Holding and is expected to be driven by the continued success of the buy & build strategy. The negative net result is mostly driven by the large amortisation expense on acquired portfolios and goodwill of €9.0m which were expected by management as a result of the acquisition of Quintes Holding, the buy & build strategy, and an impairment loss of €1.4m.

The Group has equity of €72.7m, and cash flow for the year was €12.1m. In addition the Group has committed financing facility in place that runs until October 2027, which provides funds for further acquisitions and, if required, working capital for the Group.

The Group's financial results were largely unaffected by the COVID-19 pandemic. The trading operation is based in the Netherlands and while various infection waves and the ensuing lockdowns did force the Group to review and re-establish work practices, absenteeism was kept in check and productivity was not impacted in a meaningful way. Future results will depend on the success of the buy & build strategy to a large degree, and as we observed in 2020, the effectiveness of our sales force depends on being able to visit the customer. Therefore, organic revenue growth would be negatively impacted by any future drawn out lockdowns in response to COVID-19.

When taking the expenditure on acquisition purchase prices as well as related advisor fees out of consideration, the Group expects net cash flows to remain positive. Additionally, the Group has not entered into any acquisition commitments for which no financing has been arranged. Consequently, the Company and Group are able to meet their short term commitments as they fall due.

The Directors anticipate the Group and Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis. The Directors consider that it is appropriate to prepare the accounts on this basis having reviewed cash flow projections for the Group and Company which take into account its present plans, expectations and intentions. In forming their view the Directors have also considered possible adverse developments that could impact the Group and the Group's resilience to such events.

**List of subsidiary companies**

AQ Heraclius Holdings Limited in the United Kingdom is the head of a group of legal entities. The below list of subsidiaries has also been included in the consolidated financial statements of Heraclius Topco B.V. as at 31st December 2020.

Name	Statutory seat	% shares of held	Included in statements
Heraclius Topco B.V.	Culemborg	75%	8-May-20
Heraclius Midco B.V.	Culemborg	100%	8-May-20
Heraclius Newco B.V.	Culemborg	100%	8-May-20
Quintes Holding B.V.	Culemborg	100%	17-Jul-20
Kroezen Volmacht B.V.	Culemborg	100%	17-Jul-20
Employee Benefits Centrum B.V.	Uden	100%	17-Jul-20
Kroezen Tussenholding B.V.	Culemborg	100%	17-Jul-20
De Deugd & Terpstra Beheer B.V.	Culemborg	100%	17-Jul-20
Kroezen Scherpenzeel Verzekeringen B.V.	Scherpenzeel	100%	17-Jul-20
Quintes Groep B.V.	Uden	100%	17-Jul-20
Quintes Noord Brabant B.V.	Uden	100%	17-Jul-20
Quintes Assuradeuren B.V.	Uden	100%	17-Jul-20
KoKo Beheer B.V.	Nijmegen	100%	17-Jul-20
Timmermans Koch en Brink B.V.	Nijmegen	100%	17-Jul-20
Quintes Verzekeren & Risicomanagement B.V.	Culemborg	100%	17-Jul-20
Financieel Adviesburo de Mui B.V.	Eindhoven	100%	17-Jul-20
Quintes Limburg B.V.	Culemborg	100%	17-Jul-20
Quintes Groningen B.V.	Groningen	100%	17-Jul-20
Rofafa B.V.	Wervershoof	100%	17-Jul-20
Comas Holding B.V.	Zwaagdijk	100%	17-Jul-20
Commandeur Assurantiën B.V.	Medemblik	100%	17-Jul-20
Westfriesland Financiële Advies Groep B.V.	Opperdoes	100%	17-Jul-20
Quintes Noord-Holland B.V.	Culemborg	100%	17-Jul-20
Verzuim Support Centre B.V.	Uden	100%	17-Jul-20
Story Beheer B.V.	Asperen	100%	17-Jul-20
Story Groep B.V.	Asperen	100%	17-Jul-20
Story Assurantiën B.V.	Rhenoy	100%	17-Jul-20
Finagri B.V.	Houten	100%	17-Jul-20
Insureq Assuradeuren B.V.	Leerdam	100%	17-Jul-20
Insureq B.V.	Leerdam	100%	17-Jul-20
Story Makelaardij onroerend goed B.V.	Leerdam	100%	17-Jul-20
EBplusdiensten B.V.	Culemborg	100%	17-Jul-20
Guijt Verzekeringen B.V.	Gendt	100%	17-Jul-20
Guijt Assuradeuren B.V.	Gendt	100%	17-Jul-20
Marco Guijt Makelaardij B.V.	Gendt	100%	17-Jul-20
Rozenburg Assuradeuren B.V.	Ede	100%	17-Jul-20
Quintes Overijssel B.V.	Culemborg	100%	17-Jul-20
BIDM B.V.	Best	100%	17-Jul-20
Lukkien & Schultinga B.V.	Zuidhorn	100%	17-Jul-20
Intervencio B.V.	Zuidhorn	100%	17-Jul-20
Quintes Friesland B.V.	Grou	100%	1-Oct-20

## 1. Accounting policies

### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss, biological assets, investment property, tangible fixed assets and intangible assets measured in accordance with the revaluation model.

