

cert.group

Report & Financial Statements

Year ended 31 December 2024



Cert. Holdings Limited

Contents	Page
Directors, Officers and Other Information	1
Directors' Report	2 - 6
Independent Auditors' Report to the Members	7 - 9
Consolidated Statement of Comprehensive Income Technical Account - Long Term Business	10
Consolidated Statement of Comprehensive Income Technical Account - General Business	11
Consolidated Statement of Comprehensive Income Non-Technical Account	12
Consolidated Statement of Financial Position	13 - 14
Consolidated Statement of Changes in Equity	15 - 16
Consolidated Statement of Cash Flows	17
Company Statement of Financial Position	18
Company Statement of Changes in Equity	19
Company Statement of Cash Flows	20
Notes to the Financial Statements	21 - 89

Cert. Holdings Limited

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors:

Shaun Cawdery
Laetitia Lefevre
Jim Jenkins

Secretary:

Stonehage Fleming (Guernsey) Limited

Registered Office:

3rd Floor
1 Le Truchot
St Peter Port
Guernsey

Country of Incorporation:

Guernsey

Auditors:

EY Limited
Regal House
Queensway
Gibraltar

Cert. Holdings Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2024.

Principal activity

Cert. Holdings Limited ("the Company") is an insurance holding company domiciled in Guernsey. The Company changed its name from Manzillo Holdings Limited to Cert. Holdings Limited ("Cert. Holdings") on the 2nd of May 2025. The Company's subsidiaries include, Red Sands Group Holdings Limited ("RSG"), Cert. Insurance Group Limited ("CIG") formerly Red Sands Services Limited, Nordic Guarantee Forsakringsaktiebolag ("Nordic"), Lombard Australia Holdings Pty Limited ("LAH") and Polar Risk Managers AB ("Polar").

Red Sands Insurance Company (Europe) Limited ("RSE") and Red Sands Life Assurance Company (Europe) Limited ("RSL"), subsidiaries of CIG from 1st July 2025 (previously RSG), hold insurance licences issued by the Gibraltar Financial Services Commission ("GFSC") to carry out general and long-term insurance business in Gibraltar. Since 1 January 2021, RSL has ceased selling new policies as a result of the United Kingdom and Gibraltar's exit from the European Union, and therefore until 28 June 2024 focused on providing reinsurance capacity and running off its legacy books of business. From 28 June 2024, RSL no longer retroceded policies in Poland and is therefore, in solvent run-off with no new business being written either directly or indirectly. On 7 January 2025, at the request of RSL, the GFSC issued a direction that RSL must not enter into new contracts of insurance business, including renewals, with immediate effect and gave notice that the RSL's Part 7 Permission had been varied to remove the regulated activity of effecting contracts of insurance.

CIG was incorporated in the United Kingdom on 3 January 2024. CIG supports each entity in the Group via sharing of systems, people and knowledge as required and appropriate and acquired a 30% interest in LomHold (Pty) on 6 December 2024, being the holding company of a South African general insurer, Lombard Insurance Company Limited. On 1st July 2025, the shares held by RSG in RSE and RSL were transferred to CIG and RSG is in the process of being dissolved. Similarly, on 15th August 2025, the shares held by the Company in Nordic were also transferred to CIG. Subject to regulatory approval in Australia, CIG will hold the investments into each of the insurance licences currently held directly under Cert. Holdings. On 16th July 2025, Red Sands Services Limited changed its name to Cert. Insurance Group Limited.

LAH is a holding company for the Assetinsure Group which is an insurance group regulated by the Australian Prudential Regulation Authority ("APRA") providing specialist insurance products mainly to the Australian market.

Nordic's main activity is the issuance of guarantees into the construction industry in the Nordic market and in Spain.

Polar is a holding company which held the investment into DP Bonds Pty Ltd ("DP Bonds"), whose principal activity is marketing, distribution and operational functions relating to the issue of deposit guarantees. DP Bonds was disposed of in December 2024.

The Company and its subsidiaries form the consolidated position of Cert. Holdings Limited ("the Group").

Cert. Holdings Limited

DIRECTORS' REPORT

Review of business

The results of the Group for the year are shown in the Consolidated Statement of Comprehensive Income on pages 10 to 12. The shareholders' funds total £203.4m (2023: £145.9m). No dividends were declared in the year (2023: £2.2m).

Throughout 2024, the Group has maintained its strategic objective of supporting its established distribution partners to service its target markets and deliver good customer outcomes across its lines of business. This has continued to produce positive results.

On the general insurance side of the business, the Group's pet products line of business has continued to grow during the current year and has performed well despite the continuing competitive pressures in the sector, as well as inflationary pressures which, while seemingly abating a little through 2024, continue to affect consumer behaviours. Our travel book continues to perform well and our property book has performed positively in the current year. Other lines of business, notably insurance backed guarantees, have experienced difficult trading environments in the current year due to the failure of a large national contractor late last year. The Group has also seen growth from its credit insurance and surety businesses.

During late 2023, the Financial Conduct Authority ("FCA") wrote to insurers expressing concern with the value Guaranteed Asset Protection ("GAP") products provided to consumers. After various communications with the FCA on this matter, RSE, alongside other insurers of UK GAP insurance, signed a Voluntary Undertaking to take reasonable steps to ensure that GAP products are not marketed or distributed in the UK until the FCA are content RSE can demonstrate value in its GAP insurance products. The Voluntary Undertaking was effective from 7th February 2024 to 3 June 2025. This has had a detrimental effect on RSE's position in the GAP insurance market, but more importantly, this has provided an opportunity for RSE to accelerate its planned changes to its operating model to ensure it is well placed to meet the heightened regulatory and compliance risks in personal lines insurance more generally.

In Q3 2023, Animal Friends Insurance Services Ltd ("AFI") was subject to a change of control. AFI is one of RSE's distribution partners and from 27 February 2025 RSE will no longer write new or renewal business in relation to AFI. Additionally, from 1 January 2025 RSE has entered into a reinsurance to close arrangement to cede 100% of all claims payable and future premium of the remaining AFI book. Additionally, RSE entered into a 50% quota share arrangement from 1 January 2024 with respect of its remaining pet book.

The directors have considered the impact of the Voluntary Undertaking and the cessation of the AFI book in its latest business projections and are satisfied that the Group is well placed to manage the impact of these going forward.

Cert. Holdings Limited

DIRECTORS' REPORT

Review of business (continued)

Overall, the Group's gross written premium from general business increased by 6% (2023: 15%) from £485.2m to £514.4m.

On the long-term side of the business, the Group has ceased selling new policies as a result of the United Kingdom and Gibraltar's exit from the European Union ("EU"), and therefore until 28th June 2024, focused on providing reinsurance capacity and running off its legacy books of business. The Group has fully engaged with the appropriate EU regulators in the host state territories to ensure contract continuity. From 28th June 2024, the Group no longer retroceded policies in Poland and entered solvent run-off. As a result of this change in the Group's long-term business activities, the Group saw a decrease in gross written premium from long-term business (£12.0m in 2024 compared to £17.8m in 2023).

Gross technical provisions with respect to the life business have increased in the current year due to the inclusion of a £3.3m overhead expense reserve to provide for a minimum level of overhead expense to support the business over a projected run-off period of fifty years.

The Group engages the services of Milliman LLP, as the independent reviewing actuary, who provides the Group with a review of the calculation of the Long-Term Business Provisions ("LTBP"). Milliman LLP also provide actuarial services in the assessment of the appropriateness of the technical provisions for Solvency II.

In December 2023, Generali signed an agreement with 4LifeDirect for the purchase of 100% ownership of the life insurance distribution company in Poland. As part of the transaction, the Company commuted its retrocession treaty and therefore from 28 June 2024, the Group no longer retroceded policies in Poland.

The Group's commitment to its policyholders is reflected in its claims processes and payments. During the course of 2024, the Group paid out £267.3m worth of claims to its policyholders (2023: £266.6m).

The insurance entities in the Group maintain individual investment portfolios managed based on their activities, risk profiles and business planning activities. Total investment returns during 2024 were £18.8m (2023: £12.3m) reflecting a positive investment performance in the current year. The Group's investment strategy is not to seek to time the market, with normal market fluctuations being planned into the investment thesis and monitored with our independent investment consultants. These types of shock are anticipated and mitigated within the Group's investment strategy which remains unchanged.

The directors are pleased with the development of the business and the results achieved in 2024.

As always, the directors look forward to continuing to support and work closely with their current distribution and reinsurance partners.

Cert. Holdings Limited

DIRECTORS' REPORT

Directors

The directors of the Company during the year and as at the date of signing this report were as follows:

- Shaun Cawdery
- Laetitia Lefevre
- Jim Jenkins
- Bruce Sinclair (appointed as alternate director 25th August 2023, resigned 21st January 2025)

Principal risks and uncertainties

Although inflationary pressures appear to be easing, they continue to affect consumer behaviours in the Group's key markets and the ability of individuals to continue to utilise insurance products as a means of protection, given the financial pressures placed upon them. Given the ongoing macro-economic, geopolitical outlook and heightened economic uncertainty, the Group continues to monitor inflation in relation to claims experience and in particular the impact on policyholder renewal persistency.

The principal risks and uncertainties arising from the Group's general insurance business arise from fluctuations in timing, frequency and severity of claims compared to its expectations and inaccurate pricing of policies sold. Due to the heightened regulatory environment, regulatory risk and conduct risk have developed into key risks for the Group and the Group is making changes to its operating model to ensure it is well placed to meet these risks. The principal risks and uncertainties arising from the Group's life insurance business are insurance risk and financial risk. The Company is exposed to financial instruments risks in particular, interest rate risk on cash flows, price risk, credit risk, liquidity risk and currency risk.

The Group is also exposed to financial risks primarily through its investments, reinsurance assets and policyholder liabilities. These risks are discussed in note 12 to the financial statements.

The Group maintains a very strong statement of financial position and prudent liquidity position and therefore is well positioned to see through any further deterioration of the macro-economic backdrop arising from these risks.

Financial risk management objectives and policies

The risk management objectives and policies are driven by the need to protect the regulatory capital position of the individual licenced entities within the Group, to meet insurance obligations to policyholders as they fall due and to have the financial strength to grow the business.

Information on the use of the financial instruments by the Group and its management of financial risk is disclosed in note 12 to the financial statements.

Cert. Holdings Limited

DIRECTORS' REPORT

Dividends

No dividends were declared in the year (2023: £2.2m).

Going concern

The accounts have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board of Directors or the Group's sub-committees (as appropriate) have reviewed the Group's and the Company's latest projections for the next twelve months and beyond. The Group has stress tested a number of ultimate outcome scenarios at subsidiary level and is satisfied that the Group will continue to operate on a going concern basis.

As a result of this review the Board of Directors' have satisfied themselves that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and believe that it is appropriate to prepare the financial statements on a going concern basis.

Statement of directors' responsibilities

The directors have prepared these financial statements, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those financial statements, the directors:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

The retiring auditors are EY Limited who are eligible for re-appointment.



Shaun Cawdery
Director



Laetitia Lefevre
Director

17 September 2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CERT. HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cert. Holdings Limited (previously 'Manzillo Holdings Limited') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the company and consolidated statement of changes in equity and the company and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2024 and of the Group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with Financial Reporting Standard 102 and 103, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, as applied pursuant to the requirements of the Gibraltar Companies Act' ('FRS 102 and 103').

This report, including the opinion, has been prepared for and only for the Group's members as a body and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Gibraltar, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CERT. HOLDINGS LIMITED (Continued)

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and true and fair presentation of the consolidated financial statements in accordance with applicable law and FRS 102 and 103, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CERT. HOLDINGS LIMITED
(Continued)

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Angelique Parody
Statutory auditor for and on behalf of

EY LIMITED
Registered auditors

Chartered Accountants
Regal House
Queensway
Gibraltar

19 September 2025

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT LONG TERM BUSINESS		Continuing Operations	Discontinued Operations	2024 Total	Continuing Operations	Discontinued Operations	2023 Total
	Notes	£	£	£	£	£	£
Earned premiums, net of reinsurance							
Gross premiums written	6	6,442,291	5,518,160	11,960,451	7,403,681	10,390,637	17,794,318
Outward reinsurance premiums	6	(1,118,529)	-	(1,118,529)	(1,952,284)	(28,847)	(1,981,131)
		<u>5,323,762</u>	<u>5,518,160</u>	<u>10,841,922</u>	<u>5,451,397</u>	<u>10,361,790</u>	<u>15,813,187</u>
Claims incurred, net of reinsurance							
Claims paid							
Gross amount	5	(2,826,167)	(2,074,442)	(4,900,609)	(3,222,085)	(4,533,396)	(7,755,481)
Reinsurers' share	5	583,962	-	583,962	1,041,271	-	1,041,271
		<u>(2,242,205)</u>	<u>(2,074,442)</u>	<u>(4,316,647)</u>	<u>(2,180,814)</u>	<u>(4,533,396)</u>	<u>(6,714,210)</u>
Change in the provision for claims							
Gross amount	5	26,319	148,927	175,246	(20,024)	(37,964)	(57,988)
Reinsurers' share	5	(6,678)	-	(6,678)	(7,870)	(18,933)	(26,803)
		<u>19,641</u>	<u>148,927</u>	<u>168,568</u>	<u>(27,894)</u>	<u>(56,897)</u>	<u>(84,791)</u>
		<u>(2,222,564)</u>	<u>(1,925,515)</u>	<u>(4,148,079)</u>	<u>(2,208,708)</u>	<u>(4,590,293)</u>	<u>(6,799,001)</u>
Long-term business provisions, net of reinsurance							
Change in long term business provision							
Gross amount	18	(3,231,086)	-	(3,231,086)	(28,465)	-	(28,465)
Reinsurers' share	18	203,597	(1,542)	202,055	(137,373)	(176)	(137,549)
		<u>(3,027,489)</u>	<u>(1,542)</u>	<u>(3,029,031)</u>	<u>(165,838)</u>	<u>(176)</u>	<u>(166,014)</u>
Net operating expenses	7	<u>(1,978,391)</u>	<u>(2,308,767)</u>	<u>(4,287,158)</u>	<u>(1,988,659)</u>	<u>(4,171,385)</u>	<u>(6,160,044)</u>
		<u>(1,904,682)</u>	<u>1,282,336</u>	<u>(622,346)</u>	<u>1,088,192</u>	<u>1,599,936</u>	<u>2,688,128</u>

