Helios Underwriting PLC

Unlocking access to high quality insurance risk

Share Soc – Investor presentation 7th November 2023

HELIOS UNDERWRITING

Executive summary

Positioned to benefit from market tailwinds and a curated portfolio of capacity in "Best at Lloyd's" syndicates

Helios at a glance

- Helios is an investment vehicle which builds shareholder value through exposure to the Lloyd's market
- Helios has curated a diversified and volatility-managed portfolio, comprised of capacity in some of the best performing syndicates at Lloyd's
- A capital efficient business, providing investors with a return uncorrelated to equity markets and an outperformance versus the Lloyd's market
- Spearheaded by a newly reorganised management team led by Martin Reith with a strong track record of executing on an ambitious growth plan

The market opportunity

- The hardening insurance cycle is driving the best market conditions seen in 20 years and Helios is extremely well positioned to benefit from it…
- …while the rising interest rate environment provides a further tail wind for Helios to deliver a strong RoE for investors

Financial performance

- A robust performance in H123 amidst a challenging backdrop for the Lloyd's market, while strong market conditions in recent periods have driven a strong Q2'23 mid-point estimate for the Lloyd's market in respect of the 2021 and 2022 Years of Account
- Total Capacity of £310.8m[1] (£250m in FY21), a Combined Ratio of 88% (96.4% in FY22) and Net Tangible Asset per share of £1.54 (£1.52 in FY21)
- Base dividend doubled to 6p per share for 2024 supplemented by special dividends

An Introduction to Helios:

We are an AIM listed spread vehicle offering investors unparalleled opportunity to provide capital to a balanced, curated and volatility managed portfolio at Lloyds with a history of outperformance

We offer:

- Low / no correlated investment profile
- Capital growth and dividend steam
- IHT benefits
- A Management team that is aligned, respected and knowledgeable and able to leverage these qualities to the maximise opportunities
- A strong balance sheet with an evolving revenue model

At a time when:

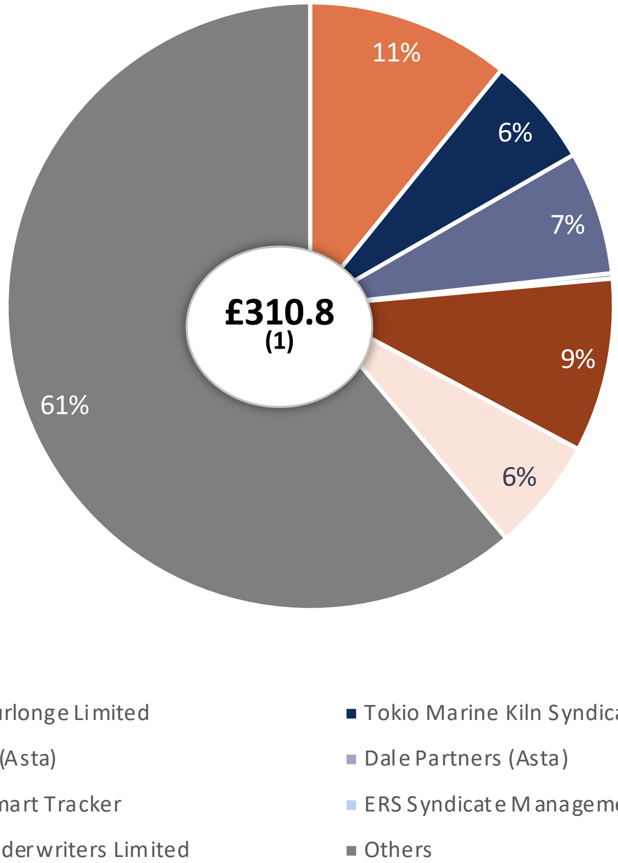
- The Global (re)insurance industry has seen significant market correction
- Pricing adequacy and market discipline are the best for a generation
- Our portfolio is at the leading edge shaping and driving the market