### 1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up from the the Company's incorporation on 6th May 2020 for the period to and as at 31st December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

### 1.3 Revenue

The Group calculates the proceeds of fees and commissions as net sales when there is convincing evidence of an agreement and that the economic benefits associated with the transaction will accrue to the Group. These criteria are met when an insurance policy has been signed by the customer and the risk carrier has accepted the risk. In the case of income relating to the provision of advice services, these criteria have been met when there is a signed advisory proposal and the advice has been rendered.

Revenue from sales, arising on financial services, administration fees, subscription fees, and other revenue, is recognized when all significant rights to economic benefits as well as all significant risks have passed to the buyer. The cost price of these services is allocated to the same period. Revenues from on-going services rendered are recognised in the profit and loss account in proportion to the stage of completion of the transaction as at the reporting date. The stage of completion is assessed by reference to assessments of the work performed / the services performed up to that moment as a percentage of the total services to be performed / the costs incurred up to that moment in proportion to the total estimated costs of the services to be performed.

Certain arrangements, principally those under delegated authority, give rise to commission relating to both the initial sale of the insurance policy and also on-going services, for these arrangements a provision for unearned commission is made for costs to be incurred to service policies that have already been sold but for which additional work has to be done.

### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.



**1. Accounting policies (continued)**

**1.4 Foreign currency (continued)**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

**1.5 Classification of financial instruments issued by the Group and the Company**

In accordance with FRS 102.22, financial instruments issued by the Group and the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

**1.6 Basic financial instruments**

***Trade and other debtors / creditors***

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

***Interest-bearing borrowings classified as basic financial instruments***

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

***Investments in preference and ordinary shares***

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

1. Accounting policies (continued)

1.6 *Basic financial instruments (continued)*

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 *Other financial instruments*

***Financial instruments not considered to be basic financial instruments (Other financial instruments)***

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

1.8 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease.

At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings - 5 years
- Cars and transport equipment - 5 years
- Second – hand cars – 3 years
- Fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

1. Accounting policies (continued)

1.9 *Business combinations*

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.10 *Intangible assets, goodwill and negative goodwill*

*Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

The capitalised goodwill is amortised on a straight line basis over its estimated useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

*Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

*Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1. Accounting policies (continued)

1.10 *Intangible assets, goodwill and negative goodwill (continued)*

*Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

*Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

capitalised development costs – 3 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS 102 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.11 *Impairment excluding stocks, investment properties and deferred tax assets*

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

*Financial assets (including trade and other debtors)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

1. Accounting policies (continued)

1.11 *Impairment excluding stocks, investment properties and deferred tax assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 *Employee benefits*

*Defined contribution plans and other long-term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by the directors/a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.13 *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**1. Accounting policies (continued)**

**1.13 Provisions (continued)**

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**1.14 Expenses**

*Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

*Interest receivable and interest payable*

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**1.15 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

1. Accounting policies (continued)

1.15 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

The most important estimates included in these financial statements are those concerning the identification and valuation of goodwill and intangible fixed assets resulting from purchase price accounting. Additionally, the calculation of impairment charges is subject to estimates with regards to future performance of insurance portfolios.

3. Turnover

	8 months to 31 December 2020 EUR
The breakdown of the operating income by revenue categories is as follows:	
Commission	10,313,258
Delegated authority	1,692,899
Financial services	348,989
Administration fees	707,038
Subscription fees	150,706
Other revenues	588,751
<b>Turnover</b>	<b>13,801,641</b>

4. Personnel expenses

	8 months to 31 December 2020 EUR
Wages and salaries	8,081,008
Social security and wage taxes	1,255,170
Pension expenses	511,255
Other personnel expenses	1,514,732
<b>Total personnel expenses</b>	<b>11,362,165</b>

The other personnel expenses contains mainly extra recruitment and external hiring cost due to the expected acquisitions in year 2021.

Staffing level

As at 31 December 2020, the number of staff employed by the subsidiaries amounted to 350 (headcount), or 289 FTE. None of them were employed outside the Netherlands.

