

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares prior to the date on which the Ordinary Shares were marked 'ex-entitlement' you should deliver this document together with the enclosed Form of Proxy and, if relevant, the Application Form, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you have sold or otherwise transferred only part of your certificated holding of Ordinary Shares prior to the 'ex-entitlement' date, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications which will be set out in the Application Form. If you have sold or otherwise transferred only part of your uncertificated holding of Ordinary Shares prior to the 'ex-entitlement' date, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess CREST Open Offer Entitlements to the purchaser or transferee.

This document is not a prospectus for the purposes of the Prospectus Regulation Rules and has not been approved by the Financial Conduct Authority (in its capacity as the UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 27 November 2020.

AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document.



HELIOS UNDERWRITING PLC

(Incorporated and registered in England and Wales with registered number 05892671)

Proposals to raise approximately £20 million including a Placing, Subscription, Open Offer and the Acquisition of certain limited liability Lloyd's underwriting vehicles and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company set out in this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below and to the section headed "Risk Factors" in Part III of this document.

Notice of General Meeting of the Company to be held at the Chief Executive's home office at 12.00 noon on 26 November 2020 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD by not later than 12.00 noon

on 24 November 2020. Due to the challenges presented by the Covid-19 pandemic, shareholders are not able to attend the General Meeting and vote in person and should therefore complete a Form of Proxy appointing the Chairman as their proxy. Your attention is drawn to further details in paragraphs 10 and 11 in the Letter from the Chairman in this document.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 23 November 2020. The procedure for application and payment for Qualifying Shareholders is set out in Part II of this document, and, where relevant, will be set out in the Application Form to be sent to Qualifying Non-CREST Shareholders.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of USA, Australia, Canada, Japan, the Republic of Ireland and the Republic of South Africa. Shareholders outside the UK and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Shore Capital and Corporate Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as nominated adviser, and Shore Capital Stockbrokers Limited is acting exclusively as broker, for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital, or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Shore Capital as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

No liability is accepted by Shore Capital nor does it make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy or completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company and the matters described in this document and accordingly Shore Capital disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement, to the maximum extent permitted by law and the regulations to which it is subject.

This document contains (or may contain) certain forward looking statements with respect to the Company, its group and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange, the Panel or applicable law, the Company, Shore Capital and Corporate Limited and their respective directors, officers, employees, agents, managers, members and partners expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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DIRECTORS AND ADVISERS

Directors	Michael Cunningham (<i>Non-Executive Chairman</i>) Nigel Hanbury (<i>Chief Executive</i>) Arthur Manners (<i>Finance Director</i>) Andrew Christie (<i>Non-Executive Director</i>) Jeremy Evans (<i>Non-Executive Director</i>) Edward Fitzalan-Howard, Duke of Norfolk (<i>Non-Executive Director</i>)
Company Secretary	Martha Bruce
Registered Office	5th Floor 40 Gracechurch Street London EC3V 0BT
Nominated Adviser	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD
Broker	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Financial Adviser	Willis Towers Securities Europe Limited 51 Lime Street London EC3M 7DQ
Solicitors to the Company	Peachey & Co LLP 95 Aldwych London WC2B 4JF
Solicitors to the Broker	Charles Russell Speechlys LLP 5 Fleet Place Farringdon London EC4M 7RD
Registrars and Receiving Agent	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Public Relations	Buchanan Communications Limited 107 Cheapside London EC2V 6DN

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2020

Record Date for entitlement to participate in the Open Offer	6.00 p.m. on 30 October
Announcement of the Fundraising and Acquisitions	2 November
Ex-entitlement date for the Open Offer	8.00 a.m. on 2 November
Despatch of the Circular, the Form of Proxy and, to certain Qualifying Non-CREST Shareholders, the Application Form	2 November
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 3 November
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 18 November
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 19 November
Latest time and date for splitting Application Forms	3.00 p.m. on 20 November
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 23 November
Latest time and date for receipt of Forms of Proxy for the General Meeting	12.00 noon on 24 November
Announcement of results of Open Offer	26 November
General Meeting	12.00 noon on 26 November
Announcement of result of the General Meeting	26 November
Admission of the New Ordinary Shares to trading on AIM	8.00 a.m. on 27 November
New Ordinary Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	27 November
Expected despatch of definitive share certificates for the New Ordinary Shares (certificated holders only)	Week commencing 30 November