Helios’ current portfolio

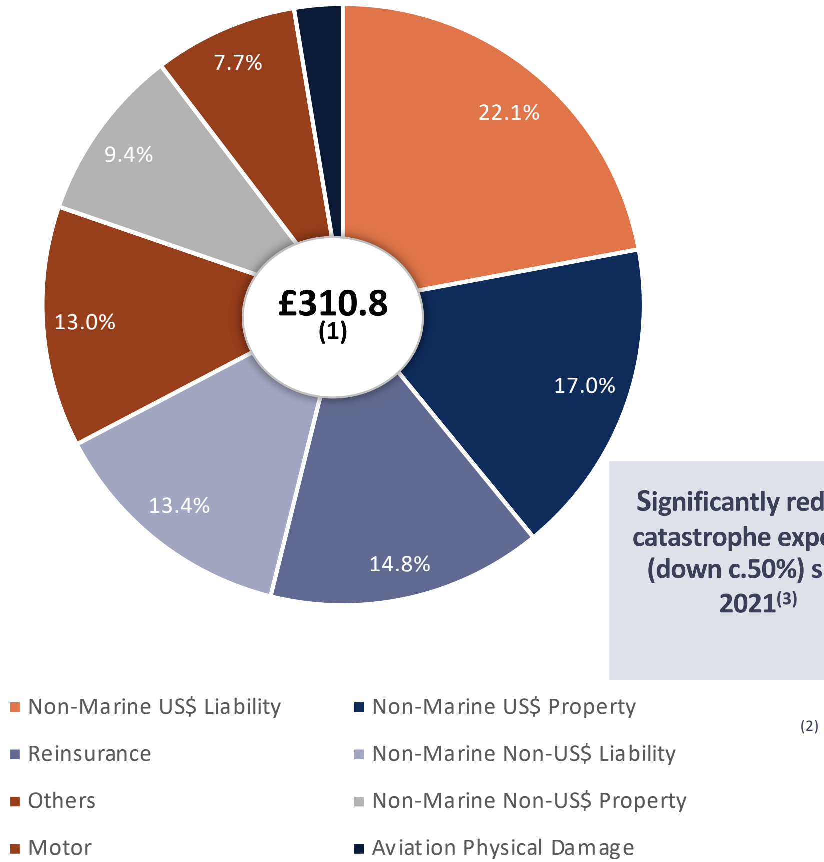
Helios offers specialist access highly desirable risks – “syndicate capacity” is a finite commodity

Helios has actively curated a portfolio of high quality syndicates at Lloyd’s through acquiring freehold tenancy rights, opportunistically complemented by the addition of annual tenancy capacity (pre-emption capacity rights)

Capacity Exposure by Syndicate



Capacity Exposure by Business Line



Significantly reduced catastrophe exposure (down c.50%) since 2021[3]

Source: Company Information

(1) Represents capacity as at 1st January 2023

(2) Consists of Energy Marine, Pecuniary Loss (with / without financial guarantee), Personal Accidents, Marine Cargo, Energy Non Marine, Marine Physical Damage, Aviation Liability and Marine Liability

(3) Figures for underwriting year 2023. Calculated based on loss as a percentage of book value