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024 (continued)

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT GENERAL BUSINESS		Continuing Operations	Discontinued Operations	2024 Total	Continuing Operations	Discontinued Operations	2023 Total
	Notes	£	£	£	£	£	£
Earned premiums, net of reinsurance							
Gross written premium	4	512,839,232	1,584,821	514,424,053	482,737,349	2,494,085	485,231,434
Outward reinsurance premiums	4	(57,251,674)	-	(57,251,674)	(33,692,841)	-	(33,692,841)
Net written premiums		455,587,558	1,584,821	457,172,379	449,044,508	2,494,085	451,538,593
Change in the provision for unearned premiums							
Gross amount	4	(23,544,370)	-	(23,544,370)	(35,938,185)	-	(35,938,185)
Reinsurers' share	4	5,168,040	-	5,168,040	4,366,630	-	4,366,630
Earned premiums, net of reinsurance		437,211,228	1,584,821	438,796,049	417,472,953	2,494,085	419,967,038
Allocated investment return transferred from the non-technical account		689,311	-	689,311	352,942	-	352,942
Other technical income, net of reinsurance		27,181,275	-	27,181,275	23,773,790	-	23,773,790
Claims incurred, net of reinsurance							
Claims paid							
Gross amount	5	(262,236,784)	(210,530)	(262,447,314)	(258,350,112)	(520,503)	(258,870,615)
Reinsurers' share	5	11,474,770	-	11,474,770	14,724,820	-	14,724,820
		(250,762,014)	(210,530)	(250,972,544)	(243,625,292)	(520,503)	(244,145,795)
Change in the provision for claims							
Gross amount	5	9,759,881	66,137	9,826,018	(20,146,690)	153,405	(19,993,285)
Reinsurers' share	5	524,930	-	524,930	12,816,834	-	12,816,834
		10,284,811	66,137	10,350,948	(7,329,856)	153,405	(7,176,451)
		(240,477,203)	(144,393)	(240,621,596)	(250,955,148)	(367,098)	(251,322,246)
Net operating expenses	7	(165,434,431)	(806,464)	(166,240,895)	(161,067,208)	(1,463,537)	(162,530,745)
		59,170,180	633,964	59,804,144	29,577,329	663,450	30,240,779

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024 (continued)

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT			Continuing Operations	Discontinued Operations	2024 Total	Continuing Operations	Discontinued Operations	2023 Total
	Notes	£	£	£	£	£	£	£
Balance on Technical Account:								
Long Term Business		(1,904,682)	1,282,336	(622,346)	1,088,192	1,599,936	2,688,128	
General Business		59,170,180	633,964	59,804,144	29,577,329	663,450	30,240,779	
Balance on the Technical Account - Total		57,265,498	1,916,300	59,181,798	30,665,521	2,263,386	32,928,907	
Investment income								
Income/(losses) from participating interests		429,338	-	429,338	(67,538)	-	(67,538)	
Income from other financial investments		9,805,904	-	9,805,904	7,401,295	-	7,401,295	
Gains on the realisation of investments	17	4,393,642	-	4,393,642	1,732,129	-	1,732,129	
Unrealised gains on investments		4,905,117	-	4,905,117	3,558,317	-	3,558,317	
Allocated investment return transferred to general business technical account		(689,311)	-	(689,311)	(352,942)	-	(352,942)	
Investment expenses and charges								
Investment management expenses		(348,529)	-	(348,529)	(214,774)	-	(214,774)	
Other income	9	3,039,631	264,330	3,303,961	2,481,303	9,175,802	11,657,105	
Other charges	10	(5,834,255)	(978,410)	(6,812,665)	(6,141,393)	41,722	(6,099,671)	
Profit on ordinary activities before tax		72,967,035	1,202,220	74,169,255	39,061,918	11,480,910	50,542,828	
Tax on profit on ordinary activities	11	(12,113,251)	(75,681)	(12,188,932)	(7,017,585)	(163,754)	(7,181,339)	
Profit for the financial year		60,853,784	1,126,539	61,980,323	32,044,333	11,317,156	43,361,489	
Other comprehensive expense								
Exchange differences on retranslation of foreign operations		(5,348,993)	-	(5,348,993)	(2,207,492)	-	(2,207,492)	
Total comprehensive income for the financial year		55,504,791	1,126,539	56,631,330	29,836,841	11,317,156	41,153,997	
Profit for the financial year attributable to								
-Owners of the parent		61,100,143	1,126,539	62,226,682	32,287,026	11,317,156	43,604,182	
-Non-controlling interests		(246,359)	-	(246,359)	(242,693)	-	(242,693)	
Total comprehensive income attributable to								
-Owners of the parent		55,724,226	1,126,539	56,850,765	30,062,500	11,317,156	41,379,656	
-Non-controlling interests		(219,435)	-	(219,435)	(225,659)	-	(225,659)	

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

ASSETS	Notes	2024		2023	
		£	£	£	£
Intangible assets			1,336,622		(256,998)
Other intangible assets	14	2,525,340		1,857,994	
Goodwill		(1,188,718)		(2,114,992)	
Positive goodwill	14	71,555		143,110	
Negative goodwill	14	(1,260,273)		(2,258,102)	
Investments			263,677,634		185,021,729
Land and building	13	1,150,000		1,150,000	
Investments in participating interests	16	21,534,769		1,112,045	
Other financial investments	17	240,992,865		182,759,684	
Reinsurers' share of technical provisions			60,670,253		58,489,697
Provision for unearned premium	4	31,490,300		28,394,954	
Long term business provision	18	686,028		483,973	
Claims outstanding	5	28,493,925		29,610,770	
Debtors			183,038,396		162,518,795
Debtors arising out of direct insurance operations		153,181,494		124,747,297	
Debtors arising out of reinsurance operations		7,388,954		15,457,996	
Other debtors	19	22,467,948		22,313,502	
Other assets			91,327,286		87,754,349
Tangible assets	20	1,115,192		1,174,453	
Cash at bank and in hand		90,212,094		86,579,896	
Prepayments and accrued income			94,917,616		87,113,154
Deferred acquisition costs	21	50,598,422		48,372,123	
Other prepayments and accrued income	22	44,319,194		38,741,031	
			694,967,807		580,640,726

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024 (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	£	2024 £	2023 £
Capital and reserves				
Called up share capital	25	21,000,820	21,000,820	
Share premium account		6,000,000	6,000,000	
Capital redemption reserve		3,750	3,750	
Reserve for development costs		1,299,917	1,422,470	
Profit and loss account		175,074,536	118,101,218	
<i>Equity attributable to owners of the Company</i>		203,379,023	146,528,258	
Non-controlling interests		-	(582,149)	
Total shareholders' funds		203,379,023		145,946,109
Subordinated liability	23	16,448,451		17,153,516
Technical provisions		330,177,260		326,305,768
Provision for unearned premium	4	235,907,840	221,572,147	
Long term business provision	18	3,314,538	83,452	
Claims outstanding	5	90,954,882	104,650,169	
Creditors		113,031,098		68,349,474
Creditors arising out of direct insurance operations		23,415,187	19,206,669	
Creditors arising out of reinsurance operations		9,710,452	5,053,119	
Amounts owed to credit institutions	17	136,397	187,049	
Other creditors	24	79,769,062	43,902,637	
Accruals and deferred income		31,931,975		22,885,859
Total shareholders' equity and liabilities		694,967,807		580,640,726

Approved and signed on behalf of the board of directors on 17 September 2025.


Shaun Cawdery
Director


Laetitia Lefevre
Director

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	2024							
	Called up share capital	Share premium account	Capital redemption reserve	Reserve for development costs	Profit and loss account	Equity attributable to owners of the Company	Non- controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January	21,000,820	6,000,000	3,750	1,422,470	118,101,218	146,528,258	(582,150)	145,946,108
Fund for development costs	-	-	-	(122,553)	122,553	-	-	-
Disposal of non-controlling interest	-	-	-	-	-	-	801,585	801,585
<i>Total comprehensive income for the financial year:</i>								
Profit for the financial year	-	-	-	-	62,226,682	62,226,682	(246,359)	61,980,323
Translation differences for the year	-	-	-	-	(5,375,917)	(5,375,917)	26,924	(5,348,993)
Dividends paid	-	-	-	-	-	-	-	-
At 31 December	21,000,820	6,000,000	3,750	1,299,917	175,074,536	203,379,023	-	203,379,023

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024 (continued)

	2023							
	Called up share capital	Share premium account	Capital redemption reserve	Reserve for development costs	Profit and loss account	Equity attributable to owners of the Company	Non- controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January	21,000,820	6,000,000	3,750	-	79,660,390	106,664,960	7,349,694	114,014,654
Reallocation of funds	-	-	-	1,422,470	(1,422,470)	-	-	-
Disposal of non- controlling interest	-	-	-	-	721,515	721,515	(7,706,184)	(6,984,669)
<i>Total comprehensive income for the financial year:</i>								
Profit for the financial year	-	-	-	-	43,604,182	43,604,182	(242,693)	43,361,489
Translation differences for the year	-	-	-	-	(2,224,525)	(2,224,525)	17,033	(2,207,492)
Dividends paid	-	-	-	-	(2,237,874)	(2,237,874)	-	(2,237,874)
At 31 December	21,000,820	6,000,000	3,750	1,422,470	118,101,218	146,528,258	(582,150)	145,946,108

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	2024 £	2023 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit on ordinary activities before tax		74,169,255	50,542,828
Adjustments for:			
Gains on financial investment		(39,743)	(13,609,053)
Change in net technical provisions		1,690,936	36,117,992
Change in deferred costs	7	(2,226,299)	(3,050,562)
Gain on disposal of subsidiary		(4,054,372)	-
Unrealised gains on investments		(4,905,117)	(3,558,317)
Amortization of tangible and intangible assets	8	(340,858)	(525,543)
Impairment charges		-	932,880
Share of (gain)/loss in participating interest's results		(666,061)	303,671
Changes in operating assets and liabilities:			
Debtors		(21,937,104)	(23,356,161)
Prepayments and accrued income		(8,356,058)	(5,991,303)
Creditors		32,833,330	(3,419,243)
Accruals		3,410,806	965,906
Interest received		3,086,220	6,680,528
Interest paid		(2,811,466)	(1,980,829)
Income tax paid		(7,335,220)	(6,897,368)
Net cash inflow from operating activities		62,518,249	33,155,426
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase)/sale of financial investments		(52,671,509)	9,841,299
Purchase of tangible assets		(549,682)	(366,945)
Purchase of intangible assets		(940,749)	(502,787)
Proceeds from disposals of tangible assets		110,430	79,480
Net cash outflow from sale/(purchase) of shares in a subsidiary		60,301	(7,010,803)
Sale/(purchase) of investments in participating interests		1,767,818	(137,144)
Net cash (outflow)/inflow from investing activities		(52,223,391)	1,903,100
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(2,237,874)
Net cash outflow from financing activities		-	(2,237,874)
Effect of exchange rate changes		(6,662,660)	(2,455,016)
Net increase in cash at bank and in hand		3,632,198	30,365,636
Cash at bank and in hand at 1 January		86,579,896	56,214,260
Cash at bank and in hand at 31 December		90,212,094	86,579,896

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

COMPANY STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2024

	Notes	2024 £	2023 £
Investments in group undertakings	15	191,760,025	144,060,353
Trade and other receivables		292,196	2,314,663
Other prepayments and accrued income		12,000,000	-
Cash and cash equivalents		3,883,591	7,731,113
Total assets		207,935,812	154,106,129
Capital and reserves			
Ordinary share capital	25	21,000,820	21,000,820
Share premium		6,000,000	6,000,000
Profit and loss account		177,446,745	124,558,450
Total shareholders' funds		204,447,565	151,559,270
Trade and other payables		3,488,247	2,546,859
Total liabilities and shareholders' funds		207,935,812	154,106,129

Approved and signed on behalf of the board of directors on 17 September 2025.


Shaun Cawdery
Director


Laetitia Lefevre
Director

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	2024			
	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January	21,000,820	6,000,000	124,558,450	151,559,270
Total comprehensive income for the year	-	-	52,888,295	52,888,295
Dividends paid	-	-	-	-
At 31 December	21,000,820	6,000,000	177,446,745	204,447,565

	2023			
	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January	21,000,820	6,000,000	84,809,357	111,810,177
Total comprehensive income for the year	-	-	41,986,967	41,986,967
Dividends paid	-	-	(2,237,874)	(2,237,874)
At 31 December	21,000,820	6,000,000	124,558,450	151,559,270

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	2024 £	2023 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit on ordinary activities before tax	52,898,006	41,986,967
Adjustments for:		
Change in trade and other receivables	2,022,467	(2,104,140)
Change in trade and other payables	941,388	885,397
Change in other prepayments and accrued income	(12,000,000)	-
Change in valuation of group undertakings	(40,517,869)	(27,775,344)
Income tax paid	(9,711)	-
Net cash inflow from operating activities	3,334,281	12,992,880
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of subsidiary	(7,181,803)	(6,984,669)
Net cash outflow from investing activity	(7,181,803)	(6,984,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary dividends paid	-	(2,237,874)
Net cash outflow from financing activities	-	(2,237,874)
Net (decrease)/increase in cash and cash equivalents	(3,847,522)	3,770,337
Cash and cash equivalents at 1 January	7,731,113	3,960,776
Cash and cash equivalents at 31 December	3,883,591	7,731,113

The notes on pages 21 to 89 form part of these financial statements.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

1 Company information

Cert. Holdings Limited is registered in Guernsey and is a company limited by share capital. The registered office is 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey GY1 1WD. The Company changed its name from Manzillo Holdings Limited to Cert. Holdings Limited on the 2nd of May 2025. The financial statements cover those of the individual entity and its subsidiaries on a consolidated basis and are prepared as at and for the year ended 31 December 2024. The principal subsidiaries of Cert. Holdings Limited are Red Sands Group Holdings Limited, Red Sands Services Limited, Lombard Australia Holdings Pty Limited, Nordic Guarantee Forsakringsaktiebolag and Polar Risk Managers AB.