Notes:

- (1) The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or located or resident in countries outside the UK (particularly the Excluded Overseas Shareholders), details of which are set out in paragraph 6 of Part II of this document. Subject to certain exceptions, Application Forms will not be despatched to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to, the stock accounts in CREST of Shareholders with registered addresses in any of the Restricted Jurisdictions.
- (2) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company, in which event details of the new times and dates will be notified by an announcement through a Regulatory Information Service.
- (3) References to times in this document are to London times unless otherwise stated.
- (4) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Ordinary Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.
- (5) The timetable above assumes that all the Resolutions in the Notice of General Meeting are duly passed.
- (6) If you require assistance please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

FUNDRAISING AND ACQUISITION STATISTICS

Issue Price	£1.20
Entitlement of Qualifying Shareholders under the Open Offer	1 Open Offer Share for every 13 Ordinary Shares
Existing Ordinary Shares ¹	17,978,028
Number of Placing Shares	6,372,850
Number of Subscription Shares	3,125,000
Number of Consideration Shares	5,789,746
Maximum number of Open Offer Shares to be issued by the Company pursuant to the Open Offer	1,382,925
Aggregate number of New Ordinary Shares to be issued pursuant to the Placing, Subscription, Acquisitions and Open Offer ²	16,670,521
Maximum gross proceeds of the Placing, Subscription and Open Offer (including the value of the Consideration Shares) ²	£20,004,625
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares ^{1,2}	48.1 per cent.
Enlarged Share Capital ^{1,2}	34,648,549
ISIN of the Open Offer Entitlement	GB00BK80SX04
ISIN of the Excess CREST Open Offer Entitlement	GB00BK80T371

1 Excluding the 412,878 Ordinary Shares held in treasury and which do not carry voting rights.

2 Assuming the maximum number of Open Offer Shares are issued pursuant to the Open Offer.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

Act	the Companies Act 2006;
Acquisitions	the NJH Acquisition, the L084 Acquisition, the Nameco 510 Acquisition and the Nameco 544 Acquisition, or any of them as the case may be;
Acquisition Agreements	NJH Acquisition Agreement, the L084 Acquisition Agreement, the Nameco 510 Acquisition Agreement and the Nameco 544 Acquisition Agreement, or any of them as the case may be;
Admission	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
AIM	the AIM market operated by the London Stock Exchange;
AIM Rules	the rules of AIM as set out in the publication entitled 'AIM Rules for Companies' published by the London Stock Exchange from time to time;
Application Form	the application form accompanying this document to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer;
Board or Directors	the board of directors of the Company whose names appear on page 4 of this document;
Business Day	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;
certificated or in certificated form	the description of a share or other security which is not in uncertificated form (that is not in CREST);
Circular or this document	this document dated 2 November 2020;
City Code	the City Code on Takeovers and Mergers;
Closing Price	the closing middle market quotation of an Ordinary Share as published by the London Stock Exchange;
Company or Helios	Helios Underwriting Plc, a company incorporated in England and Wales with registered number 05892671 and having its registered office at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
Completion	completion of the Acquisitions in accordance with the terms and conditions of the Acquisition Agreements;
Consideration Shares	the NJH Consideration Shares, the L084 Consideration Shares, the Nameco 510 Consideration Shares and the Nameco 544 Consideration Shares;
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);

CREST Manual	the compendium of documents entitled “CREST Manual” issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of Terms;
CREST member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
CREST Proxy Instruction	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear’s specifications;
CREST Regulations	the Uncertificated Securities Regulations 2001, as amended;
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor;
CREST sponsored member	a CREST member admitted to CREST as a sponsored member;
Enlarged Share Capital	the issued share capital of the Company on Admission following completion of the Fundraising and the Acquisitions (excluding any Ordinary Shares held in treasury, which do not carry voting rights, and assuming the maximum number of Open Offer Shares are issued pursuant to the Open Offer);
Euroclear	Euroclear UK & Ireland Limited;
Excess Application Facility	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in addition to their Open Offer Entitlement provided they have agreed to take up their Open Offer Entitlement in full as set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form;
Excess CREST Open Offer Entitlements	in respect of each Qualifying CREST Shareholder, the entitlement set out in this document (in addition to its Open Offer Entitlement) to apply for Excess Shares, credited to its stock account in CREST pursuant to the Excess Application Facility, which is conditional on such Qualifying CREST Shareholder agreeing to take up its Open Offer Entitlement in full;
Excess Shares	the Open Offer Shares, which Qualifying Shareholders may apply for under the Excess Application Facility as set out in this document;
Excluded Overseas Shareholders	other than as agreed by the Company and Shore Capital or as permitted by applicable law, Shareholders who are located, resident or have registered addresses in a Restricted Jurisdiction;
Existing Ordinary Shares	the 17,978,028 Ordinary Shares in issue as at the Latest Practicable Date (excluding the 412,878 Ordinary Shares held in treasury, which do not carry voting rights);
FCA	the Financial Conduct Authority;
Form of Proxy	the form of proxy accompanying this document relating to the General Meeting;
FSMA	the UK Financial Services and Markets Act 2000, as amended;