Strong track record of generating superior return on capital

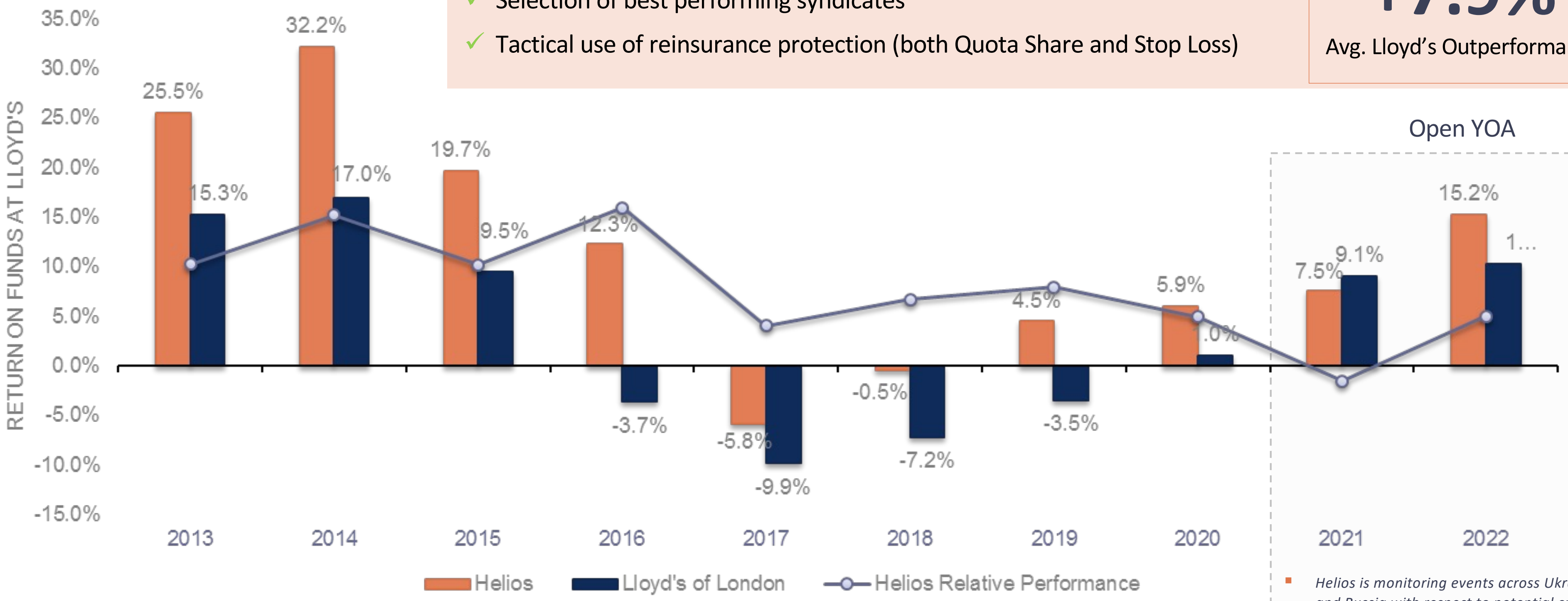
Helios' portfolio of syndicates has significantly outperformed the return on capital achieved by the Lloyd's market every year from 2014 to 2020

Helios vs Lloyd's Market Performance

Outperformance driven by:

- ✓ Selection of best performing syndicates
- ✓ Tactical use of reinsurance protection (both Quota Share and Stop Loss)

+7.9%
Avg. Lloyd's Outperformance



- *Helios is monitoring events across Ukraine and Russia with respect to potential exposure to losses.*
- *Helios is also monitoring its exposure to Hurricane Ian*

Favourable market conditions

Stepping into a hard market against a high interest rate backdrop, Lloyd's is seeing the strongest tailwind in a generation

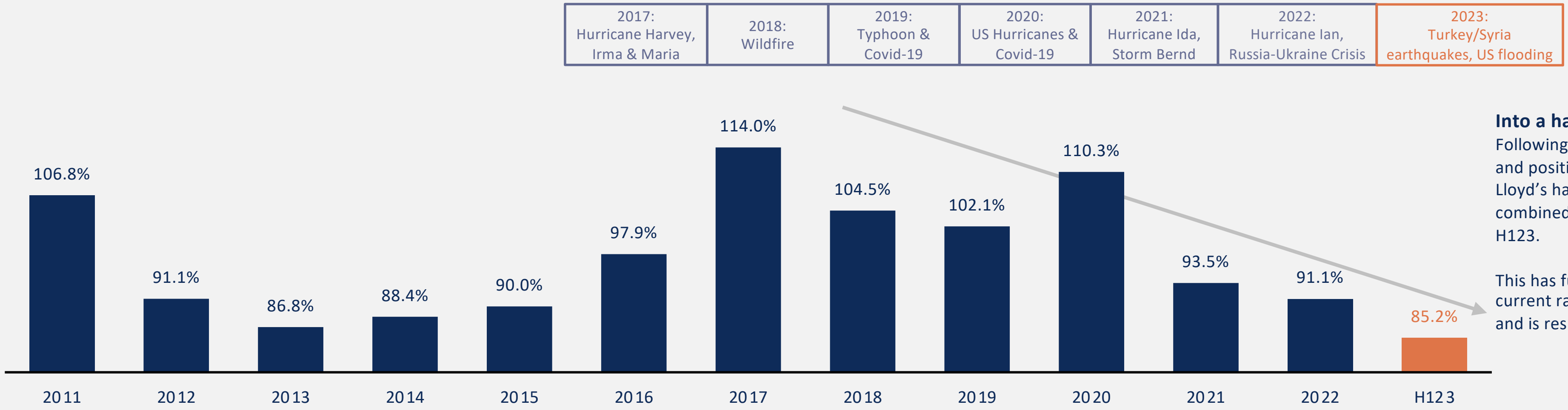
"We're pleased to be reporting a strong set of results for the year so far – with profitability in both our underwriting and investments; a leading combined ratio, strong premium growth and a bulletproof balance sheet…