2 Basis of preparation

These financial statements have been prepared following the guidance under Financial Reporting Standards ("FRS") 102 and 103.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value or amortised cost, as specified in the accounting policies below.

The financial statements are presented in Pound Sterling which is the presentation and functional currency of the Group and rounded to the nearest £, or the nearest thousand (£'000) where indicated.

Going concern

The accounts have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board of Directors or the Group's sub-committees (as appropriate) have reviewed the Group's and the Company's latest projections for the next twelve months and beyond. The Group has stress tested a number of ultimate outcome scenarios at subsidiary level and is satisfied that the Group will continue to operate on a going concern basis.

As a result of this review the Board of Directors' have satisfied themselves that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and believe that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December 2024.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

2 Basis of preparation (continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter, where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

'Non-controlling interests' represents the non-controlling interest's share of the net amount of the identifiable assets, liabilities and provisions for contingent liabilities of the acquiree at the acquisition date as well as the non-controlling interest's share of post-acquisition profit or loss. Subsequent to acquisition, non-controlling interests consist of amount attributed to such interest at initial recognition and the non-controlling interests' share of changes in equity since the acquisition date.

3 Accounting policies

3.1 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the key sources of estimation uncertainties and areas where judgements made have had the most significant effect:

Non-life insurance contract technical provisions

The Group's most critical accounting estimate is the ultimate liability arising from claims made under insurance. Estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported at the reporting date ('IBNR'). It can take a significant amount of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form a majority of the liability in the statement of financial position.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.1 Judgements and key sources of estimation uncertainty (continued)

Non-life insurance contract technical provisions (continued)

The provision for claims outstanding is made on an individual basis and is based on the ultimate cost of all claims notified but not settled by the date of the statement of financial position. The provision also includes the estimated cost of claims incurred but not reported at the date of the statement of financial position based on statistical methods.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty of estimating those reserves. Classes of business where claims are typically reported relatively quickly after the claim event will tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historic experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Similar judgements, estimates and assumptions are used in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

Further details are given in Notes 4 and 5.

Life insurance contract technical provisions

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, these could result in significant changes to the expected future mortality exposure.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.1 Judgements and key sources of estimation uncertainty (continued)

Life insurance contract technical provisions (continued)

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Further details are contained in note 12.

The expense provision covers future overhead costs and is based on long-term projections. A key judgement in this calculation is the estimation of future overheads and the inflation assumptions applied. While overhead expenses have historically been stable and reasonably predictable, inflation presents a higher level of uncertainty due to its market-driven nature. Notably, actual overhead inflation has been consistently lower than the Bank of England's published Consumer Price Index (CPI). To account for this uncertainty associated with inflation, the inflation assumption used in the provision includes a degree of prudence to ensure the expense provision is adequate to meet future overhead expenses.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 11.

Operating lease commitments

The Group has entered into commercial property leases. The classification of such leases as operating or finance leases require the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position. Further details are contained in Note 26.

Reinsurance assets

Assets arising from reinsurance recoveries are computed using the same methods as technical provisions above. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as credit risk. Impairment is recognised where there is objective evidence that amounts due may not be received and these amounts can be reliably measured. Further details are contained in note 12.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to amortise the cost less estimated residual value, of each asset over its expected useful life from the date the asset comes into use, as follows:

- | | | |
|--------------------------|---|-----------------------------------|
| • Leasehold improvements | - | six years straight line |
| • Plant and equipment | - | three to five years straight line |
| • Motor vehicles | - | three years straight line |

Land and building

Land and building is held as an investment property, to earn rentals or for capital appreciation or both, is initially recognised at cost and subsequently re-measured at fair value with changes in fair value recognised in the statement of comprehensive income.

Full valuations in accordance with the relevant guidance notes are made by independent, professionally qualified valuers every three years.

Investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Intangible assets

Intangible assets are valued at cost less accumulated amortisation and accumulated impairment losses and are amortised over three to five years. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the intangible asset. Useful lives of intangible assets are reviewed annually. Amortisable intangible assets are amortised from the date on which they are available for use.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. The useful economic life of ten years has been applied to positive goodwill held at the balance sheet date and four years has been applied to negative goodwill held at the balance sheet date. The useful economic life of negative goodwill is based on the period over which the value of the underlying business acquired is expected to exceed the values of the acquired identifiable net assets. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Financial investments

Financial investments comprise the following:

Derivative instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the statement of comprehensive income. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with maturity profiles. The Group does not undertake any hedge accounting transactions.

Shares and other variable yield securities and unit in unit trusts and debt securities and other fixed income

These investments are recognised initially at fair value which is normally the transaction price but excluding any transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3

Accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial investments (continued)

Unlisted investment positions

Investments in positions which are not traded on an active market are values based on the expected rate of return, subject to impairment based on investment manager reports or financial information which indicate that the expected rate of return may not be appropriate. In cases where an expected rate of return cannot be reliably measured, these are valued at the lower of cost less a provision for applicable impairment.

Loan notes receivables which are basic instruments are initially recorded at the present value of future payments discounted at the market rate of interest of similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

Fair value of financial assets

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

- (i) Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the bid price.
- (ii) Level 2: when quoted prices are unavailable the instrument is valued using inputs that are observable either directly or indirectly including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs that are observable such as interest rates and yield curves observable at commonly quoted intervals, implied volatility or credit spreads and market-corroborated inputs.
- (iii) Level 3: when observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using the valuation technique is to estimate what the fair value would have been on the measurement date.

See Note 17 for details of financial instruments classified by fair value hierarchy.

Investment in subsidiaries

Investment in subsidiaries is measured at fair value based on the underlying net asset value. The directors believe that this is a reasonable approximation of fair value of the investment as at the reporting date.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Investments in participating interests

The Group's investments in participating interests comprises investments in associates. Associates are those entities in which the Company has significant influence, but not control over or joint control over the financial and operating policies of the entity. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit and loss and other comprehensive income of the equity-accounted investee, until the date on which significant influence ceases.

Increase in controlling interest in a subsidiary

When the Group increases its controlling interest in a subsidiary, the identifiable assets, liabilities and provision for contingent liabilities of the subsidiary are not revalued to fair value and no additional goodwill is recognised at the date the controlling interest is increased. The Group treats changes in controlling interest in a subsidiary, which do not result in a loss of control, as transactions with equity holders in their capacity as equity holders. The carrying amount of the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiary's net assets and any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity. The Group does not record a gain or loss on these changes and no further movements on the carrying amounts of assets, including goodwill, or liabilities as a result of such transaction are recognised.

Cash and cash equivalents

Cash at bank and in hand on the statement of financial position comprise cash at bank and in hand without time restriction.

For purposes of the statement of cash flow, cash and cash equivalents consist of cash at bank and in hand and deposits with credit institutions, net of any outstanding bank overdrafts.

No reconciliation of net debt has been presented as the Group has no material debt other than subordinated loan notes.

Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages and salaries (including non-monetary benefits), and annual leave representing present obligations resulting from employees' services provided up to the reporting date. Current amounts are calculated based on the remuneration rates that are expected to be paid and are not discounted. Any non-current amounts are discounted to their current value.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Employee benefits (continued)

Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date. The provision is calculated using expected future increases in wage and salary rates and expected settlement dates based on turnover history and is discounted using the rates attaching to Australian corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Investment income

Dividends are recognised when the investments to which they relate are declared 'ex-dividend'. Rent is recognised on an accruals basis. Interest income is recognised on a time proportionate basis taking into account effective interest yield.

Realised gains and losses represent the difference between net sales proceeds and purchase price and are recognised through the statement of comprehensive income. Unrealised gains and losses on investments represent the difference between the current value at the date of the statement of financial position and their purchase price and are recognised through the statement of comprehensive income.

Debtors and creditors

Debtors and creditors, other than those arising from insurance and reinsurance contracts, with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Deferred consideration

Deferred consideration is initially recorded at the transaction cost. The consideration is amortised using the appropriate actuarial methodologies on a best estimate basis for future expected outcomes. The income realised is based on the difference between the actual experience against the expected outcomes.

Foreign currencies

Functional and presentation currency

Items included in these financial statements are measured and presented using Pound Sterling (£), the currency of the primary economic environment in which the Company and the Group operates (the 'functional currency'), which is also the presentation currency of the Company and the Group.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

In respect to assets and liabilities arising from the Group's separately identifiable foreign business, the assets and liabilities are translated at the exchange rate ruling at the date of the statement of financial position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets as lessee. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease and the asset is not recognised in the statement of financial position.

Finance leases

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest cost on the lease liability (using the effective interest method), by decreasing the carrying amount by the lease payments as they are made and remeasured to reflect any changes or reassessments of circumstances.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Finance leases (continued)

The right-of-use asset is initially measured at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. Any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease) are added to the amount recognised as an asset.

The asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Dividends

Interim dividends are recognised when paid and final dividends are booked as a liability when they are approved by the members passing a written resolution.

Taxation and deferred tax

Current taxation

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for taxation purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; nor any differences relating to controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Subordinated liability

Subordinated liability relates to capital instruments issued to raise capital. The loan is a basic financial instrument which constitutes a financing transaction and is initially measured at the present value of the future payments discounted at market rate of interest for a similar debt instrument. This is then subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are integral part of the effective interest rate. The effective interest rate amortisation is included in other charges in the statement of comprehensive income.

See Note 23 for details.

Insurance contracts

Product classification

Insurance contracts are those contracts when the insurance entities in the Group have accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Gross written premiums

Gross written premiums comprise the total premiums payable for the whole period of cover provided by the insurance contracts entered during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. They are accounted for from the inception date of the policy to which they relate. Additional or return premiums are treated as a re-measurement of the initial premium. Gross written premiums are disclosed gross of commission payable to intermediaries and exclude taxes based on premiums.

Inwards reinsurance contracts are accounted for in the same way as direct business written, with acquisition costs (such as commissions and overrides) being recognised within acquisition costs.

Outward reinsurance premiums are accounted for in the same accounting period as the related insurance policies.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Insurance contracts (continued)

IT services fees

IT services revenue is generated from contracts for the licensing and development of the "Graile" insurance administration system, Revenue is recognised upon delivery of the service to the customer.

Underwriting agency commission

Underwriting agency commission revenue is recognised over time by allocating the commission due, to the periods in which the performance obligations in each contract are met.

Underwriting fees

Underwriting fees are generally fees charged to customers for underwriting and issuing a policy or bond. Income is recognised upon delivery of these services.

Acquisition costs

Acquisition costs comprise of direct costs arising from the conclusion of insurance contracts and are deferred over the period in which the related premiums are earned.

Deferred acquisition costs are costs arising from conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods. Deferred acquisition costs are amortised over the period in which the related premiums are earned.

Guarantee fund levies

Provision is made at the date of the statement of financial position for levies declared by the Financial Services Compensation Scheme based on premium income recognised in the financial statements and are deferred over the period in which the related premiums are earned.

Profit commission

Profit commissions are accounted for on an accruals basis.

Claims incurred (non-life contracts)

Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Insurance contracts (continued)

Claims incurred (life contracts)

Gross benefits and long-term business claims on life insurance reflect the cost of all claims arising during the year, including any related internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Claims outstanding

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Other recoveries include any recovery of profit commissions due for contractual reasons. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. Where appropriate, valuations by independent actuaries have been used to value the outstanding claims and related reinsurance recoveries.

Outstanding claims liabilities over 1 year are measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date with an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments are discounted to present value using a risk free rate.

Unearned premium reserve

The unearned premium reserve comprises the proportion of gross written premium which is to be earned in the following or subsequent financial years.

For policies with a defined period of insurance, the unearned premium reserve is calculated by apportioning premiums over the period to which they relate on a pro rata basis adjusted to take account of the incidence of risk.

In instances where the period of insurance is not finite, premiums are fully earned on the date of inception of the policy and an appropriate loss reserve is immediately created.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Insurance contracts (continued)

Reinsurance assets and liabilities

Contracts with reinsurers where the Group is compensated for losses incurred on insurance contracts issued are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

The Group assesses its reinsurance assets for impairment on an annual basis. The Group monitors if a reinsurance asset is impaired by having regard to market data on the financial strength of each of the reinsurance companies. The impairment loss is recorded in the statement of comprehensive income.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Gains or losses on buying reinsurance are recognised in the statement of comprehensive income immediately at the date of purchase and are not amortised. There were no such gains recognised in 2024 or 2023.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of comprehensive income.

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Insurance contracts (continued)

Long term business provision ("LTBP")

The Group has chosen to use assumptions that are more consistent with the calculation of the best estimate liability ("BEL") under Solvency II regulation, while still maintaining a suitable level of prudence.

In particular, the approach allows for policy lapses with a margin of prudence included in the lapse rates, and also allows for negative reserves at the policy level, with zeroisation applied at the level of an overall risk characteristic group ("RCG"), should the LTBP be negative for that RCG. RCG means a group of policies which exhibit similar risk characteristics be they demographic, economic or otherwise in nature. The Group has chosen the individual territories in which business is written (i.e. Poland, Hungary, Czech Republic, Slovakia and Greece) as appropriate RCGs.

The approach for calculating the LTBP as at 31 December 2024 is consistent with the comparative year and is consistent with FRS 103 on Insurance Contracts.

The technical provisions are determined by the board of directors in consultation with the appointed actuary. Movements in the LTBP are recognised in the statement of comprehensive income. See Note 18.

Unexpired risk liability

Provision is made for unexpired risks arising from general business where the expected value of claims and expenses attributed to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision in relation to such policies after the deduction of any deferred acquisition costs and related intangible assets. This is referred to as the liability adequacy test and is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio.

Fire brigade and other charges

A liability for fire brigade and other charges is recognised on business written to the reporting date. Levies and charges payable are expensed on the same basis as the recognition of premium revenue, with the portion relating to unearned premium being recorded as a prepayment.