Fundraising	the Placing, the Subscription and the Open Offer;
General Meeting	the General Meeting of the Company, notice of which is set out at the end of this document, and including any adjournment(s) thereof;
Group	the Company and its subsidiaries, from time to time;
Helios UTG	Helios UTG Partner Limited, a private limited company, incorporated in England and Wales with registered number 08665213 and with its registered office address at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
Humphrey	Humphrey & Co, chartered accountants, independent valuers of the LLVs;
Independent Directors	the Directors other than Nigel Hanbury and Arthur Manners;
Issue Price	£1.20 per New Ordinary Share;
L084	Nomina No. 084 LLP, a limited liability partnership with registered number OC321872 with registered office at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
L084 Acquisition	the proposed acquisition by the Company (through its wholly owned subsidiary, Helios UTG) of the entire membership interest of L084 in accordance with the terms of the L084 Acquisition Agreement;
L084 Acquisition Agreement	the conditional agreement dated 30 October 2020 for the acquisition by the Company (through its wholly owned subsidiary, Helios UTG) of the entire membership interest of L084 from Nigel Hanbury and members of his family, further details of which are set out in the Chairman's letter in this document;
L084 Consideration Shares	the 1,839,193 new Ordinary Shares to be allotted and issued to Nigel Hanbury and members of his family at the Issue Price pursuant to the L084 Acquisition Agreement;
Latest Practicable Date	30 October 2020, being the latest practicable date prior to publication of this document;
Lloyd's	the Society and Corporation of Lloyd's, commonly referred to as Lloyd's of London;
LLV	a limited liability vehicle member of Lloyd's;
London Stock Exchange	London Stock Exchange plc; Money Laundering Regulations the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Proceeds of Crime Act 2002;
NJH	N.J. Hanbury Limited, a private limited company, incorporated in England and Wales with registered number 03630946 and with its registered office address at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
NJH Acquisition	the proposed acquisition by the Company of the entire issued share capital of N J Hanbury from Upperton in accordance with the terms of the NJH Acquisition Agreement;

NJH Acquisition Agreement	the conditional agreement dated 30 October 2020 for the acquisition by the Company of the entire issued share capital of NJH from Upperton, which is 100 per cent. legally and beneficially owned by Nigel Hanbury, further details of which are set out in the Chairman's letter in this document;
NJH Consideration Shares	the 3,066,752 new Ordinary Shares to be allotted and issued to Upperton at the Issue Price pursuant to the N J Hanbury Acquisition Agreement;
Nameco 510	Nameco (No. 510) Limited, a private limited company, incorporated in England and Wales with registered number 04080285 and with its registered office address at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
Namco 510 Acquisition	the proposed acquisition by the Company of the entire issued share capital of Nameco 510 from Arthur Manners and members of his family in accordance with the terms of the Nameco 510 Acquisition Agreement;
Nameco 510 Acquisition Agreement	the conditional agreement dated 30 October 2020 for the acquisition by the Company of the entire issued share capital of Nameco 510 from Arthur Manners and members of his family, further details of which are set out in the Chairman's letter in this document;
Nameco 510 Consideration Shares	the 547,576 new Ordinary Shares to be allotted and issued to Arthur Manners and members of his family at the Issue Price pursuant to the Nameco 510 Acquisition Agreement;
Nameco 544	Nameco (No. 544) Limited, a private limited company, incorporated in England and Wales with registered number 04080204 and with its registered office address at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
Nameco 544 Acquisition	the proposed acquisition by the Company of the entire issued share capital of Nameco 544 from Peter Hildred Buxton in accordance with the terms of the Nameco 544 Acquisition Agreement;
Nameco 544 Acquisition Agreement	the conditional agreement dated 30 October 2020 for the acquisition by the Company of the entire issued share capital of Nameco 544 from Peter Hildred Buxton, further details of which are set out in the Chairman's letter in this document;
Nameco 544 Consideration Shares	the 336,225 new Ordinary Shares to be allotted and issued to Peter Hildred Buxton at the Issue Price pursuant to the Nameco 544 Acquisition Agreement;
New Ordinary Shares	the Placing Shares, the Subscription Shares, the Open Offer Shares and the Consideration Shares;
Notice of General Meeting	the notice of the general meeting of the Company, set out at the end of this document;
Open Offer	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price, including pursuant to the Excess Application Facility, on the terms and subject to the conditions set out in this document and in the case of the Qualifying Non-CREST Shareholders only, the Application Form;