…Combined with the market's progress in driving sustainable performance, digitalisation and showing leadership from climate transition to culture change – these results set us up to deliver on our positive financial outlook for 2023

John Neal – CEO of Lloyd's on 2023 half year results[1]

Lloyd's Risk Adjusted Rate Change 2017 – H123[1]

Lloyd's Combined Ratios 2011 – H123[1]



Into a hard market

Following years of remediation and positive rate movements, Lloyd's has achieved a combined ratio of 85.2% in H123.

This has further evidenced current rate level is adequate and is resilient to loss activities

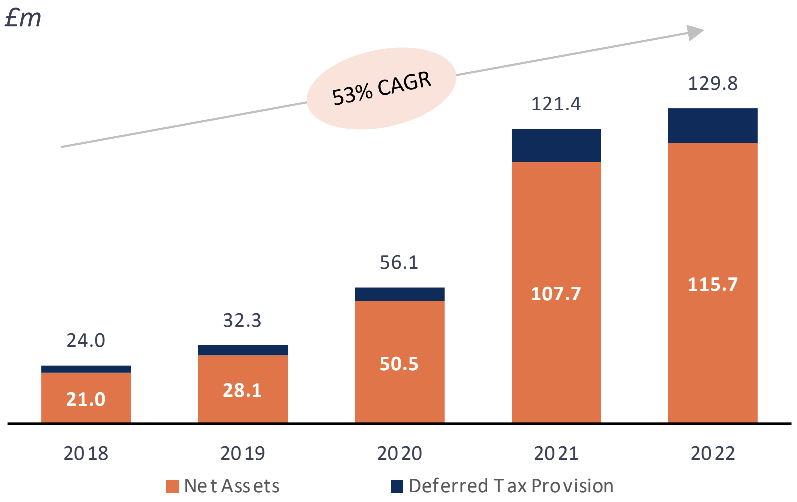
(1) Source: Lloyd's of London

Proven track record of achieving significant growth

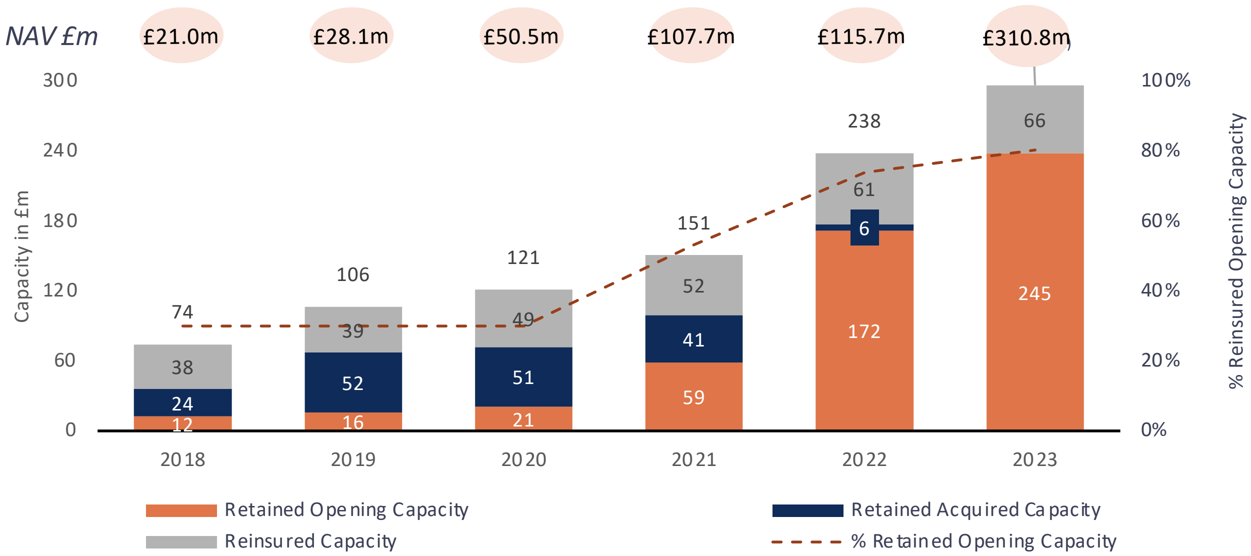
Helios has a track record of acquiring hard to access "freehold" syndicate capacity, which is a finite commodity