<b>5. Other operating expenses</b>	<b>8 months to 31 December 2020 EUR</b>
Administrative expenses	765,893
General expenses	1,529,025
Strategic advisory expenses	596,318
Housing expenses	607,300
	<b>3,498,536</b>
<b>6. Interest income, expenses and similar charges</b>	<b>8 months to 31 December 2020 EUR</b>
Interest income	(53,178)
Amortised financing costs	1,472,359
Interest on loans	1,283,460
Other	212,710
	<b>2,915,351</b>
<b>7. Taxation</b>	<b>8 months to 31 December 2020 EUR</b>
The major components of the tax charge are as follows:	
Tax expense for current financial year	(263,649)
Movement in temporary differences	972,527
	<b>708,878</b>

Future taxable profits can be compensated with deductible tax losses from prior year(s) for an amount of € 5,423,581. Deferred tax assets in connection with prior year(s) deductible tax losses have been capitalised for an amount of € 4,295,087. The applicable weighted average tax rate is 25%, whereby the weighted average tax rate has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the profit and loss account for 2020 amounts to € 708,878, or 4,56% of the result before tax. The numerical reconciliation between the applicable and the effective tax rate is as follows:

	<b>2020 EUR</b>
Result before tax	(15,574,353)
Income tax using the applicable tax rate in the Netherlands	3,893,588
Tax effect of:	
Non-deductible expenses	(2,983,732)
Tax losses recognised via PPA (not via p/l)	(373,033)
Tax losses not recognised (outside fiscal unity) current year	(22,547)
Other including tax rate difference (lower rates than 25%)	42,347
Difference deferred tax	152,255
Tax expense/(income)	<b>708,878</b>

Heraclius Topco B.V. is separately taxable. As from 1 January 2021, Heraclius Newco B.V. is the head of a fiscal unity with Quintes Holding B.V.



8. Acquisition and disposal of businesses

*Acquisitions in the current period*

During the year, the Group acquired all of the shares of Quintes Holding B.V., Rozenburg Assuradeuren B.V. and Midden Friesland Assurantiën B.V. The acquired companies are all active in the insurance broking market. The business contributed revenue of €13.8m and net profit of €14.7m to the revenue and net profit for the year.

*Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Book values EUR	Fair value adjustments EUR	Recognised values on acquisition EUR
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	1,693,522	-	1,693,522
Intangible assets	62,778,577	19,331,691	82,110,268
Stocks	2,144,324	-	2,144,324
Trade and other debtors	8,510,993	-	8,510,993
Cash	8,587,619	-	8,587,619
Interest-bearing loans and borrowings	(1,266,945)	-	(1,266,945)
Trade and other creditors	(19,244,842)	-	(19,244,842)
Deferred tax liabilities	(2,542,024)	(4,832,923)	(7,374,947)
Contingent liabilities	(203,972)	-	(203,972)
Net identifiable assets and liabilities	<u>60,457,252</u>	<u>14,498,768</u>	<u>74,956,020</u>
<b>Total cost of business combination:</b>			
Consideration paid:			
Initial cash price paid			
Initial cash consideration relating to business combination			150,968,982
Costs directly attributable to the business combination			<u>2,968,033</u>
Total consideration			<u>153,937,015</u>
Goodwill on acquisition			<u>78,980,994</u>

Fair value adjustments consist of:

Fair value adjustments relate the revaluation of customer portfolio rights in Quintes Holding and the associated deferred tax liability.

The expected useful life of goodwill stemming from this acquisition is 20 years.

## 9. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Development costs EUR	Customer portfolios EUR	Goodwill EUR	Total EUR
Balance as at 6 May 2020	-	-	-	-
Accumulated amortisation and impairments	-	-	-	-
Carrying amount	-	-	-	-
Changes in carrying amount				
Investments	73,128	70,559,004	100,333,055	170,965,187
New consolidations	-	169,688	-	169,688
Impairments	-	(1,423,384)	-	(1,423,384)
Amortisation	(36,687)	(2,829,476)	(6,141,003)	(9,007,166)
Balance	36,441	66,475,832	94,192,052	160,704,325
Balance as at 31 December 2020				
Purchase price	73,128	70,728,692	100,333,055	171,134,875
Accumulated amortisation and impairments	(36,687)	(4,252,860)	(6,141,003)	(10,430,550)
Carrying amount	36,441	66,475,832	94,192,052	160,704,325

The capitalised development costs relates to the internally generated intangible fixed assets and to the development of products "Lloyd's", "Conversions acquisitions" and "Planningtool for advisors". The carrying value amounts to € 36,441, and the remaining economic useful life is 2 years. Development cost are amortised over 3 years, other intangible asset categories are amortised over 10 years.

### Impairment losses

	2020 EUR
Amortisations and depreciations	1,423,384
Reversal of impairment losses	-
	1,423,384

In the financial year, an impairment loss of € 1,423,384 has been recognised with respect to intangible fixed assets.

Based on the assessment at year-end 2020, the recoverable amount (value in use) of the impaired portfolios was determined to be € 1,4 million lower than the value on the balance sheet, and an impairment loss was recognised. The full loss relates to customer portfolios.

The estimate of the recoverable amount at year-end 2020 was based on a discount rate of 10,7%. The cash flow forecasts are based on extrapolating the development of the portfolio based on KPIs for the Group as a whole.