Open Offer Entitlements	the entitlements for Qualifying Shareholders to subscribe for Open Offer Shares under the Open Offer calculated on the basis of 1 Open Offer Share for every 13 Existing Ordinary Share held by that Qualifying Shareholder as at the Record Date;
Open Offer Shares	the 1,382,925 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer;
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company;
Overseas Shareholders	Shareholders with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
Participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
Placing	the conditional placing of Placing Shares at the Issue Price by Shore Capital, as agent for the Company, and in accordance with the Placing and Open Offer Agreement;
Placing and Open Offer Agreement	the placing and open offer agreement dated 2 November 2020 between the Company and Shore Capital;
Placing Shares	the 6,372,850 New Ordinary Shares to be issued by the Company under the Placing;
Qualifying CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account;
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares in certificated form;
Qualifying Shareholders	Holders of Existing Ordinary Shares on the register of the Company at the Record Date with the exception (subject to certain exceptions) of Excluded Overseas Shareholders;
Record Date	6.00 p.m. on 30 October 2020 being the latest time by which transfers of Existing Ordinary Shares must be received for registration by the Company in order to allow transferees to be recognised as Qualifying Shareholders;
Registrars or Receiving Agent	Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD;
Regulatory Information Service	has the meaning given in the AIM Rules;
Resolutions	the resolutions to be proposed at the General Meeting, which are set out in full in the Notice of General Meeting;
Restricted Jurisdictions	each of Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa and the United States and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulation or require the Company to take any action to make the Open Offer available to Shareholders in such jurisdiction;
Shareholders	holders of Ordinary Shares;

Shore Capital	Shore Capital and Corporate Limited (the Company's nominated adviser) and/or Shore Capital Stockbrokers Limited (the Company's broker), as the context requires;
SIPP	a self-invested personal pension;
Subscribers	the subscribers to the Subscription Shares pursuant to the Subscription Letters;
Subscription	the conditional direct subscription for Subscription Shares at the Issue Price by the Subscribers in accordance with the Subscription Letters;
Subscription Letters	the subscription letters dated on or about 30 October 2020 between the Company and the Subscribers;
Subscription Shares	the 3,125,000 New Ordinary Shares to be issued by the Company pursuant to the Subscription;
UK or United Kingdom	the United Kingdom of England, Scotland, Wales and Northern Ireland;
uncertificated	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
Upperton	Upperton Holdings Limited, a private limited company, incorporated in England and Wales with registered number 03838601, with registered office address at Hill Ash Farm, West Harting, Petersfield, Hampshire GU31 5NY;
Willis Re Securities	Willis Towers Watson Securities Europe Limited; and
£	pounds sterling, the legal currency of the United Kingdom.

LETTER FROM THE CHAIRMAN



HELIOS UNDERWRITING PLC

(Incorporated and registered in England and Wales with registered number 05892671)

2 November 2020

To Shareholders

**Proposals to raise approximately £20 million including
a Placing Subscription, Open Offer and the Acquisition of certain
limited liability Lloyd's underwriting vehicles
and
Notice of General Meeting**

1. Introduction

The Company has grown successfully by implementing its current strategy of consolidating Lloyd's namecos to build a fund of Lloyd's underwriting capacity. In order to take advantage of attractive opportunities for growth and shareholder value enhancement, the Company intends to carry out the Fundraising and the Acquisitions, further details of which are set out below.