Recognition of return on capital

Allocated investment return transferred to the general business technical account

The return on capital is transferred from the result of asset management to the result of insurance business based on average actuarial provisions on own account. The return on capital transferred is calculated based on an interest rate equivalent to the company's long-term return on investment.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

3 Accounting policies (continued)

3.2 Significant accounting policies (continued)

Equity

Called up share capital is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Share premium account'. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Share premium account'.

'Profit and loss account' represents accumulated earnings/(losses) of the Group or Company (as appropriate) less dividends declared.

'Capital redemption reserve' represents the nominal value of Class B redeemable preference shares that was redeemed by Red Sands Life Assurance Company (Europe) Limited in 2015.

'Non-controlling interests' represents the non-controlling interest's share of the net amount of the identifiable assets, liabilities and provisions for contingent liabilities of the acquiree at the acquisition date as well as the non-controlling interest's share of post-acquisition profit or loss.

'Reserve for development cost' represents equity restricted for development expenses in relation to intangible assets.

Discontinued operations and assets held for sale

The Group recognises as discontinued operations components which have been disposed of and represent a separate major line of business or geographical area of operation.

The Group classifies the asset as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Cost to sell are the incremental costs directly attributable to the disposal of an asset.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

4 Provisions for unearned premiums, net of reinsurance

General business:

	2024		
	Gross £	Reinsurance £	Net £
Premiums written	514,424,053	(57,251,674)	457,172,379
Unearned premium carried forward	(235,907,840)	31,490,300	(204,417,540)
Unearned premium brought forward	221,572,147	(28,394,954)	193,177,193
Foreign currency impact	(9,208,677)	2,072,694	(7,135,983)
Change in provision for unearned premiums	(23,544,370)	5,168,040	(18,376,330)
Premiums earned	490,879,683	(52,083,634)	438,796,049
2023			
	Gross £	Reinsurance £	Net £
Premiums written	485,231,434	(33,692,841)	451,538,593
Unearned premium carried forward	(221,572,147)	28,394,954	(193,177,193)
Unearned premium brought forward	190,804,943	(27,970,528)	162,834,415
Foreign currency impact	(5,170,981)	3,942,204	(1,228,777)
Change in provision for unearned premiums	(35,938,185)	4,366,630	(31,571,555)
Premiums earned	449,293,249	(29,326,211)	419,967,038

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

5 Claims outstanding, net of reinsurance

(a) Life business:

	2024								
	Continuing operations			Discontinued Operations			Total		
	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £
Claims paid	2,826,167	(583,962)	2,242,205	2,074,442	-	2,074,442	4,900,609	(583,962)	4,316,647
Outstanding claims carried forward	80,236	(8,277)	71,959	-	-	-	80,236	(8,277)	71,959
Outstanding claims brought forward	(106,555)	14,955	(91,600)	(148,927)	-	(148,927)	(255,482)	14,955	(240,527)
Change in the provision for claims outstanding	(26,319)	6,678	(19,641)	(148,927)	-	(148,927)	(175,246)	6,678	(168,568)
	2,799,848	(577,284)	2,222,564	1,925,515	-	1,925,515	4,725,363	(577,284)	4,148,079

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

5 Claims outstanding, net of reinsurance (continued)

(a) Life business (continued):	2023								
	Continuing operations			Discontinued Operations			Total		
	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £
Claims paid	3,222,085	(1,041,271)	2,180,814	4,533,396	-	4,533,396	7,755,481	(1,041,271)	6,714,210
Outstanding claims carried forward	106,555	(14,955)	91,600	148,927	-	148,927	255,482	(14,955)	240,527
Outstanding claims brought forward	(86,531)	22,825	(63,706)	(110,963)	18,933	(92,030)	(197,494)	41,758	(155,736)
Change in the provision for claims outstanding	20,024	7,870	27,894	37,964	18,933	56,897	57,988	26,803	84,791
	<u>3,242,109</u>	<u>(1,033,401)</u>	<u>2,208,708</u>	<u>4,571,360</u>	<u>18,933</u>	<u>4,590,293</u>	<u>7,813,469</u>	<u>(1,014,468)</u>	<u>6,799,001</u>

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

5 Claims outstanding, net of reinsurance (continued)

(b) General business

	2024								
	Continuing operations			Discontinued Operations			Total		
	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £
Claims paid (including claims handling fees)	262,236,784	(11,474,770)	250,762,014	210,530	-	210,530	262,447,314	(11,474,770)	250,972,544
Outstanding claims carried forward	90,874,646	(28,485,648)	62,388,998	-	-	-	90,874,646	(28,485,648)	62,388,998
Outstanding claims brought forward	(104,328,550)	29,595,815	(74,732,735)	(66,137)	-	(66,137)	(104,394,687)	29,595,815	(74,798,872)
Foreign currency impact	3,694,023	(1,635,097)	2,058,926	-	-	-	3,694,023	(1,635,097)	2,058,926
Change in the provision for claims outstanding	(9,759,881)	(524,930)	(10,284,811)	(66,137)	-	(66,137)	(9,826,018)	(524,930)	(10,350,948)
	<u>252,476,903</u>	<u>(11,999,700)</u>	<u>240,477,203</u>	<u>144,393</u>	<u>-</u>	<u>144,393</u>	<u>252,621,296</u>	<u>(11,999,700)</u>	<u>240,621,596</u>

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

5 Claims outstanding, net of reinsurance (continued)

(b) General business (continued):	2023								
	Continuing operations			Discontinued Operations			Total		
	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £	Gross £	Reinsurance £	Net £
Claims paid (including claims handling fees)	258,350,112	(14,724,820)	243,625,292	520,503	-	520,503	258,870,615	(14,724,820)	244,145,795
Outstanding claims carried forward	104,328,550	(29,595,815)	74,732,735	66,137	-	66,137	104,394,687	(29,595,815)	74,798,872
Outstanding claims brought forward	(86,509,110)	17,454,188	(69,054,922)	(219,542)	-	(219,542)	(86,728,652)	17,454,188	(69,274,464)
Foreign currency impact	2,327,250	(675,207)	1,652,043	-	-	-	2,327,250	(675,207)	1,652,043
Change in the provision for claims outstanding	20,146,690	(12,816,834)	7,329,856	(153,405)	-	(153,405)	19,993,285	(12,816,834)	7,176,451
	<u>278,496,802</u>	<u>(27,541,654)</u>	<u>250,955,148</u>	<u>367,098</u>	<u>-</u>	<u>367,098</u>	<u>278,863,900</u>	<u>(27,541,654)</u>	<u>251,322,246</u>

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments, as

Life insurance	this segment offers savings, protection products and other long-term contracts (both with and without insurance risk and with and without discretionary participating features). It comprises a range of whole life and term assurance. Revenue from this segment is derived primarily from insurance premiums, fees and commission income, investment income and fair value gains and losses on investments.
Non-life (general) insurance	this segment comprises both general insurance and health insurance to individuals and businesses. General insurance products offered include household and commercial insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's fault. Non-life health contracts provide medical cover to policyholders. Revenue in this segment is derived primarily from insurance premiums, fees and commission income, investment income and fair value gains and losses on investments.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss and is measured consistently in the statement of comprehensive income.

No inter-segment transactions occurred in 2024 and 2023.

Profit or loss for each category is shown on the following pages:

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

	2024											
	Continuing operations				Discontinued Operations				Total			
	Life £'000	General £'000	Unallocated £'000	Total £'000	Life £'000	General £'000	Unallocated £'000	Total £'000	Life £'000	General £'000	Unallocated £'000	Total £'000
Gross written premium	6,442	512,839	-	519,281	5,518	1,585	-	7,103	11,960	514,424	-	526,384
Outwards reinsurance premium	(1,119)	(57,252)	-	(58,371)	-	-	-	-	(1,119)	(57,252)	-	(58,371)
Change in the provision for unearned premiums	-	(18,376)	-	(18,376)	-	-	-	-	-	(18,376)	-	(18,376)
Other technical income	-	27,181	-	27,181	-	-	-	-	-	27,181	-	27,181
Return on capital from financial business	-	689	-	689	-	-	-	-	-	689	-	689
Claims paid	(2,242)	(250,762)	-	(253,004)	(2,074)	(211)	-	(2,285)	(4,316)	(250,973)	-	(255,289)
Change in the provision for claims	20	10,285	-	10,305	149	66	-	215	169	10,351	-	10,520
Change in long term business provision	(3,027)	-	-	(3,027)	(2)	-	-	(2)	(3,029)	-	-	(3,029)
Net operating expenses	(1,978)	(165,434)	-	(167,412)	(2,309)	(806)	-	(3,115)	(4,287)	(166,240)	-	(170,527)
Investment income	1,538	16,943	364	18,845	-	-	-	-	1,538	16,943	364	18,845
Investment expenses	(62)	(286)	-	(348)	-	-	-	-	(62)	(286)	-	(348)
Other income	65	2,975	-	3,040	264	-	-	264	329	2,975	-	3,304
Other charges	305	(2,827)	(3,313)	(5,835)	(978)	-	-	(978)	(673)	(2,827)	(3,313)	(6,813)
Tax on profit	137	(12,250)	-	(12,113)	(76)	-	-	(76)	61	(12,250)	-	(12,189)
Other comprehensive expense	-	(5,252)	(97)	(5,349)	-	-	-	-	-	(5,252)	(97)	(5,349)
Total comprehensive income	79	58,473	(3,046)	55,506	492	634	-	1,126	571	59,107	(3,046)	56,632

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

	2023											
	Continuing operations				Discontinued Operations				Total			
	Life £'000	General £'000	Unallocated £'000	Total £'000	Life £'000	General £'000	Unallocated £'000	Total £'000	Life £'000	General £'000	Unallocated £'000	Total £'000
Gross written premium	7,404	482,737	-	490,141	10,391	2,494	-	12,885	17,795	485,231	-	503,026
Outwards reinsurance premium	(1,952)	(33,693)	-	(35,645)	(29)	-	-	(29)	(1,981)	(33,693)	-	(35,674)
Change in the provision for unearned premiums	-	(31,572)	-	(31,572)	-	-	-	-	-	(31,572)	-	(31,572)
Other technical income	-	23,774	-	23,774	-	-	-	-	-	23,774	-	23,774
Return on capital from financial business	-	353	-	353	-	-	-	-	-	353	-	353
Claims paid	(2,181)	(243,625)	-	(245,806)	(4,533)	(521)	-	(5,054)	(6,714)	(244,146)	-	(250,860)
Change in the provision for claims	(28)	(7,329)	-	(7,357)	(57)	153	-	96	(85)	(7,176)	-	(7,261)
Change in long term business provision	(166)	-	-	(166)	-	-	-	-	(166)	-	-	(166)
Net operating expenses	(1,989)	(161,067)	-	(163,056)	(4,171)	(1,464)	-	(5,635)	(6,160)	(162,531)	-	(168,691)
Investment income	1,495	10,396	380	12,271	-	-	-	-	1,495	10,396	380	12,271
Investment expenses	(57)	(158)	-	(215)	-	-	-	-	(57)	(158)	-	(215)
Other income	194	2,241	46	2,481	9,176	-	-	9,176	9,370	2,241	46	11,657
Other charges	290.00	(5,332)	(1,099)	(6,141)	41	-	-	41	331	(5,332)	(1,099)	(6,100)
Tax on profit	(324)	(6,693)	-	(7,017)	(164)	-	-	(164)	(488)	(6,693)	-	(7,181)
Other comp. expense	-	(2,225)	18	(2,207)	-	-	-	-	-	(2,225)	18	(2,207)
Total comprehensive income	2,686	27,808	(655)	29,837	10,654	662	-	11,317	13,340	28,469	(655)	41,154

Profit or loss for each segment does not include corporate expenses incurred by the Group which has been shown above as unallocated.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

Assets and liabilities for each segment:

	2024				2023			
	Life insurance £	General insurance £	Unallocated £	Total £	Life insurance £	General insurance £	Unallocated £	Total £
ASSETS								
Intangible assets	-	1,265,067	71,555	1,336,622	-	(400,108)	143,110	(256,998)
Land and buildings	-	1,150,000	-	1,150,000	-	1,150,000	-	1,150,000
Investments in participating interests	-	21,534,769	-	21,534,769	-	1,112,045	-	1,112,045
Other financial investments	30,124,562	210,868,303	-	240,992,865	17,135,495	165,624,189	-	182,759,684
Provision for unearned premium - RI share	-	31,490,300	-	31,490,300	-	28,394,954	-	28,394,954
Claims outstanding - RI	8,277	28,485,648	-	28,493,925	14,955	29,595,815	-	29,610,770
Long term business provision - RI share	686,028	-	-	686,028	483,973	-	-	483,973
Debtors arising out of direct insurance contracts	240,470	152,941,024	-	153,181,494	241,763	124,505,534	-	124,747,297
Debtors arising out of reinsurance operations	1,790,269	5,598,685	-	7,388,954	10,818,304	4,639,692	-	15,457,996
Other debtors	267,074	21,330,699	870,175	22,467,948	-	19,956,432	2,357,070	22,313,502
Tangible assets	-	1,102,275	12,917	1,115,192	-	1,174,453	-	1,174,453
Cash at bank and in hand	2,221,482	83,997,266	3,993,346	90,212,094	3,035,924	75,809,073	7,734,899	86,579,896
Deferred acquisition	-	50,598,422	-	50,598,422	-	48,372,123	-	48,372,123
Other prepayments and accrued income	24,468	44,294,726	-	44,319,194	23,955	38,717,076	-	38,741,031
Total Assets	35,362,630	654,657,184	4,947,993	694,967,807	31,754,369	538,651,278	10,235,079	580,640,726

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

	2024				2023			
	Life insurance £	General insurance £	Unallocated £	Total £	Life insurance £	General insurance £	Unallocated £	Total £
LIABILITIES								
Subordinated liability	-	16,448,451	-	16,448,451	-	17,153,516	-	17,153,516
Provision for unearned premiums	-	235,907,840	-	235,907,840	-	221,572,147	-	221,572,147
Claims outstanding	3,394,774	90,874,646	-	94,269,420	338,934	104,394,687	-	104,733,621
Creditors arising out of direct insurance	955	23,414,232	-	23,415,187	375,721	18,830,948	-	19,206,669
Creditors arising out of reinsurance	922,303	8,788,149	-	9,710,452	605,008	4,448,111	-	5,053,119
Amounts owed to credit institutions	1,829	134,568	-	136,397	126,354	60,695	-	187,049
Other creditors	-	54,043,283	25,725,779	79,769,062	261,792	39,600,449	4,040,396	43,902,637
Accruals and deferred income	12,103,633	19,828,342	-	31,931,975	193,687	22,692,172	-	22,885,859
Total Liabilities	16,423,494	449,439,511	25,725,779	491,588,784	1,901,496	428,752,725	4,040,396	434,694,617

Assets and liabilities included within unallocated above are in relation to subsidiaries which do not hold insurance licences.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

(a) Life business

(i) Premiums written

	2024			2023		
	Continuing Operations £	Discontinued Operations £	Total £	Continuing Operations £	Discontinued Operations £	Total £
Non - participating contracts:						
Individual periodic premiums	6,442,291	-	6,442,291	7,403,681	-	7,403,681
Reinsurance business written	-	5,518,160	5,518,160	-	10,390,637	10,390,637
	6,442,291	5,518,160	11,960,451	7,403,681	10,390,637	17,794,318

All premiums in relation to individual periodic premiums written during the year relate to direct business in respect of continuing operations and have been concluded by the Group in Gibraltar. All premiums in relation to reinsurance business written during the year relate to a reinsurance treaty, where the Group supports the writing of life assurance risks in Poland. From 28 June 2024, the Company no longer retroceded policies in Poland.