- Exceptional growth in syndicate capacity through:
  1) **Acquiring LLVs** from parties that want to exit the market with capacity portfolios
     - Helios has acquired 75 LLVs since inception
  2) **Acquiring capacity** at auctions
  3) Through **pre-emption rights** in the syndicates where it is invested
  4) By sourcing new and accretive opportunities
- Helios has been able to scale the business whilst achieving consistent underwriting profit due to the active management of risk through the use of quota share, stop loss reinsurance and portfolio curation
- Dividend policy of 6p per share supplemented by special dividends going forward

Capital Employed



Helios has been tactically increasing the retained opening capacity



Note:
(1) Capacity as at 01/01/2023

Highly efficient model with in-built capital "leverage"

Helios has a very efficient capital requirement to support "underwriting" through its diversified syndicate portfolio

✓ Helios has economies of scale and a low expense base

- Helios provides efficient and rapid access to Lloyd's insurance underwriting risk which, through economies of scale, has the ability to enhance investor returns
- By consolidating the LLVs that it acquires at scale, Helios keeps operating costs low

✓ Helios has a highly attractive premium to capital ratio

- Investing in a diversified, volatility managed portfolio of syndicates will achieve complementary risk profiles - this provides Helios with a favourable capital diversification credit
- This in turn allows Helios to use its capital base to support a larger portfolio than would be permitted if making standalone investments in individual syndicates – making your money go further and increasing RoE

✓ Use of outwards reinsurance / sidecar capacity increases leverage and further enhances capital efficiency

- Helios uses stop loss and quota share reinsurance as a capital management tool to tailor its risk/reward trade-off at opportune times in the market cycle
- Sidecar capacity shifts the quality of earnings to a blend of underwriting returns and repeatable fee income
- Frees up funds that would otherwise have to be lodged at Lloyd's, which can then be used to acquire further LLVs / other initiatives

Looking ahead and leaning in…

Harvesting returns and positioning for growth

- Helios is actively building and curating the portfolio into 2024 – expect significant growth
- Market conditions remain at or above our requirements - profits will be enhanced with investment returns and fee income
- The portfolio will continue to deliver as the better loss ratio premium is earned across the portfolio
- You can expect an increase in the number of syndicates, increased diversification but volatility managed and a highly capital efficient means to access this exciting market
- We are building on our established syndicates exercising our right to preemption and levering our own network and relationships to the maximum
- Value growth is expected from our freehold syndicate ownership from the Lloyd’s auction process – prices are rising !
- We are originating new opportunities that bring balance and access to business that doesn’t normally gravitate to the Lloyds market
- We are shifting the quality of earnings away from pure underwriting / balance sheet returns and introducing a “sidecar” concept that rents our portfolio for a fee and profit share, adopting an EBIT style model
- We a building a portfolio with ESG credentials

Quite simply there couldn’t be a better time to invest and share in the Helios journey

Summary of investment highlights

1

Unique listed Lloyd's investment company
Helios gives investors direct access to a portfolio of high quality Lloyd's syndicates through a listed security traded on London's AIM market

2

Strong track record of generating superior returns
Helios' portfolio of syndicates has outperformed the Lloyd's market in each completed year since 2014

3

Favourable market conditions
Current pricing environment in Lloyd's is excellent following several years of market-wide remediation

4

Unparalleled and perpetual access to high quality performers at Lloyd's
The most efficient way to access a portfolio of high quality syndicates at Lloyd's is through Helios – new "tenancy" rights are unlikely to be available (including to new entrants)

5

Profits now being recognised from larger portfolio
2022 and 2023 underwriting year profitability expected to reflect improved market conditions

6

Opportunity to return capital shareholders through share buy backs and dividends

7

Highly efficient model with in-built capital "leverage"
Helios has a relatively low capital requirement (sub-50%) to support "underwriting" through its diversified syndicate portfolio

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Happy to take any...
Questions