# 10. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Land and buildings EUR	Fixtures and equipment EUR	Cars and transport equipment EUR	Total EUR
Balance as at 6 May 2020				
Purchase price	-	-	-	-
Accumulated amortisation and impairments	-	-	-	-
Carrying amount	-	-	-	-
Changes in carrying amount				
Investments	151,616	1,564,113	396,509	2,112,238
Disposals	-	-	(41,966)	(41,966)
New consolidations	11,720	12,407	5,721	29,848
Depreciation	(24,235)	(184,493)	(72,045)	(280,773)
Other changes	(58,670)	56,592	-	(2,078)
Balance	80,431	1,448,619	288,219	1,817,269
Balance as at 31 December 2020				
Purchase price	92,946	1,620,705	354,543	2,068,194
Accumulated amortisation and impairments	(12,515)	(172,086)	(66,324)	(250,925)
Carrying amount	80,431	1,448,619	288,219	1,817,269

The tangible fixed assets are the consolidated assets from Quintes Holding as acquired by the Group during the year 2020. No tangible fixed assets have been pledged for debts to credit institutions.

The Group has entered into a capital commitment amounting to € 600,000 for leasehold improvements relating to the realisation of the new headquarters location.

Most tangible asset categories are depreciated over 5 years, except for second-hand cars (3 years).

# 11. Trade receivables

	2020 EUR	Maturity > 1 year
Trade receivables	1,346,722	0
Carrying amount	1,346,722	0

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary. The accounts receivable have been pledged by the Group to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

	2020 EUR
Amortised cost of outstanding receivables	1,388,165
Less: Allowance for doubtful debts	(41,443)
Carrying amount	1,346,722

12. Other receivables

	2020
	EUR
From shareholders	41,986
From affiliated parties	104,887
Taxes and social insurance premiums	37,563
Other receivables	1,601,292
Commissions and fees former owners acquisitions	1,468,682
Share capital receivable	1
Accrued acquisition cost	2,678,640
Insurers	963,817
Prepayments	896,141
Carrying amount	<u>7,793,009</u>

The receivables predominantly have the character of short term debt with a maturity shorter than 1 year. The receivables have been pledged to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

No interest is charged on accounts receivable from shareholders and from affiliated parties.

	2020
	EUR
Taxes and social insurance premiums	
Vat	31,047
Social insurance premiums	6,516
Carrying amount	<u>37,563</u>

	2020
	EUR
Other receivables	
Quality Income MGA	214,699
Receivables ex-shareholders	203,587
Other receivables	1,183,006
Carrying amount	<u>1,601,292</u>

13. Cash and cash equivalents

	2020
	EUR
Cash at bank	<u>12,143,616</u>

All cash and cash equivalents are readily available to the Group within 3 months. The cash and cash equivalent have been pledged to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

14. Ordinary share capital

For a detailed explanation of the share of the Company in group equity, reference is made to Note 30 "ordinary share capital" in the separate financial statements.

## 15. Provisions

Movements in provisions can be specified as follows:

	Deferred tax liabilities	Unearned commission	Total
	EUR	EUR	EUR
Balance as at 6 May 2020	-	-	-
Changes:			
New consolidations/acquisitions	2,542,024	100,589	2,642,613
Provisions made during the year/PPA	5,267,556	-	5,267,556
Provisions used during the year	(8,427)	-	(8,427)
Deferred tax asset - change during the year	(819,291)	-	(819,291)
Balance as at 31 December 2020	<u>6,981,862</u>	<u>100,589</u>	<u>7,082,451</u>

### Provision for deferred tax liabilities

The provision for deferred tax liabilities comprises the tax effect of the taxable temporary differences between the valuation principles for financial reporting purposes and for tax purposes. The Group has recognised a provision for deferred taxes for differences between valuation principles for financial reporting purposes and for tax purposes related to intangible fixed assets.

### Provision for unearned commission

The provision for unearned commission contains the provision for costs to be incurred to service policies that have already been sold but for which additional work has to be done. This relates mostly to policies in delegated authority for which claims handling work has to be done over the next year.

## 16. Annuity

Movements in annuity can be specified as follows:

	Annuity	Total
	EUR	EUR
Balance as at 6 May 2020	-	-
Changes:		
New consolidations/acquisitions	103,383	103,383
Provisions made during the year	4,935	4,935
Provisions used during the year	(7,079)	(7,079)
Balance as at 31 December 2020	<u>101,239</u>	<u>101,239</u>

### Annuity

The annuity contains the provision for the annuity rights held by former owners of acquired companies.