(ii) Reinsurance balance:

	2024			2023		
	Continuing Operations £	Discontinued Operations £	Total £	Continuing Operations £	Discontinued Operations £	Total £
Outwards reinsurance premiums	1,118,529	-	1,118,529	1,952,284	28,847	1,981,131
Reinsurers' share of claims incurred	(577,284)	-	(577,284)	(1,033,401)	18,933	(1,014,468)
Change in reinsurers' share: long-term business	(203,597)	1,542	(202,055)	137,373	176	137,549
Reinsurance commission and profit participation	-	-	-	(2,635)	(23,543)	(26,178)
	337,648	1,542	339,190	1,053,621	24,413	1,078,034

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

(b) General business

	2024					
	Miscellaneous & Other Continuing Operations £	Property Continuing Operations £	Credit & Suretyship Continuing Operations £	Accident, Health & Travel Continuing Operations £	Accident, Health & Travel Discontinued Operations £	Total £
Gross written premium	357,161,563	47,030,330	77,719,236	30,928,103	1,584,821	514,424,053
Gross earned premium	358,736,466	47,134,124	54,060,409	29,363,863	1,584,821	490,879,683
Gross claims incurred	(210,736,824)	(28,800,890)	(2,391,398)	(10,547,791)	(144,393)	(252,621,296)
Gross operating expenses	(107,500,534)	(24,072,054)	(27,192,316)	(16,379,497)	(806,464)	(175,950,865)
Gross other technical income	95,915	2,735,730	24,927,180	111,761	-	27,870,586
Gross technical result	40,595,023	(3,003,090)	49,403,875	2,548,336	633,964	90,178,108
Reinsurance balance	(2,040,953)	(5,365,761)	(22,645,482)	(321,769)	-	(30,373,965)
	38,554,070	(8,368,851)	26,758,393	2,226,567	633,964	59,804,143

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

(b) General business (continued)

	2023					
	Miscellaneous & Other Continuing Operations £	Property Continuing Operations £	Credit & Suretyship Continuing Operations £	Accident, Health & Travel Continuing Operations £	Accident, Health & Travel Discontinued Operations £	Total £
Gross written premium	332,891,580	50,909,667	67,052,520	31,883,583	2,494,085	485,231,435
Gross earned premium	314,578,506	48,491,344	50,877,760	32,851,553	2,494,085	449,293,248
Gross claims incurred	(205,500,639)	(30,395,401)	(35,945,420)	(6,655,342)	(367,098)	(278,863,900)
Gross operating expenses	(95,857,725)	(23,349,495)	(22,200,741)	(24,687,652)	(1,463,537)	(167,559,150)
Gross other technical income	616,667	222,791	22,493,431	(95,074)	-	23,237,815
Gross technical result	13,836,809	(5,030,761)	15,225,030	1,413,485	663,450	26,108,013
Reinsurance balance	465,410	(3,546,347)	7,792,948	(579,245)	-	4,132,766
	<u>14,302,219</u>	<u>(8,577,108)</u>	<u>23,017,978</u>	<u>834,240</u>	<u>663,450</u>	<u>30,240,779</u>

The reinsurance balance represents the charge to the technical account from the aggregate of all items relating to reinsurance outwards including items recorded as reinsurance commissions and profit participation.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

6 Segmental information (continued)

(iii) Analysis by geographic area

	2024	2023
	£	£
Gross written premium:		
Gibraltar	402,779,907	370,676,547
Sweden	7,750,548	7,903,241
Norway	4,660,878	4,076,324
Finland	5,894,066	7,094,184
Denmark	3,030,443	3,646,806
Czech Republic	1,834,538	-
Spain	13,698,358	4,025,709
Australia	74,775,315	87,808,623
	514,424,053	485,231,434

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

7 Net operating expenses

	2024								
	Continuing operations			Discontinued Operations			Total		
	Life business £	General business £	Total £	Life business £	General business £	Total £	Life business £	General business £	Total £
Acquisition costs - commissions	25,900	136,058,340	136,084,240	1,486,628	614,290	2,100,918	1,512,528	136,672,630	138,185,158
Change in deferred acquisition costs (note 21)	-	(2,226,299)	(2,226,299)	-	-	-	-	(2,226,299)	(2,226,299)
Profit commissions	-	3,477,229	3,477,229	-	-	-	-	3,477,229	3,477,229
Administrative expenses (note 8)	1,952,491	37,835,131	39,787,622	822,139	192,174	1,014,313	2,774,630	38,027,305	40,801,935
Gross operating expenses before RI commission	1,978,391	175,144,401	177,122,792	2,308,767	806,464	3,115,231	4,287,158	175,950,865	180,238,023
Reinsurance commission	-	(9,709,970)	(9,709,970)	-	-	-	-	(9,709,970)	(9,709,970)
	1,978,391	165,434,431	167,412,822	2,308,767	806,464	3,115,231	4,287,158	166,240,895	170,528,053

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

7 Net operating expenses (continued)

	2023								
	Continuing operations			Discontinued Operations			Total		
	Life business £	General business £	Total £	Life business £	General business £	Total £	Life business £	General business £	Total £
Acquisition costs - commissions	10,858	126,963,164	126,974,022	2,735,221	990,908	3,726,129	2,746,079	127,954,072	130,700,151
Change in deferred acquisition costs (note 21)	-	(3,050,562)	(3,050,562)	-	-	-	-	(3,050,562)	(3,050,562)
Profit commissions	-	4,522,242	4,522,242	-	-	-	-	4,522,242	4,522,242
Administrative expenses (note 8)	1,980,436	37,660,770	39,641,206	1,459,707	472,629	1,932,336	3,440,143	38,133,399	41,573,542
Gross operating expenses before RI commission	1,991,294	166,095,614	168,086,908	4,194,928	1,463,537	5,658,465	6,186,222	167,559,151	173,745,373
Reinsurance commission	(2,635)	(5,028,406)	(5,031,041)	(23,543)	-	(23,543)	(26,178)	(5,028,406)	(5,054,584)
	1,988,659	161,067,208	163,055,867	4,171,385	1,463,537	5,634,922	6,160,044	162,530,745	168,690,789

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

8 Administrative expenses

	2024								
	Continuing operations			Discontinued Operations			Total		
	Life business	General business	Total	Life business	General business	Total	Life business	General business	Total
	£	£	£	£	£	£	£	£	£
Staff costs:									
Wages & salaries	-	15,336,258	15,336,258	-	-	-	-	15,336,258	15,336,258
Social security	-	1,594,028	1,594,028	-	-	-	-	1,594,028	1,594,028
Other staff costs	-	2,659,966	2,659,966	-	-	-	-	2,659,966	2,659,966
Contributions to defined contribution	-	1,532,281	1,532,281	-	-	-	-	1,532,281	1,532,281
Depreciation and amortisation	-	(340,858)	(340,858)	-	-	-	-	(340,858)	(340,858)
Director's fees	61,008	412,219	473,227	-	-	-	61,008	412,219	473,227
Audit fees	70,628	771,839	842,467	-	-	-	70,628	771,839	842,467
Operating lease rentals	-	1,267,435	1,267,435	-	-	-	-	1,267,435	1,267,435
Consultancy fees	-	7,117,283	7,117,283	-	-	-	-	7,117,283	7,117,283
Foreign exchange gains	-	(4,388,843)	(4,388,843)	-	-	-	-	(4,388,843)	(4,388,843)
Policy admin. fees	893,152	91,875	985,027	524,268	192,174	716,442	1,417,420	284,049	1,701,469
Regulatory costs	-	1,494,629	1,494,629	-	-	-	-	1,494,629	1,494,629
Professional fees	927,703	2,678,222	3,605,925	297,871	-	297,871	1,225,574	2,678,222	3,903,796
Marketing fees	-	141,159	141,159	-	-	-	-	141,159	141,159
Subscriptions	-	847,230	847,230	-	-	-	-	847,230	847,230
Other costs	-	6,620,408	6,620,408	-	-	-	-	6,620,408	6,620,408
	1,952,491	37,835,131	39,787,622	822,139	192,174	1,014,313	2,774,630	38,027,305	40,801,935

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

8 Administrative expenses (continued)

	2023								
	Continuing operations			Discontinued Operations			Total		
	Life business	General business	Total	Life business	General business	Total	Life business	General business	Total
	£	£	£	£	£	£	£	£	£
Staff costs:									
Wages & salaries	-	14,187,942	14,187,942	-	-	-	-	14,187,942	14,187,942
Social security	-	1,417,850	1,417,850	-	-	-	-	1,417,850	1,417,850
Other staff costs	-	2,339,453	2,339,453	-	-	-	-	2,339,453	2,339,453
Contributions to defined contribution	-	1,337,268	1,337,268	-	-	-	-	1,337,268	1,337,268
Depreciation and amortisation	-	(525,543)	(525,543)	-	-	-	-	(525,543)	(525,543)
Director's fees	53,250	368,027	421,277	-	-	-	53,250	368,027	421,277
Audit fees	64,800	871,488	936,288	-	-	-	64,800	871,488	936,288
Operating lease rentals	-	919,727	919,727	-	-	-	-	919,727	919,727
Consultancy fees	-	6,474,201	6,474,201	-	-	-	-	6,474,201	6,474,201
Foreign exchange gains	-	(1,431,928)	(1,431,928)	-	-	-	-	(1,431,928)	(1,431,928)
Policy admin. fees	1,034,716	123,709	1,158,425	1,097,774	472,629	1,570,403	2,132,490	596,338	2,728,828
Regulatory costs	-	1,675,492	1,675,492	-	-	-	-	1,675,492	1,675,492
Professional fees	827,670	2,625,838	3,453,508	361,933	-	361,933	1,189,603	2,625,838	3,815,441
Marketing fees	-	720,405	720,405	-	-	-	-	720,405	720,405
Subscriptions	-	606,530	606,530	-	-	-	-	606,530	606,530
Other costs	-	5,950,312	5,950,312	-	-	-	-	5,950,312	5,950,312
	<u>1,980,436</u>	<u>37,660,770</u>	<u>39,641,206</u>	<u>1,459,707</u>	<u>472,629</u>	<u>1,932,336</u>	<u>3,440,143</u>	<u>38,133,399</u>	<u>41,573,542</u>

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

8 Administrative expenses (continued)

The Group had an average of 198 employees (2023: 197) during the year. Included in wages and salaries is directors' remuneration of £3,375,613 (2023: £518,716). Audit fees for the year include tax compliance fees amounting to £302,690 (2023: £5,500) and £201,677 (2023: £316,488) payable to the auditor for other services in the year.

Other costs includes travel and other general expenditure.

9 Other income

Other income of £2,974,317 (2023: £2,287,441) relates to non-life business. Included in this balance is £997,830 (2023: £997,830) relating to the amortisation of negative goodwill and £1,727,429 (2023: £1,152,755) relating to net fees receivable from acting as an agent for the provision of deposit bonds. Other income of £65,314 (2023: £193,862) relates to the gains recognised at the point of recapturing obligations in accordance with the contractual provisions of the reinsurance treaties the Group has in its life business.

In December 2023, Generali signed an agreement with 4LifeDirect for the purchase of 100% ownership of the life insurance distribution company in Poland. As part of the transaction, the Company commuted its retrocession treaty and therefore, from 28 June 2024 the Company no longer retroceded policies in Poland. During 2023, the asset arising from this transaction qualified as an asset held for sale and was measured at its fair value less cost to sell. The asset was revalued prior to final settlement in 2024. Other income represents the gain on valuation of the asset to its fair value less cost to sell which is equivalent to the net transaction price of the commutation. The net transaction price of the commutation is the retrocession commutation sum due to the Company less the aggregate LCF balances on a best estimate basis.

10 Other charges

	2024			2023		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£	£	£	£	£	£
Foreign exchange gains	(3,695,977)	210,384	(3,485,593)	(365,213)	-	(365,213)
Other expenses	6,718,766	768,026	7,486,792	4,759,279	(41,722)	4,717,557
Interest paid	2,811,466	-	2,811,466	1,747,327	-	1,747,327
	5,834,255	978,410	6,812,665	6,141,393	(41,722)	6,099,671

Interest paid relates to interest paid on the subordinated liability (note 23).

Other expenses include general expenses such as marketing expenses, computer expenses etc. Also, included in other expenses is £3,187,315 (2023: £943,222) relating to profit shares.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

11 Taxation

The Group has corporation tax liabilities arising from trading activities in Gibraltar, United Kingdom, Sweden and Australia.