Fundraising

The Company announced on 2 November 2020 that it had conditionally raised approximately £18.35 million at the Issue Price pursuant to the Placing and Subscription and in connection with the Acquisitions and would be carrying out an Open Offer to raise additional gross proceeds of up to approximately £1.66 million. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the Fundraising at the Issue Price.

The Issue Price of £1.20 per New Ordinary Share represents an approximate 4 per cent premium to the Closing Price of £1.15 per Ordinary Share on the Latest Practicable Date.

Shareholder approval is being sought in respect of the authorities required to implement the Fundraising at the General Meeting, details of which are set out in paragraph 10 below. The Fundraising is conditional, amongst other things, on the passing of the Resolutions by the Shareholders at the General Meeting.

Should Shareholders vote against the Resolutions, the Company will have to reduce its retained capacity below £21 million by increasing the quota cession to provide the necessary underwriting and working capital requirements. Shareholders would not then benefit from increased premium rates and a hardening market.

Your attention is drawn to paragraph 4 of Part II of this Circular, which sets out the action to be taken by Qualifying Shareholders seeking to participate in the Open Offer.

Proposed Acquisitions

The Company (or a wholly owned subsidiary) has entered into the Acquisition Agreements to acquire the entire issued share capitals of the following LLVs for a total consideration of approximately £9.32 million comprising, approximately £2.37 million in cash, of which approximately £1.17 million will be retained by

the Company to repay a loan due to NJH by Upperton, which is 100% legally and beneficially owned by Nigel Hanbury, and approximately £6.95 million to be satisfied by the issue of the Consideration Shares:

	<i>2020 Capacity, £</i>	<i>Total Consideration, £</i>	<i>Discount to Humphrey's Valuation</i>
NJH	3,981,693	4,852,872	20%
L084	3,307,751	2,207,031	26%*
Nameco 510	1,087,690	657,091	26%
Nameco 544	1,411,844	1,603,471	15%
	<u>9,788,924</u>	<u>9,320,465</u>	

*Adjusted for recent capacity purchases

As a result of Nigel Hanbury's indirect beneficial ownership of NJH, Nigel Hanbury's 40 per cent direct interest in L084 (members of his family have a direct interest in the remaining 60 per cent) and Arthur Manners' 50 per cent direct shareholding of Nameco 510 (members of his family have a direct shareholding in the remaining 50 per cent), these acquisitions constitute substantial property transactions for the purpose of section 190 of the Act and, accordingly, are subject (amongst other things) to Shareholder approval at the General Meeting.

The NJH Acquisition, the L084 Acquisition and the Nameco 510 Acquisition also constitute related party transactions for the purpose of the AIM Rules and, as a result, a statement from the Independent Directors and Shore Capital, the Company's nominated adviser, as to the fairness and reasonableness of these Acquisitions insofar as Shareholders are concerned is required (see below for further details).

2. Background to and reasons for the Acquisitions, Fundraising and use of proceeds

Through the unique experience of the management team, Helios has built over time a diversified portfolio of insurance risk with top performing syndicates, making it accessible via an investment in publicly quoted shares. The management has significant holdings in the Company, ensuring a strong alignment of interest with Shareholders.

Helios' strategy to date has been to build a fund of Lloyd's underwriting capacity through the acquisition and consolidation of acquired limited liability vehicles. The Company gives Shareholders access to a diversified portfolio of (re)insurance risk which has substantially outperformed the broader Lloyd's market. The business model allows for a significant increase in the Company's scale without having a meaningful impact on its cost base. Quota share reinsurance is utilised to reduce the exposure of the portfolio and assist in the financing of the required underwriting capital.

This strategy is expected to increase the capacity portfolio from £12.9 million at the start of the 2013 underwriting year to over £100 million for the 2021 underwriting year, including £9.8 million of capacity in respect of the Acquisitions.

For the last four years (2017-2020), the insurance market has generally underperformed due to a poor rating environment and significant market losses from natural catastrophes and now Covid-19 related exposures. Currently the rating environment in Lloyd's and the general (re)insurance market is improving. Since 1 January 2018, the premium rates charged by those supported syndicates have increased by approximately 28 per cent, thereby improving underwriting margins and the prospects of profitable underwriting. The increase in premium rates and hardening market is expected to provide new opportunities for Shareholders. For example, certain supported syndicates are offering pre-emption capacity that is able to be taken up by Helios for no consideration, aside from the respective required increase of Funds at Lloyd's. In this regard, preliminary indications show an overall increase in capacity from pre-emptions of £12 million for the enlarged Helios portfolio, an increase of £2.5 million from the previously announced figure of £9.5 million on 25 September 2020.