# 17. Finance loan and subordinated debts

The movements in finance loan and subordinated debts are as follows:

	Finance loan EUR	Subordinated debts EUR	Finance lease obligations EUR	Total EUR
Carrying amount as at 6 May 2020	-	-	-	-
New loans	87,862,500	1,031,281	33,127	88,926,908
Repayment	-	(21,970)	-	(21,970)
Amortisation and release of unamortised cost	113,046	-	-	113,046
New financing cost and other changes	(4,631,813)	-	-	(4,631,813)
Carrying amount as at 31 December 2020	<u>83,343,733</u>	<u>1,009,311</u>	<u>33,127</u>	<u>84,386,171</u>
Current as at 31 December 2020	<u>3,250,000</u>	<u>916,123</u>	<u>33,127</u>	<u>4,199,250</u>
Non-current as at 31 December 2020	<u>80,093,733</u>	<u>93,188</u>	<u>-</u>	<u>80,186,921</u>
Of which:				
Repayment obligation < 1 year	3,250,000	916,123	33,127	4,199,250
Repayment obligation ≥ 1 year and ≤ 5 year	-	93,188	-	93,188
Repayment obligation ≥ 5 year	80,093,733	-	-	80,093,733

The (average) contractual interest rate revision dates or redemption dates (if earlier) and effective interest rates of the above-mentioned non-current loans are as follows:

	Rate revision dates	Redemption dates	Effective interest
Finance loan	N/A	29 Oct 2027	6.7%
Subordinated debts	N/A	2021, 2022	0%

For the debts mentioned above collateral has been provided consisting of:

- right of pledge on shares of subsidiary companies
- right of pledge on trade accounts receivable;
- right of pledge on bank accounts;
- right of pledge of domain names

The debts to credit institutions have been repaid.

## Finance loan

On October 28, the Group entered into a financing agreement with Ardian and Apollo with GLAS Trust as security agent for a total amount of EUR 137 million of which EUR 87,862,500 has been drawn up at year end. Heraclius Topco B.V and several members of the Group are guarantors for this debt. This agreement will last until 28 October 2027. As at 31 December 2020 the group had no right to refinance the debt with the credit institution for a period of at least 10 months after balance sheet date.

The loans are subject to variable interest, based on the 3-month Euribor rate plus a margin of 6,00%. If the leverage is higher than 5,5 x Ebitda the margin of 6,00% rises to 6,25%. Midcap Financial Limited has also provided a current account overdraft facility. The current account overdraft facility amounts to € 10,000,000 maximum as at 31 December 2020, of which € 3,250,000 was drawn at 31 December 2020, and the interest rate is based on Euribor above 5,25%.

## 17. Finance loan and subordinated debts (continued)

### Covenants

The following covenants are related to the Finance Loan with a principal amount of € 87,9 million. The group agreed the following covenants with its banks based on the consolidated balance sheet and profit and loss of Heraclius Midco B.V.:

	Leverage ratio
30 June 2021	< 7,47
Subsequently 2021-09-30	< 7,80
Subsequently 2021-12-31	< 7,29
Subsequently 2022-03-31	< 7,20
Subsequently 2022-06-30	< 7,12

The leverage ratio is defined as: net debt/EBITDA. In this calculation, EBITDA is adjusted for exceptional and one-off income and expenses, as well as synergies realised and expected to be realised as a result of acquisitions. At year-end, all covenants were met.

### Finance lease

The financial lease consist of a BMW. Interest percentage is 6,50%. Monthly annuity is € 1.044. The lease has been cancelled and repaid as of January 2021

## 18. Current liabilities

	2020
	EUR
Redemption obligation long term debt	4,199,250
Accounts payable to suppliers and trade creditors	2,031,619
Debt to shareholders	33,700
Debt to affiliated parties	497
Other taxes and social contributions due	1,530,129
Income tax liability	195,320
Accrued liabilities	15,648,800
Intercompany payables	102,348
	<u>23,741,663</u>

All current liabilities have an estimated maturity shorter than one year. The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

### Redemption obligation long term debt

The specification of the redemption obligation long term debt can be found in the table under non-current liabilities.

### Other taxes and social contributions due

	2020
	EUR
Wage tax and social security contributions	527,491
Value-added and insurance tax	1,002,638
	<u>1,530,129</u>

## 18. Current liabilities (continued)

### Accrued liabilities

	2020 EUR
Accrued holiday pay	1,210,080
Prepayments debtors	4,735,585
Pre-invoiced revenue	2,471,901
Insurers	6,183,313
Other accrued liabilities	1,047,921
	<u>15,648,800</u>

All accrued liabilities have an estimated maturity shorter than one year.

## 19. Financial instruments

### Interest risks

Heraclius Topco B.V. and several members of the Group are guarantors for these loans. This agreement will last until 28 October 2027. As at 31 December 2020 the group has no right to refinance the debt with the credit institution for a period of at least 10 months after balance sheet date.

The loans (amount to € 83,3 million) are subject to variable interest, based on the 3-month Euribor rate plus a margin of 6,00%. If the leverage is higher than 5,5 x Ebitda the margin of 6,00% rises to 6,25%.