	2024			2023		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£	£	£	£	£	£
Current tax:						
Foreign corporation tax on profit for the year	10,343,990	75,681	10,419,671	7,418,758	163,754	7,582,512
Movement in deferred tax	1,769,261	-	1,769,261	(401,173)	-	(401,173)
Tax on profit on ordinary activities	12,113,251	75,681	12,188,932	7,017,585	163,754	7,181,339

The tax assessed for the period is higher (2023: higher) than the standard rate of corporate tax in Guernsey of 0% (2023: 0%). The differences are reconciled below. The movement in deferred tax relates to the origination and reversal of timing differences. The movement in deferred tax includes unpaid foreign tax of £276,453 (2023: £282,536) which is offset against deferred tax of the same amount. The foreign exchange differences in translation have been included in other comprehensive expenses.

	2024			2023		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£	£	£	£	£	£
Profit on ordinary activities before tax	72,967,035	1,202,220	74,169,255	39,061,918	11,480,910	50,542,828
Tax on profit on ordinary activities at 0% (2023: 0%)	-	-	-	-	-	-
Impact of overseas tax rates	12,113,251	75,681	12,188,932	7,017,585	163,754	7,181,339
Tax on profit on ordinary activities	12,113,251	75,681	12,188,932	7,017,585	163,754	7,181,339

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

11 Taxation (continued)

	2024	2023
	£	£
<i>Deferred tax:</i>		
Deferred tax assets are attributable to the following:		
Provisions	1,027,635	3,088,471
Other	2,915,928	2,338,233
Tax losses carried forward	181,006	469,837
	<u>4,124,569</u>	<u>5,896,541</u>
Deferred tax assets (note 19)		
	<u>4,124,569</u>	<u>5,896,541</u>
Deferred tax liabilities are attributable to the following:		
Plant and equipment	37,970	40,681
	<u>37,970</u>	<u>40,681</u>

12 Risk management policies

(a) Governance framework

The Group's activities expose the business to a number of key risks which have the potential to affect its ability to achieve its business objectives. The Board is responsible for the Group's internal control and for reviewing its effectiveness. The systems of internal control are designed to manage rather than eliminate risk and aim to provide reasonable and not absolute assurance.

The following describes the Group's financial and insurance risk management policies.

Underwriting and investment activities are monitored by committees of the regulated entities within the Group in accordance with terms of reference set by the respective Boards. The committees are assisted by external consultants as appropriate.

The Group maintains an efficient capital structure, consistent with the Group's risk profile and the regulatory and market requirements of its business.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(b) Capital risk management objectives, policies and approach

Every subsidiary within the Group that is subject to regulatory capital requirements as a result of their insurance activities has met the required capital requirements at all times during the reporting period.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to protect policyholders, provide returns for the shareholders, to comply with the requirements of the relevant regulatory authorities, and to maintain financial strength to support new business growth. In order to maintain the capital structure, the Group may adjust the amounts of dividends paid, return capital to shareholders or issue new shares.

The regulator of each of the licenced subsidiaries specifies the minimum amount and type of capital that must be held and maintained at all times throughout the financial year.

One of the Company's subsidiaries, Red Sands Insurance Company (Europe) Limited, issued a EUR 20,000,000 subordinated note in 2015 at an issue price of 100% of the principal amount, which qualifies as Tier 2 Capital under Solvency II. The note is subject to a floating interest rate and will mature in January 2026. Further details are contained in Note 23.

(c) Insurance risk (non-life)

The risk under any one insurance contract is the possibility that the insured event occurs and the claim results. By the very nature of an insurance contract, risk is based on fortuity and is therefore unpredictable. The principal risks that the Group faces under its insurance contracts are that the business will be under-priced or under-reserved. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group also accepts reinsurance inwards, which are subject to the same risks as direct business.

A proportion of the Group's insurance risks are written by third parties under delegated underwriting authorities. The third parties are closely vetted in advance and are subject to tight reporting requirements. In addition, the performance of these contracts is closely monitored by underwriters and regular audits are carried out.

Details of the concentration of the Group's outstanding claim liabilities by type of contract are provided in note 5.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(c) Insurance risk (non-life) (continued)

Key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include delays in settlement and changes in foreign currency rates.

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. It should be noted that movements in these assumptions are non-linear.

31 December 2024	Change in assumptions	Impact on gross liabilities £	Impact on net liabilities £	Impact on profit before tax £	Impact on equity £
<i>Miscellaneous financial loss lines:</i>					
Pet	±10% claims reserve	2,297,743	2,105,775	2,105,775	1,815,951
Pet	±5% loss ratio	14,871,805	13,904,794	13,904,794	11,986,760
Warranty	±10% claims reserve	1,475,334	895,912	895,912	677,198
Cycle	±10% claims reserve	11,986	11,986	11,986	10,338
<i>Travel lines:</i>					
Travel	±10% claims reserve	856,944	743,090	743,090	618,016
<i>Credit and surety lines:</i>					
IBGs	±10% claims reserve	2,797,286	1,046,710	1,046,710	839,800
<i>Motor other lines:</i>					
GAP	±10% claims reserve	59,881	59,881	59,881	51,647
<i>Home and contents lines:</i>					
Property	±10% claims reserve	1,588,084	1,375,339	1,375,339	1,062,844

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

Sensitivities (continued)

31 December 2023	Change in assumptions	Impact on gross liabilities £	Impact on net liabilities £	Impact on profit before tax £	Impact on equity £
<i>Miscellaneous financial loss lines:</i>					
Pet	±10% claims reserve	2,541,778	2,454,362	2,454,362	2,147,225
Pet	±5% loss ratio	13,237,491	13,215,958	13,215,958	11,561,826
Warranty	±10% claims reserve	1,645,286	1,083,604	1,083,604	821,608
Cycle	±10% claims reserve	8,998	8,998	8,998	7,873
<i>Travel lines:</i>					
Travel	±10% claims reserve	471,436	420,182	420,182	357,735
<i>Credit and surety lines:</i>					
IBGs	±10% claims reserve	3,051,139	1,201,587	1,201,587	940,533
<i>Motor other lines:</i>					
GAP	±10% claims reserve	64,497	64,497	64,497	56,435
<i>Home and contents lines:</i>					
Property	±10% claims reserve	2,649,448	2,239,770	2,239,770	1,681,202

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to sterling at the rate of exchange that applied at the end of the accident year.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(c) Insurance risk (continued)

Claims development table (continued)

Ultimate gross claims:	2019 and prior £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2024 £'000	Total £'000
At the end of the underwriting year	766,488	126,384	165,013	209,835	238,215	244,622	
One year later	773,395	128,346	184,124	234,315	248,713		
Two years later	796,162	130,018	195,704	232,311			
Three years later	792,166	131,947	193,393				
Four years later	787,520	132,965					
Five years later	784,590						
Cumulative gross claims incurred	1,327,459	132,965	193,393	232,311	248,713	244,622	2,379,463
Claims paid	(1,315,983)	(129,638)	(186,001)	(221,756)	(241,496)	(196,135)	(2,291,009)
Discount	(807)	(78)	(127)	(122)	(261)	(202)	(1,597)
Prudential margin and claims handling expenses	1,780	280	365	306	553	732	4,016
Claims outstanding	12,449	3,529	7,630	10,739	7,509	49,017	90,873

Included within the claims outstanding balance in the statement of financial position is an acquisition adjustment amounting to £1,009k (2023: £1,092k).

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(c) Insurance risk (continued)

Claims development table (continued)

Ultimate net claims:	2019 and prior £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2024 £'000	Total £'000
At the end of the underwriting year	601,516	125,080	163,496	207,481	234,843	230,647	
One year later	585,886	125,969	172,882	216,839	243,025		
Two years later	607,567	126,868	177,511	217,716			
Three years later	606,243	127,436	176,626				
Four years later	609,050	128,270					
Five years later	612,865						
Cumulative net claims incurred	1,024,988	128,270	176,626	217,716	243,025	230,647	2,021,272
Claims paid	(1,019,080)	(126,958)	(173,862)	(213,934)	(240,102)	(186,766)	(1,960,702)
Discount	(597)	(41)	(74)	(83)	(185)	(147)	(1,127)
Prudential margin and claims handling expenses	1,112	172	260	261	355	784	2,944
Claims outstanding	6,423	1,443	2,950	3,960	3,093	44,518	62,387

Included within the reinsurer's share of claims outstanding balance in the statement of financial position is an impairment provision amounting to £886k (2023: £1,451k).

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(d) Insurance risk (Life)

The risk under any one insurance contract is the possibility that the insured event occurs and the claim results. By the very nature of an insurance contract, risk is based on fortuity and is therefore unpredictable. The principal risks that the Group faces under its insurance contracts are that the business will be under-priced or under-reserved.

The Group also accepts reinsurance inwards in respect of life contracts, which are subject to the same risks as direct business.

The main risks that the Group is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

These risks do not vary significantly in relation to the location of the risk insured by the Group or the type of risk insured.

The tables below show the concentration of insurance liabilities by type of contract:

31 December 2024	Gross £	Reinsurance £	Net £
Whole life	80,236	(694,305)	(614,069)
Term assurance	3,314,538	-	3,314,538
Total life insurance liabilities	3,394,774	(694,305)	2,700,469
31 December 2023	Gross £	Reinsurance £	Net £
Whole life	255,482	(498,928)	(243,446)
Term assurance	73,309	-	73,309
Total life insurance liabilities	328,791	(498,928)	(170,137)

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(d) Insurance risk (Life) (continued)

The geographical concentration of the outstanding claim liabilities is noted below. The disclosure is based on the countries where business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

31 December 2024	Gross £	Reinsurance £	Net £
Hungary	56,892	(62,787)	(5,895)
Slovakia	6,136	(405,833)	(399,697)
Czech	17,208	(225,685)	(208,477)
Greece	-	-	-
Global expense reserve	3,314,538	-	3,314,538
Life insurance liabilities from direct insurance	3,394,774	(694,305)	2,700,469
Life insurance liabilities from reinsurance	-	-	-
Total life insurance liabilities	3,394,774	(694,305)	2,700,469

31 December 2023	Gross £	Reinsurance £	Net £
Poland	27,104	(1,542)	25,562
Hungary	85,258	(55,420)	29,838
Slovakia	5,625	(255,371)	(249,746)
Czech	15,672	(186,595)	(170,923)
Greece	73,309	-	73,309
Life insurance liabilities from direct insurance	206,968	(498,928)	(291,960)
Life insurance liabilities from reinsurance	121,823	-	121,823
Total life insurance liabilities	328,791	(498,928)	(170,137)

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(d) Insurance risk (Life) (continued)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- Valuation interest rate

The valuation interest rate is derived from the weighted average of the yields on the assets held at the valuation date and allocated to meet the mathematical reserves. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in valuation interest rate would lead to reduction in expenditure and an increase in profits for the shareholders.

- Inflation

Consistent with the valuation rate adopted, the Group considers an appropriate inflation rate to be applied to the expenses which will be incurred in the future. The inflation rate assumed in each jurisdiction represents the expectation for inflation to increase in line with the monetary policy in each jurisdiction. A prudent margin is applied for potential adverse deviation.

An increase in rate will increase the expenditure and reduce profits for the shareholders.

- Mortality

The underlying mortality risks are based on either population mortality or relevant reinsurer risk-premium rate, depending on the nature of the product.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- Lapse and surrender rates (persistence)

The Group's methodology makes an allowance for lapses with the rate being set equal to the Solvency II best estimate assumption with a margin of prudence. Similar to the valuation on interest rate risk, depending on the mix of business, an increase or decrease in the Solvency II best-estimate lapse assumption may be prudent.

An increase in the lapse rate early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(d) Insurance risk (Life) (continued)

- Expenses

The administration and claims handling expenses which will be incurred in the future are based on the current arrangements with administrators in each jurisdiction.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

The assumptions that have potential effect on financial statements of the Group are detailed in Note 18. As of 31 December 2024, the Company had £3,314,538 long term business provisions (2023: £83,452) and does not expect the impact of the volatility on the assumptions to be material.

(e) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of financial risk are interest rate risk on cash flows, price risk, credit risk, liquidity risk and currency risk. The Group manages these positions to achieve investment returns in excess of obligations under insurance contracts.

(i) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

The Group monitors its exposure to any single counterparty, or groups of counterparties, and to geographical and industry segments. The Group's exposure to insurance receivables from policy holders and intermediaries is managed through the application of internal credit vetting processes and active credit control procedures. Wherever possible, the Group includes premium payment warranties in its terms and conditions which give it the right to cancel policies in the event of non-payment.

Reinsurance outwards is used to manage insurance risk. This does not, however, discharge the insurance entities in the Group from their liability as primary insurer where the issuing company issues direct insurance contracts. If a reinsurer fails to pay a claim, the primary insurer in the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength. In addition, the recent payment history of reinsurers is used to update the reinsurance purchasing strategy.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(i) Credit risk (continued)

The maximum exposure to credit risk at the date of the statement of financial position is represented by the carrying amount of each asset on the date of the statement of financial position. No financial assets are past due or impaired at the date of the statement of financial position and management expects no significant losses from the non-performance by these counterparties.