In addition, the Company currently cedes 70 per cent of its current portfolio to reinsurers in 2020, equating to approximately £49 million. Due to the improving market conditions, the Board is considering the possibility of retaining a larger proportion of any additional capacity underwritten, so that average capacity reinsured will remain at approximately £50 million going forward. It is expected that the Helios retained capacity will increase by 137 per cent to £50 million for the 2021 year of account and the additional capital required will be funded partly by the additional capital raised and by using underwriting capital provided by excess of loss reinsurers:

	2020	2021	
	£m	Expected £m	% Increase
Helios retained capacity at 1 January	21.1	50.0	137%
Helios total capacity at 1 January	69.1	100.0	45%

Given these attractive opportunities for growth and shareholder value enhancement, the Company proposes to raise, in aggregate, up to approximately £20 million through the issue of 6,372,850 new Ordinary Shares pursuant to the Placing, 3,125,000 new Ordinary Shares pursuant to the Subscription, up to 1,382,925 new Ordinary Shares pursuant to the Open Offer and 5,789,746 new Ordinary Shares Pursuant to the Acquisitions, with each new Ordinary Shares being issued at the Issue Price. The Company has a flexible and adaptable business plan to optimise the deployment of the net proceeds from the equity raise to finance the additional capital required to fund the increase in the capacity from pre-emptions, to increase the retained capacity by Helios, and to participate in capacity auctions. In addition, Helios can participate in quality syndicates where the management team has established relationships outside of the auction process.

The Acquisitions are in line with the Company's strategy to increase the portfolio capacity, but also enables Nigel Hanbury and Arthur Manners to continue to invest in the Company's share capital, within the context of the Fundraising and further aligns their interest with Shareholders. Following the sales of NJH, L084 and Nameco 510, Nigel Hanbury and Arthur Manners will no longer have a personal interest in limited liability Lloyd's vehicles outside of their interest in the Company.

The Company's expenses in respect of the Fundraising and Acquisition are estimated to be approximately £600,000.

3. Further Information on the Acquisitions

NJH

NJH is a limited liability member of Lloyd's. The 2020 underwriting capacity of N J Hanbury is £3,981,639. NJH has funds available for underwriting of approximately £3.6 million. The aggregate consideration of £4,852,872 being paid for the shares in NJH, comprising 3,066,752 New Ordinary Shares and £1.17 million in cash, is a 20 per cent. discount to the Humphrey valuation of approximately £6.1 million. On completion, the £1.17 million cash element of the consideration will not be distributed to the sellers of NJH, but instead will be retained by Helios to repay a loan due to NJH by Upperton, which is 100% legally and beneficially owned by Nigel Hanbury. NJH made profits of £319,890 in its last financial year.

L084

L084 is a limited liability member of Lloyd's. The 2020 underwriting capacity of L084 is £3,307,751. L084 has funds available for underwriting of approximately £1.6 million. The consideration of £2,207,031 being paid for the membership interest of L084, through the issue of 1,839,193 New Ordinary Shares, is a 26 per cent. discount to the L084 adjusted Humphrey valuation of approximately £2.98 million. L084 made profits of £191,383 in its last financial year.

Nameco 510

Nameco 510 is a limited liability member of Lloyd's. The 2020 underwriting capacity of Nameco 510 is £1,087,690. Nameco 510 has funds available for underwriting of approximately £0.3 million. The consideration of £657,091 being paid for the shares in Nameco 510, through the issue of 547,576 New Ordinary Shares, is a 26 per cent. discount to the Humphrey valuation of approximately £0.9 million. Nameco 510 made profits of £71,872 in its last financial year.

Nameco 544

Nameco 544 is a limited liability member of Lloyd's. The 2020 underwriting capacity of Nameco 544 is £1,411,844. Nameco 544 has funds available for underwriting of approximately £1.4 million. The consideration of £1,603,471 being paid for the shares in Nameco 544, through the issue of 336,225 New Ordinary Shares, is a 15 per cent. discount to the Nameco 544 Humphrey valuation of approximately £1.9 million. Nameco 544 made profits of £103,343 in its last financial year.