Midcap Financial Limited has also provided a current account overdraft facility to Heraclius Midco B.V. The current account overdraft facility amounts to € 10,000,000 maximum as at 31 December 2020, of which € 3,250,000 was drawn at 31 December 2020, and the interest rate is based on Euribor above 5,25%.

The (average) contractual interest rate revision dates or redemption dates (if earlier) and effective interest rates of the above-mentioned non-current loans are as follows:

	Rate revision dates	Redemption dates	Effective interest
Apollo/Ardian	N/A	29 Oct 2027	6.7%
Subordinated debts	N/A	2021, 2022	0%

### Currency risks

The Group has no material currency risks.

### Credit risks

Credit risk arises principally from the Group's loans and receivables presented under financial fixed assets, trade and other receivables.

	Balance sheet position EUR	Maximim credit risk EUR
Trade receivables	1,346,722	1,346,722
Other receivables - from shareholders	41,986	-
Other receivables - from affiliated parties	104,887	104,887



## 19. Financial instruments (continued)

### Credit risks (continued)

	Balance sheet position	Maximim credit risk
	EUR	EUR
Other receivables - taxes and social insurance premiums	37,563	-
Other receivables - quality income MGA	214,699	214,699
Other receivables - ex-shareholders	203,587	203,587
Other receivables - commissions and fees former owners acquisitions	1,468,682	1,468,682
Other receivables - other	1,183,006	1,183,006
Other accrued assets - accrued acquisition cost	2,678,640	-
Other accrued assets - Insurers	963,817	963,817
Other accrued assets - other	895,503	895,503
	<u>9,139,092</u>	<u>6,380,903</u>

The maximum amount of credit risk that the Group is exposed to at the balance sheet date is € 6,4 million. The highest receivable amounts to € 1,4 million. A long standing relationship exists with all counterparties, they have always in time satisfied their obligations to pay.

### Liquidity risk

As far as we can see now and thanks to the stable financial position and high cash position at the end of 2020, continuity may be sustained in the coming months, even without support from the government. The Group currently does not use any support of the government. The Group has external financing which matures in 2027. There are no indications that the lenders would want to end this financing prematurely. For execution of the buy&build strategy, additional financing is necessary however. Yet, the Group does not enter into acquisition agreements where financing has not yet been arranged. Therefore, the buy&build strategy is not expected to lead to liquidity issues. The covenants are met (see Note 17 "non-current liabilities").

The management of the company has calculated various scenarios and is of the opinion that there is currently no serious uncertainty with regard to liquidity and continuity.

## 20. Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Group and a natural person or entity that is affiliated with the Group. This includes, amongst others, the relationship between the Group and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties at arm's length rates:

			2020 EUR
Intercompany payables - Aquiline Capital Partners IV GP (offshore) Ltd	Cash settlement	Unsecured	<u>1</u>
Intercompany payables - Aqualine Holdings LLC	Cash settlement	Unsecured	<u>102,347</u>

## 21. Auditors' fees

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies.

	KPMG Accountants N.V. EUR	Other KPMG network EUR	Total EUR
Audit of the financial statements	544,719	-	544,719
Tax-related advisory services	-	34,343	34,343
Other non-audit services	544,719	34,343	579,062

The fees mentioned in the table for the audit of the financial statements 2020 relate to the total fees for the audit of the financial statements 2020, irrespective of whether the activities have been performed during the financial year 2020.

## 22. Off-balance sheet assets and liabilities

### Claims

AQ Heraclius Holdings Limited and/or its group companies have received various claims that are contested by it/them. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed partly on the basis of legal advice that these will not have any material unfavourable impact on the consolidated financial position.

### Long - term financial commitments

Long-term unconditional commitments have been entered into in respect of operational leases and rental obligations for our office housing. The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period. Operational lease contains only car leases. Standard lease period is 4 years. In 2021 this has changed to 5 years.

The remaining term can be specified as follows:

	Operational lease EUR	Rental obligations EUR	Total EUR
No more than 1 year	397,383	1,596,453	1,993,836
Between 1 and 5 years	772,590	5,436,490	6,209,080
Longer than 5 years	-	4,947,191	4,947,191
	1,169,973	11,980,134	13,150,107

The Group has committed itself to an investment of € 600,000 for the construction of the new headquarters. In year 2020 € 357,091 has been recognized in the profit and loss account for operational lease expenses.

## 23. Directors' remuneration

	Group EUR	Company EUR
Directors' remuneration	33,718	33,718

One director has been paid by the Group in the year, and the total remuneration paid is set out in the above table.