The table below provides information regarding the credit risk exposure of the Group at 31 December 2024 by classifying assets according to the credit ratings of the counterparties undertaken by a number of external credit assessment institutions. AAA is the highest possible rating. Assets that fall outside of the range AAA to BBB are classified as speculative grade and have not been rated.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(i) Credit risk (continued)

As at 31 December 2024

	AAA-AA £ '000	A-BBB £ '000	Speculative grade (BB or lower) £ '000	Not rated £ '000	Total £ '000
Shares and other variable yield securities and units in unit trusts – at FVPL	-	-	-	32,592	32,592
Government debt securities – at FVPL	32,534	526	-	-	33,060
Corporate debt securities and other fixed income securities – at FVPL	5,373	10,507	143	44,624	60,647
Deposits with credit institutions – at amortised cost	69,104	27,653	-	29	96,786
Unlisted direct equity - at FVTPL	-	-	-	693	693
Other loans - at amortised cost	-	-	-	15,597	15,597
Derivative contracts - at FVTPL	-	116	-	-	116
Corporate debt securities and other fixed income securities – at amortised cost	-	-	-	1,500	1,500
Reinsurers' share of claims outstanding	11,672	14,296	-	3,212	29,180
Debtors arising out of direct insurance operations	-	-	-	153,181	153,181
Debtors arising out of reinsurance operations	4,243	3,146	-	-	7,389
Other debtors	-	-	-	22,468	22,468
Cash at bank and in hand	36,661	53,126	425	-	90,212
Total	159,587	109,370	568	273,896	543,421

The Group regularly monitors the financial strength of material counterparties, particularly unrated ones, via review of financial and other reports.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(i) Credit risk (continued)

As at 31 December 2023

	AAA-AA £ '000	A-BBB £ '000	Speculative grade (BB or lower) £ '000	Not rated £ '000	Total £ '000
Shares and other variable yield securities and units in unit trusts – at FVPL	-	-	-	30,182	30,182
Government debt securities – at FVPL	19,277	-	-	2,785	22,062
Corporate debt securities and other fixed income securities – at FVPL	3,005	4,368	436	38,427	46,236
Deposits with credit institutions – at amortised cost	54,662	14,609	-	28	69,299
Unlisted direct equity - at FVTPL	-	-	-	493	493
Other loans - at amortised cost	-	-	-	12,917	12,917
Derivative contracts - at FVTPL	-	320	-	-	320
Corporate debt securities and other fixed income securities – at amortised cost	-	-	-	1,250	1,250
Reinsurers' share of claims outstanding	10,898	14,193	-	5,004	30,095
Debtors arising out of direct insurance operations	-	-	-	124,747	124,747
Debtors arising out of reinsurance operations	12,509	2,949	-	-	15,458
Other debtors	-	-	-	22,314	22,314
Cash at bank and in hand	33,391	49,308	2,757	1,124	86,580
Total	133,742	85,747	3,193	239,271	461,953

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(i) Credit risk (continued)

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limits were exceeded.

The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group manages this risk by maintaining sufficient liquid assets or assets that can be converted into liquid assets at short notice and without capital loss to meet the expected cash flow requirements. The Group's investment guidelines to the investment managers sets out various short term cash requirements.

The table below summarises the maturity profile of the Group's financial liabilities based on remaining undiscounted contractual obligations, including interest payable, and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

These amounts are all non-derivative financial liabilities except for amounts owed to credit institutions which is included in creditors due within one year.

As at 31 December 2024	Up to a year £ '000	1-2 years £ '000	2-5 years £ '000	5-10 years £ '000	10+ years £ '000	Total £ '000
Subordinated liability	-	16,448	-	-	-	16,448
Claims outstanding	82,392	3,785	4,601	2,312	1,180	94,270
Creditors	102,505	7,646	2,314	567	-	113,032
Accruals and deferred income	29,776	1,807	292	57	-	31,932
Total	214,673	29,686	7,207	2,936	1,180	255,682

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(ii) Liquidity risk (continued)

As at 31 December 2023	Up to a year £ '000	1-2 years £ '000	2-5 years £ '000	5-10 years £ '000	10+ years £ '000	Total £ '000
Subordinated liability	-	-	17,154	-	-	17,154
Claims outstanding	85,954	8,605	7,657	1,896	622	104,734
Creditors	59,354	5,855	2,717	423	-	68,349
Accruals and deferred income	21,876	691	264	54	-	22,885
Total	167,184	15,151	27,792	2,373	622	213,122

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate and price risk.

- *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has subsidiaries whose net assets are exposed to foreign currency translation risk. The Group is also exposed to currency risk in respect of its insurance business in currencies other than sterling. Currency risk is mitigated by maintaining financial assets denominated in the same currencies as its liabilities. The matching of assets and liabilities prevents economic exposure to currency risk but it does not prevent exposure to exchange gains or losses. The Group does not actively trade in derivatives, however, uses forward contracts to manage foreign exchange risk.

The table below summarises the net exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(iii) Market risk (continued)

• Currency risk (continued)

	United States Dollar £ '000	Swedish krona £ '000	Australian Dollar £ '000	Others*	Total £ '000
Net position as at 31 December 2024	8,339	27,176	49,891	(3,385)	82,021
Net position as at 31 December 2023	8,539	15,513	42,207	4,271	70,530

* includes EUR, PLN, HUF and CZK

At 31 December 2024, if the exchange rates had varied by 5% against Sterling with all other variables held constant, the profit for the year in respect of the life business and equity would have been higher or lower by £87,950 (2023: £531,569) and the profit for the year in respect of the general business and equity would have been higher or lower by £4,189,000 (2023: £4,058,091).

• Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's investment in fixed rate instruments exposes it to fair value interest risk. Interest on fixed rate instruments is priced at inception of the financial instrument and is fixed until maturity. The Group monitors interest rate risk by reviewing the duration of the investment portfolio. The Group's policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

At 31 December 2024, if the interest rate on fixed rate investments varied by 100 basis points, with all other variables held constant, the profit for the year and equity would have been higher or lower by £1,682,513 (2023: £1,665,266).

The method used for deriving sensitivity information did not change from previous period.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

12 Risk management policies (continued)

(e) Financial risk (continued)

(iii) Market risk (continued)

• Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to its investments whose values will fluctuate as a result of changes in market prices. The Group mitigates its price risk by investing only in particular types of assets and limiting its exposure to certain types of investments.

At 31 December 2024, if the fair value of investments varied by 5%, with all other variables held constant, the profit for the year and equity would have been lower or higher by £1,664,243 (2023: £1,533,758).

The method used for deriving sensitivity information did not change from previous period.

13 Land and building

Land and building is held as an investment property.

	2024 £	2023 £
As at 1 January	1,150,000	1,150,000
As at 31 December	1,150,000	1,150,000

The historic cost of the property is £664,000 (2023: £664,000).

The leasehold property was professionally valued by MJ Group International on 10 February 2023, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of fair value in accordance with the Royal Institution of Chartered Surveyors Global Standards 2017. The valuation was undertaken using the comparable method of valuation on the real areas of construction and registered land assuming that all licenses etc. are in place. Reinstatement valuation has been undertaken on the basis of total reinstatement of the house, pool, gardens, etc. as at the date of valuation including site clearance and fees.

The directors consider that the carrying value reflects the market value. There are no restrictions on title and the property is not pledged for liabilities.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

14 Goodwill and other intangible assets

	Positive goodwill	Negative goodwill	Other intangible assets Software development costs
	£	£	£
Cost:			
At 1 January 2024	715,551	(3,991,319)	4,363,507
Additions during the year	-	-	940,749
Foreign exchange movement	-	-	(103,068)
At 31 December 2024	715,551	(3,991,319)	5,201,188
Amortisation:			
At 1 January 2024	572,441	(1,733,217)	2,505,513
Charged for the year (note 8)	71,555	(997,829)	170,335
At 31 December 2024	643,996	(2,731,046)	2,675,848
Net book value:			
At 31 December 2024	71,555	(1,260,273)	2,525,340
At 31 December 2023	143,110	(2,258,102)	1,857,994

Goodwill relates to positive goodwill generated on the acquisition of 60% of the shares in Nordic Guarantee Försäkringsaktiebolag in December 2015. The directors have assessed the useful economic life of the goodwill arising on acquisition as 10 years based on the period over which the value of the underlying business acquired is expected to exceed the values of the acquired identifiable net assets.

On 7th April 2022, MHL acquired 80% of the shares in Lombard Australia Holdings Pty Limited, and then completed the acquisition of the remaining 20% on 3rd July 2023. This resulted in negative goodwill on acquisition. The directors have assessed the useful economic life of the goodwill arising on the acquisition during the period as 4 years based on the period over which the value of the underlying business acquired is expected to exceed the values of the acquired identifiable net assets.

Other intangible assets mainly relates to software development costs in relation to the development of a policy administration system and a data lakehouse system. Amortisation for the year was £23,750 in relation to the data lakehouse system. The remaining assets are still in development and not yet available for use. Development costs that are not eligible for capitalisation have been expensed in the period incurred totalling £59,896 (2023: £32,400), and recognised in administrative expenses.

The useful economic life of other intangible assets has been assessed as 3-5 years.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

15 Investments in group undertakings

	2024 £	2023 £
At 1 January	144,060,353	109,300,340
Acquisitions during the year	7,181,803	6,984,669
Fair value adjustments	40,517,869	27,775,344
At 31 December	191,760,025	144,060,353

The valuation of group undertakings has been determined by the directors.

On 7th April 2022, Cert. Holdings acquired 80% of the issued share capital of Lombard Australia Holdings Pty (an insurance group) for a cash consideration of £21.2m. On 3rd July 2023, Cert. Holdings acquired the remaining 20% of LAH for a cash consideration of AUD 13.265m (£7.0m), bringing the total cost of acquisition to £28.2m. The Group has used the purchase method to account for the acquisition. The fair value of the net assets acquired totalled £31.6m.

On 3rd of January 2024 Cert. Holdings formed Red Sands Services Limited which changed its name to Cert. Insurance Group Limited ("CIG") on 16th July 2025, with share capital of £1,000. The principal activity of CIG is the provision of shared services such as IT and actuarial to other companies within the group.

During the year Cert. Holdings acquired 100,000 new shares in Nordic Guarantee Forsakringsaktiebolag ("Nordic") at a cost of £7.2m.

On 4th December 2024, Polar disposed of its 80% interest in DP Bonds Pty Limited for a consideration of £830k. The Group also disposed of its investment in Enthusiast during 2024.

The subsidiary undertakings of the Company are set out below. Their capital consists of Ordinary Shares which are unlisted.

Name of subsidiary	Holding	% Holding	Domicile	Activity
Red Sands Group Holdings Limited	Direct	100%	Gibraltar	Holding company
Red Sands Insurance Company (Europe) Limited	Indirect	100%	Gibraltar	General insurance
Red Sands Life Assurance Company (Europe) Limited	Indirect	100%	Gibraltar	Long-term insurance
Cert. Insurance Group Limited	Direct	100%	UK	Service company
Nordic Guarantee Försäkringsaktiebolag	Direct	100%	Sweden	General insurance
Lombard Australia Holdings Pty Limited	Direct	100%	Australia	Holding company
Assetinsure Holdings Pty Limited	Indirect	100%	Australia	Holding company
Assetinsure Pty Limited	Indirect	100%	Australia	General insurance
Polar Risk Managers AB	Direct	100%	Sweden	Company manager

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

16 Investments in participating interests

	2024 £	2023 £
At 1 January	1,112,045	2,144,258
Acquisitions during the year	21,687,655	160,286
Disposals during the year	(1,276,801)	-
Impairment	-	(888,796)
Share of associated company's results	11,870	(303,703)
At 31 December	<u>21,534,769</u>	<u>1,112,045</u>

On the 21st of May 2024, the Group acquired 30% of the issued share capital of LomHold Proprietary Limited ("Lomhold"), an insurance group, for a consideration of £21.5m. LomHold mainly underwrites non-life insurance risks in Sub-Saharan Africa and Australia.

During the year LAH disposed of equity interests in Secureregistry Pty Ltd and FreightInsure Pty Ltd. Nordic also divested its associated company Keyhole Aps.

17 Other financial investments

<i>(a) Life business</i>	2024 £	2023 £
<i>Financial assets at fair value through profit and loss</i>		
Shares and variable-yield securities and units in unit trusts - at FVPL	4,961,857	4,394,900
Debt securities and fixed income securities - at FVPL	8,284,158	7,934,281
Derivative contracts - at FVPL	86,316	20,869
Deposits with credit institutions - at amortised cost	16,792,231	4,785,444
	<u>30,124,562</u>	<u>17,135,494</u>
	2024 £	2023 £
<i>Financial liabilities at fair value through profit and loss</i>		
Derivative contracts	1,829	126,354
	<u>1,829</u>	<u>126,354</u>

Debt securities and fixed income securities are designated on initial recognition at fair value through profit or loss. Debt securities and fixed income securities consist of securities with maturity dates which range from January 2023 to December 2086 (2023: January 2025 to December 2061) and securities with no fixed maturity dates.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

17 Other financial investments (continued)

The cost of the financial investments measured at fair value through profit or loss is £10,881,265 (2023: £10,872,181).

There have been no day 1 profits recognised in respect of financial instruments designated at fair value through profit or loss.

Derivative contracts above relate to open foreign currency forward contracts classified as trading instruments. The table below shows the derivative financial instruments with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of 31 December 2024 and 31 December 2023 are not indicative of either market risk or credit risk.

<i>Currency forward contracts nominal amounts</i>		2024	2023
<i>(in original currencies)</i>		£	£
Sell:			
Euro	EUR	2,101,208	2,866,972
United States Dollar	USD	650,000	700,000
Czech Koruna	CZK	61,896,450	80,012,800

The liability arising from the loss on derivative contracts amounting to £1,829 (2023: loss of £126,354) as at the year-end was classified as creditor under 'amounts owed to credit institutions' on the statement of financial position.

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

31 December 2024	Level 1	Level 2	Level 3	Total
	£	£	£	£
<i>Financial assets</i>				
Shares and other variable yield securities and	4,487,190	474,667	-	4,961,857
Debt securities and other fixed income securities	3,672,304	4,611,854	-	8,284,158
Derivative contracts	86,316	-	-	86,316
	<u>8,245,810</u>	<u>5,086,521</u>	<u>-</u>	<u>13,332,331</u>
<i>Financial liabilities</i>				
Derivative contracts	1,829	-	-	1,829

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

17 Other financial investments (continued)

(a) Life business (continued)

31 December 2023	Level 1 £	Level 2 £	Level 3 £	Total £
<i>Financial assets</i>				
Shares and other variable yield securities and	3,888,564	506,336	-	4,394,900
Debt securities and other fixed income securities	3,645,330	4,288,952	-	7,934,282
Derivative contracts	20,869	-	-	20,869
	<u>7,554,763</u>	<u>4,795,288</u>	<u>-</u>	<u>12,350,051</u>
<i>Financial liabilities</i>				
Derivative contracts	126,354	-	-	126,354

(b) General business

	2024		2023	
	Carrying value £	Purchase price £	Carrying value £	Purchase price £
<i>Financial assets:</i>				
Shares and other variable-yield securities and units in unit trusts – at FVPL	27,630,024	20,218,829	25,786,979	19,940,155
Government debt securities and other fixed income securities – at FVPL	33,060,733	32,621,513	22,062,032	26,363,526
Corporate debt securities and other fixed income securities – at FVPL	52,362,596	49,122,250	38,304,594	32,174,227
Deposits with credit institutions	79,994,649	79,994,649	64,511,764	63,157,988
Unlisted equities - at FVPL	692,979	1,588,105	493,289	1,588,105
Other Loans – at amortised cost	15,597,039	13,877,537	12,916,584	14,785,575
Corporate debt securities and other fixed income securities – at amortised cost	1,500,000	1,500,000	1,250,000	1,250,000
Derivative contracts – at FVPL	30,283	-	298,948	-
Total	<u>210,868,303</u>	<u>198,922,883</u>	<u>165,624,190</u>	<u>159,259,576</u>
	£	£	£	£
<i>Financial liabilities:</i>				
Derivative contracts – at FVPL	134,568	-	60,695	-

Investments in shares and other variable-yield securities and units in unit trusts and debt securities and other fixed income securities are listed.

Debt securities and fixed income securities are designated on initial recognition at fair value through profit or loss. Debt securities and fixed income securities consist of securities with maturity dates which range from January 2024 to February 2061 (2023: January 2023 to January 2031) and securities with no fixed maturity dates.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

17 Other financial investments (continued)

(b) General business (continued)

Derivative contracts above relate to open foreign currency forward contracts classified as trading instruments. The table below shows the derivative financial instruments with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of 31 December 2024 and 31 December 2023 and are not indicative of either market risk or credit risk.

		2024	2023
<i>Currency forward contracts notional amounts (original currencies)</i>			
Buy:	EUR	6,217,113	7,800,000
	SEK	10,000,000	
Sell:	USD	10,100,000	10,046,000
	SEK	10,000,000	10,000,000
	EUR	300,000	-

The liability arising from the loss on derivative contracts amounting to £134,568 (2023: £60,695) as at the year-end was classified as creditors under 'amounts owed to credit institutions' on the statement of financial position.

The investment return on the profit and loss account includes £1,618,648 (2023: £2,542,688) of interest income in respect of financial instruments that are not at 'fair value through profit or loss'. The remaining investment returns consisting of income from other financial investments, gains on the realisation of investments and unrealised gains on investments are income from financial instruments that are measured at fair value through profit or loss.

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

At 31 December 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<i>Financial assets:</i>				
Shares and other variable-yield securities and units in unit trusts	14,368	13,262	-	27,630
Government debt securities	33,061	-	-	33,061
Corporate debt securities and other fixed income securities	43,990	8,373	-	52,363
Unlisted equities	-	-	693	693
Derivative contracts	30	-	-	30
Total	91,449	21,635	693	113,777

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

17 Other financial investments (continued)

(b) General business (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<i>Financial liabilities:</i>				
Derivative contracts	135	-	-	135
At 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<i>Financial assets:</i>				
Shares and other variable-yield securities and units in unit trusts	12,608	13,179	-	25,787
Government debt securities	22,062	-	-	22,062
Corporate debt securities and other fixed income securities	30,720	7,584	-	38,304
Unlisted equities	-	-	493	493
Derivative contracts	299	-	-	299
Total	65,689	20,763	493	86,945
	£'000	£'000	£'000	£'000
<i>Financial liabilities:</i>				
Derivative contracts	61	-	-	61

Included in Level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the significant inputs into the assumptions are market observable.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

17 Other financial investments (continued)

(b) General business (continued)

Included in the level 3 category are financial assets measured using valuation models which are not directly supported by prices from observable current market transactions. For example, assets which are measured based on the projected valuation with reference to expected stage of development and expected return of capital. The main asset class in the level 3 category is unlisted equity. The non-observable inputs relate to assumptions regarding fair market value of underlying assets of the investee together with an illiquidity adjustment which typically ranges between 10%-20%. Where the inputs cannot be reliably observed, these are valued at cost less any applicable impairment, and have been impaired to reflect a carrying value as at December 2024 of £nil (2023: £nil).

Debt and other fixed income securities consist of securities with maturity dates which range up to March 2086 (2023: February 2061) and securities with no fixed repayment dates.

Gain/Loss on the realisation of investments

The £4,393,642 gain (2023: £1,732,129 gain) on the realisation of investments in the non-technical account represents the gains (2023: gains) on the sale of investments.

The foreign exchange impact for the year in relation to the subordinated note amounted to a loss of £117,131 (2023: £72,263).

18 Long Term Business Provision

Long term business	2024	2023	
	£	£	
Non-linked provision	3,314,538	83,452	
Gross long term business provision	3,314,538	83,452	
At 31 December 2024	Gross £	Reinsurance £	Net £
Long-term business provision brought forward	83,452	(483,973)	(400,521)
Change in the provision during the year	3,231,086	(202,055)	3,029,031
	3,314,538	(686,028)	2,628,510

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

18 Long Term Business Provision (continued)

At 31 December 2023	Gross £	Reinsurance £	Net £
Long-term business provision brought forward	54,987	(621,522)	(566,535)
Change in the provision during the year	28,465	137,549	166,014
	<u>83,452</u>	<u>(483,973)</u>	<u>(400,521)</u>

The principal assumptions underlying the calculation of the long-term business provisions, as disclosed in the actuarial report as at 31 December 2024 and 31 December 2023 are:

Non-linked provision	Per annum		Notes
	2024	2023	
Valuation interest rate			
Hungary	-34 bp	-42 bp	The margin is a parallel shift to the Solvency II risk-free rate in each currency
Czech Republic	+189 bp	+162 bp	
Slovakia	-17 bp	-8 bp	
Greece	-8 bp	+0 bp	
Mortality rates	+20%	+20%	The margin is on the assumed mortality rates for each country
Morbidity incidence rates (Health products only)	+20%	+20%	No adjustment is applied to the recovery rate assumptions for the Hospital Cash business
<i>Operating expenses:</i>			
Administration fees	+10%	+10%	This is not applied to the reinsurance fees
Claims handling	+10%	+10%	
Contribution to overhead	+10%	+10%	
Expense inflation rate	+10%	+10%	This is not applied to the overhead expense assumptions or the reinsurance fees
Lapse rate	Life products	-20%	-20%
Lapse rate	Health products	-20%	+20%

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

19 Other debtors

Other debtors relates only to the general business.

	2024 £	2023 £
Deferred tax assets (note 11)	4,124,569	5,896,541
Other receivables	18,343,379	16,416,961
	22,467,948	22,313,502

Other receivables are due within one year.

20 Tangible assets

General business

	Plant and equipment £	Motor £	Leasehold improvements £	Total £
<i>Cost</i>				
At 1 January 2024	1,811,237	13,445	91,174	1,915,856
Additions	549,683	-	-	549,683
Disposals	(267,095)	-	-	(267,095)
Foreign exchange movement	(73,878)	-	-	(73,878)
At 31 December 2024	2,019,947	13,445	91,174	2,124,566
<i>Depreciation</i>				
At 1 January 2024	648,588	13,445	79,370	741,403
Charged in the year (note 8)	403,277	-	11,804	415,081
Disposals	(147,110)	-	-	(147,110)
At 31 December 2024	904,755	13,445	91,174	1,009,374
Net book value at 31 December 2024	1,115,192	-	-	1,115,192
Net book value at 31 December 2023	1,162,649	-	11,804	1,174,453

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

21 Deferred acquisition cost

<i>General business</i>	2024	2023
	£	£
At 1 January	48,372,123	45,321,561
Change in deferred acquisition cost (note 7)	2,226,299	3,050,562
At 31 December	50,598,422	48,372,123

22 Other prepayments and accrued income

(a) *Life business*

Other prepayments in relation to life business is £24,468 (2023: £23,955).

<i>(b) General business</i>	2024	2023
	£	£
Advanced commission	38,558,770	34,705,138
Claims fund	2,037,441	1,377,761
Other prepayments	3,248,896	2,221,288
Accrued income	449,619	412,889
	44,294,726	38,717,076

Advanced commissions relate to commissions paid to intermediaries in advance of the premium receipts, which are subject to clawback arrangements in the event of policy cancellation. Other prepayments relate to general prepayments.

23 Subordinated liability

General business

In the year 2015, Red Sands Insurance Company (Europe) Limited issued a EUR 20,000,000 subordinated note at an issue price of 100% of the principal amount. The note is subject to a floating interest rate and will mature in January 2026. The carrying value of the subordinated liability at year end is £16,448,451 (2023: £17,153,516).

The foreign exchange impact for the year amounted to a gain of £705,065 (2023: £328,225). The value of the loan at year end was £16,536,010.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

23 Subordinated liability (continued)

In the event of liquidation, the amounts payable to the noteholders in respect of principal and interest (including arrears of interest) shall be subordinated in full in favour of all other unsubordinated creditors of Red Sands Insurance Company (Europe) Limited (including all policyholders of insurance policies and all policy beneficiaries of Red Sands Insurance Company (Europe) Limited). The noteholders will be paid in priority to holders of any unsubordinated loans granted to, or notes issued by the issuer; and to any class of share capital issued by the Red Sands Insurance Company (Europe) Limited.

Interest paid on subordinated liability during the year amounted to £1,811,521 (2023: £1,747,327) and included as other charges in the non-technical account (note 10).

24 Other creditors

(a) Life business

Other creditors in relation to life business is £nil (2023: £261,792), which mainly pertains to corporation tax payable.

(b) General business

	2024	2023
	£	£
Insurance premium tax	14,777,754	14,909,517
Amounts owed to related parties (note 28)	-	1,101,417
Borrowings	-	2,272,664
Other creditors	64,991,308	25,357,247
	79,769,062	43,640,845

Included within borrowings as at December 2023, is a loan payable totalling £1,469,758 (2022: £1,517,406). Interest is accrued monthly on the borrowings at a variable interest rate, which is currently set at RBA cash rate +2.6%. Interest is capitalised each month and payable on demand with the loan settlement date being 30 June 2026. During 2023, the group entered into an additional loan for £802,905. During 2024, this loan was settled as part of the sale of DP Bonds.

Other creditors relate to taxation payable and other sundry creditors.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

25 Called up share capital	2024	2023
	£	£
Authorised:		
1,000 ordinary shares of £0.82 each	820	820
1,000 Class A and 1,000 Class B preference shares	21,000,000	21,000,000
	21,000,820	21,000,820
	2024	2023
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £0.82 each	820	820
Preference shares	21,000,000	21,000,000
	21,000,820	21,000,820
 <i>Movement in issued share capital:</i>	 2024	 2023
	£	£
As at 1 January	21,000,820	21,000,820
Issue of preference shares	-	-
As at 31 December	21,000,820	21,000,820

The Company was incorporated in the BVI on 8 January 2003 as an insurance holding company. On 3 June 2021, the Company redomiciled to Guernsey. Upon redomiciliation the authorised ordinary share capital converted from USD into GBP with each share having a value of GBP 0.82 per share.

As at 1 January 2022, MHL had 1,000 Class A preference shares in issue totalling £1m. During 2022, MHL issued 1,000 Class B preference shares for a subscription price of £20m. The preference shares have no par value in the capital of the company, may be redeemed by the Company at the Board's discretion and carry no mandatory dividends. The holders have no voting rights unless a discretionary dividend declared remains in arrears and unpaid after 30 days from the due date for payment or a resolution of the Company is proposed which directly affects the terms and conditions attaching to the preference shares. On a winding-up, the holders have priority before the holders of ordinary shares to receive repayment of capital plus any arrears of dividends. The preference shares are classified as equity in the statement of financial position and as at 31 December 2024 total £21m (2023: £21m).

The Class A and Class B preference shares are both redeemable and both participate in the profits of the Company at the discretion of the Board.

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

26 Obligations under operating leases

The Group has total annual commitments of £861,243 (2023: £790,612) under property and licence operating leases. Future minimum rentals payables under non-cancellable operating leases are as follows:

	2024 £	2023 £
Within one year	1,078,812	1,060,170
Later than one year and not later than five years	1,148,826	2,256,624
	<u>2,227,638</u>	<u>3,316,794</u>

The lease payments recognised as an expense totalled £1,267,435 (2023: £919,727).

27 Guarantees

Red Sands Insurance Company (Europe) Limited, a subsidiary of the Group, has entered into a number of revolving credit facilities with a total commitment of £14m (2023: £12m). As at 31 December 2024, total amounts of £10,405,997 (2023: £7,894,329) were drawn under these facilities.

A bank guarantee has been provided to the lessor of a controlled entity's leased office premises covering a portion of its obligations under the lease. The bank guarantee is secured by a £569,571 (AUD 1,152,129) (2023: £521,802 (AUD 974,838)) cash deposit at the issuing bank.

28 Related party transactions

During the year, the Group entered into transactions with its related parties. The transactions entered into and balances outstanding as at 31 December are as follows:

	Revenue/(Expenses)		Amounts due from/(to) parties	
	2024	2023	2024	2023
	£	£	£	£
Entities over which the Group has significant influence	-	1,909	-	309,801

Amounts due to entities under common ownership relate to agency commissions payable by LAH to Enthusiast Underwriting Pty Ltd, which was owned by a subsidiary of LAH and disposed of in 2024.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of the executive directors is £3,324,308 (2023: £5,331,516).

Cert. Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

29 Controlling party

The Jaap t'Hooft Trust is the ultimate controlling party.

30 Subsequent events

From 27 February 2025 RSE will no longer write new or renewal business in relation to AFL. Additionally, from 1 January 2025 RSE has entered into a reinsurance to close arrangement to cede 100% of all claims payable and future premium relating to the remaining AFL book.

On 1st July 2025, as part of the group restructure, RSE and RSL executed a change of control whereby, the shares in these subsidiaries were transferred from RSG to CIG and RSG is in the process of being wound up. Similarly, on 15th August 2025, Nordic executed a change of control whereby, its shares were transferred from Cert. Holdings to CIG.

There are no other events which have occurred since the reporting date that materially impact these financial statements.