Certain of the Directors of the Company are also Directors of other entities in the Group and provide services to other entities across the wider Aquiline Capital Partners ('Aquiline') owned businesses. These Directors are ultimately remunerated by Aquiline. The Company acts as a holding company and has no active trade, the Directors principally provide oversight through their roles with other Group companies, and are not engaged with the day-to-day management of the Group's trading operations. Consequently, given the number of roles undertaken across the Aquiline owned businesses and the nature of the services provided to the Group, any allocation of remuneration for qualifying services provided to the Group (or Company) is considered to be trivial and no such allocation has been made on this basis.

## 24. Subsequent events

The following acquisitions (equity transactions) have been effected post balance sheet date. The table below contains the details of these acquisitions, which were all for 100% of the outstanding shares of the respective companies. Beheersmaatschappij Marsa Weert B.V. had one 100% subsidiary, Assurantiekantoor Schulpden B.V., over which control has been acquired as a result of the acquisition.

Entity name	Acquisition date	Consolidation date
Tinke Assurantiën B.V.	12-Jan-21	1-Jan-21
Zekerhuis Assuradeuren B.V.	12-Jan-21	1-Jan-21
Beheersmaatschappij Marsa Weert B.V.	15-Jan-21	1-Jan-21
Assurantiekantoor Schulpden B.V.	15-Jan-21	1-Jan-21
Evers Assurantiën B.V.	21-May-21	1-Jun-21
De Keyzer Assurantiën B.V.	21-May-21	1-Jun-21
Trinitum B.V.	21-May-21	1-Jun-21
Dominass Assurantiën B.V.	21-May-21	1-Jun-21
HK Assuradeuren B.V.	21-May-21	1-Jun-21
Prima voor Elkaar B.V.	21-May-21	1-Jun-21
PanterGroep B.V.	22-Jul-21	1-Aug-21
Intermezzo Medische Keuringen en Preventie B.V.	22-Jul-21	1-Aug-21
RLA der Kinderen Holding B.V.	22-Jul-21	1-Aug-21
Der Kinderen Verzekeringen B.V.	22-Jul-21	1-Aug-21
Der Kinderen Consultancy B.V.	22-Jul-21	1-Aug-21
Der Kinderen Assuradeuren B.V.	22-Jul-21	1-Aug-21
Verzuimvizie B.V.	22-Jul-21	1-Aug-21
Westeinder Assuradeuren B.V.	30-Dec-21	31-Dec-21
Westeinder Adviesgroep V.O.F.	30-Dec-21	31-Dec-21

During the year 2021 Heraclius Midco B.V. agreed on an additional facility of € 60 million on the senior facility agreement originally dated 16 October 2020. The term of the financing agreement is 7 years. This agreement will last until 28 October 2021.

Subsequent to the accounts date, the Company raised €36.4m of equity in 5 issuances, €35.6m of which was invested in subsidiaries to fund acquisitions. In addition, the Company's subsidiary Heraclius Topco BV raised €2.5m of equity from minority shareholders. The Company's indirect subsidiary Heraclius Midco BV also raised €42.8m of debt under its existing senior facility agreement which was also used to fund acquisitions.

The loans are subject to variable interest, based on the 3-month Euribor rate plus a margin of 6,00%. If the leverage is higher than 5,5 x Ebitda the margin of 6.00% rises to 6,25%. Midcap Financial Limited has also provided a current account overdraft facility. The current account overdraft facility amounts to € 10,000,000 maximum as at 31 December 2020, of which € 3,250,000 was drawn at 31 December 2020, and the interest rate is based on EURIBOR plus 5,25%.

**AQ HERACLIUS HOLDINGS LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2020**

42.

	Note	2020 EUR	2020 EUR
<b><u>Fixed assets</u></b>			
Financial fixed assets	26	<u>76,541,870</u>	76,541,870
<b><u>Current assets</u></b>			
Other receivables	27	1,544	
Loan receivable	28	4,080,000	
Cash and cash equivalents	29	<u>63,098</u>	4,144,642
<b><u>Total assets</u></b>			<u><u>80,686,512</u></u>
<b><u>Capital and reserves</u></b>			
Ordinary share capital	30	1,433,039	
Profit and loss account		<u>74,852,996</u>	76,286,035
<b><u>Current liabilities</u></b>	31		<u>4,400,477</u>
<b>Total equity and liabilities</b>			<u><u>80,686,512</u></u>

**AQ HERACLIUS HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

**43.**

	Note	2020 EUR
Other operating income		1,288,197
<b>Total operating income</b>		<b>1,288,197</b>
External charges for services	32	315,526
Personnel expenses		33,718
Other operating expenses		6,783
<b>Total operating expenses</b>		<b>356,027</b>
Interest income, expenses and similar charges		907
		907
<b>Profit before taxation</b>		<b>933,077</b>
Taxation		-
<b>Profit for the financial period</b>		<b>933,077</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax		-
<b>Total comprehensive income for the period</b>		<b>933,077</b>

The notes on pages 45 to 47 form an integral part of these financial statements

**AQ HERACLIUS HOLDINGS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

**44.**

	Share capital EUR	Share premium EUR	Profit and loss account EUR	Total equity EUR
Balance at 06 May	-	-	-	-
Issue of shares	1,433,039	141,870,831	-	143,303,870
Cancellation of share premium	-	(141,870,831)	141,870,831	-
Dividend	-	-	(67,950,912)	(67,950,912)
Result for the period	-	-	933,077	933,077
Balance as at 31 December 2020	<u>1,433,039</u>	<u>-</u>	<u>74,852,996</u>	<u>76,286,035</u>

## General

The financial and general information of the Company is included in the consolidated financial statements. The following exemption available under FRS 102 in respect of certain disclosures for the parent company financial statements has been applied:

The Company has taken advantage of the exemption under FRS 102 1.12 to not present a separate cash flow statement.

## 25. Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account.

### Revenue

#### *Goods and services sold*

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Revenue recognised in the separate financial statements is in connection with reimbursement on expenses paid on behalf of Heraclius Newco B.V. The income has been recognised on an accrual basis.

## 26. Financial fixed assets

	2020
<u>Unquoted investments</u>	EUR
Balance as at 6 May	-
Additions	76,541,870
Impairment	-
<b>Balance at end of financial year</b>	<b>76,541,870</b>

Details of the Company's investments at 31 December 2020 are as follows:

Name of subsidiary	Country of incorporation	Principal activity	Number of shares held	Type of shares held	Effective equity interest held by the Company 2020 (%)
Heraclius Topco B.V.	Netherlands	Advice and mediation in insurance, pensions and mortgages.	8,270,244	Ordinary shares	74.64
Heraclius Topco B.V.	Netherlands	Advice and mediation in insurance, pensions and mortgages.	68,271,725	Preference shares B	87.61

Pursuant to a Deed of Purchase and Transfer of Shares dated 7th July 2020, the company purchased 100 ordinary shares at a nominal of EUR 0.01 each from Aquiline Capital Partners IV GP (Offshore) Ltd., (sole general partner of Aquiline Financial Services Fund IV LP.,) in Heraclius Topco B.V.

26. Financial fixed assets (continued)

Pursuant to a Deed of Issue of Shares dated 17th July 2020, the company acquired 8,270,144 ordinary shares in the share capital of Heraclius Topco B.V. each with a nominal amount of EUR 1.00. In addition, the Company also acquired 68,271,725 Preference Shares B in the said company.

27. Other receivables

	2020 EUR
Other receivables	1
Prepayments	636
Interest receivable - Convertible loan (Heraclius Topco B.V.)	907
Carrying amount	<u>1,544</u>

28. Loan receivable

On 30 December 2020, the Company entered into a financing agreement with Heraclius Topco B.V for a total amount of EUR 4 million. The interest rate is 8% per annum. The loan becomes due and payable on the date which is 12 months after the date of the agreement of 30 December 2020. In relation to each subsequent accrual period, the 12 month period commencing immediately after the end of the previous accrual period.

29. Cash and cash equivalents

	2020 EUR
ABN AMRO Bank	<u>63,098</u>

The carrying amount of cash and cash equivalents approximates its fair value and is denominated in Euro.

30. Ordinary share capital

	Nominal Value	2020 Number	2020 EUR
<i>Issued:</i>			
1 ordinary share transferred on 15th July 2020	EUR 1.11	1	1
1,291,025 ordinary shares issued on 17th July 2020	EUR 1.11	<u>1,291,025</u>	<u>1,433,038</u>
Total		<u>1,291,026</u>	<u>1,433,039</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

31. Current liabilities

	2020 EUR
Accounts payable to suppliers and trade creditors	1,850
Accrued liabilities - audit fees	216,279
I/C Aquiline Capital Partners IV GP (offshore) Ltd	1
I/C- Aqualine Holdings LLC	102,347
Intercompany payables - (Heraclius Topco B.V.)	<u>4,080,000</u>
	<u>4,400,477</u>



**32. External charges for services**

	<u>2020</u>
	EUR
Reimbursement of expenses paid on behalf of the Company	97,284
Other professional services	4,050
Audit fees	216,279
Net exchange differences	<u>(2,087)</u>
	<u><u>315,526</u></u>

**33. Off-balance sheet assets and liabilities**

There are no off-balance sheet assets and liabilities.

**34. Employee benefits and number of employees**

AQ Heraclius Holdings Ltd does not have any employees.

**35. Related party transactions**

In the consolidated financial statements examples of related party transactions are mentioned in "Notes to the consolidated financial statements" under "Transactions with related parties", Note 20.

**36. Directors' remuneration**

Disclosure in the relation to the Company is provided at Note 23.

**37. Subsequent events**

For the subsequent events see the consolidated financial statement, Note 24.