The Acquisitions are conditional upon, among other things, the passing, without amendment, of the Resolutions and approval of the change of control by Lloyd's.

The capacity portfolios of all these acquisitions will complement the existing portfolio and limited changes will be made to the acquired syndicate participations to maximise the capital efficiency of the enlarged portfolio.

*Adjusted for recent capacity purchases

4. Trading Update

Helios provides a limited liability direct investment into the Lloyd's insurance market and is quoted on AIM (ticker: HUW). There was a significant increase in profitability during 2019 as the value of the capacity fund increased during the year and the Company acquired a number of LLV's at below fair value, giving rise to negative goodwill being recognised in the profit and loss account. Helios trades within the Lloyd's insurance market and has a portfolio syndicate capacity of £70 million for the 2020 year of account. The portfolio provides a good spread of classes of business being concentrated in property insurance and reinsurance. The top seven holdings comprise 76 per cent of the 2020 portfolio as at 10 September 2020.

On 25 September 2020, the Company announced its interim results for the six months ended 30 June 2020 which included the following statements:

- "Operating loss before impairment is £108,000 (30 June 2019 – a profit of £753,000).
- Reduction in underwriting profits from the syndicate participations reflects the losses recognised from the Covid-19 pandemic in this period.
- The cumulative premium rate increase achieved by underwriters since 1 January 2018 is 28 per cent., which together with greater discipline encouraged by the Franchise Board at Lloyd's, has improved the prospects for profitable underwriting.
- The Adjusted Net Asset Value per share is £2.07 per share (31 December 2019 – £2.06 per share)."

"The underwriting result has been impacted by the losses arising from the Covid-19 pandemic. Losses of £5 million (7 per cent. of capacity) have been reserved for Covid-19 by the supported syndicates as at 30 June 2020, of which 85 per cent. attaches to the 2019 year. The quota share reinsurers share £3.5 million of this loss so the impact on the underwriting profits was £1.5 million. The disputes over business interruption coverage are largely outside Lloyd's and are not expected to impact the portfolio. The mid point forecast for the 2019 year of account as at 30 June 2020 is a loss of 1.6 per cent., having reserved the Covid-19 losses that have been incurred. We have a stop loss reinsurance protection for the 2019 year on which we do not expect to have to make a claim.

The current turmoil is taking place against a backdrop of the greatest positive momentum the Directors have seen in both insurance and reinsurance pricing for many years. The improvement in underwriting conditions is now accelerating following catastrophic losses in 2017, 2018 and 2019. Cumulative rate increases since 1 January 2018 are 28 per cent. We have been advised of further pre-emptions of approximately £9.5 million from our supported syndicates to take advantage of improved market conditions."

"A window of opportunity has been opened which is exciting for Helios:

- Our strategy of building a portfolio of syndicate capacity continues to rely on the flow of LLVs for sale at reasonable prices.
- The pre-emptions, if fully taken up, will increase the portfolio by approximately 13 per cent.
- There is an opportunity to increase the capacity retained by Helios shareholders by reducing the quota share cession".

The *pro forma* net asset value per share following the capital raise at Completion is expected to be £1.55 per share, assuming the full take up of the Open Offer.

5. Details of the Acquisition Agreements

Pursuant to the Acquisition Agreements, the Company (or a wholly owned subsidiary) has conditionally agreed to acquire the entire issued share capitals of NJH, L084, Nameco 510 and Nameco 544 on the financial terms summarised above.

The Acquisition Agreements are on substantially similar terms and are conditional, amongst other things, upon:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Lloyd's approval of the change of control; and
- (c) Admission having occurred by no later than 8.00 a.m. on 27 November 2020 (or such later time and/or date as the Company and Shore Capital may agree, not being later than 16 December 2020).

If the conditions set out above are not satisfied or waived by no later than 16 December 2020, the Acquisition Agreements will automatically terminate and cease to have any further force and effect, save in respect of any antecedent breaches. Subject to the satisfaction of the conditions, Completion is expected to occur and the Consideration Shares are expected to be issued at Admission.

The Acquisition Agreements contain customary warranties given by the sellers to the Company. The sellers have also undertaken to indemnify the Company in respect of any liabilities for tax of the target companies arising in respect of, amongst other things, prior closed years of account. The liability of the sellers pursuant to the warranties and indemnities is subject to certain customary limitations, both as to the time in respect of which a claim may be made and the amount that may be recovered. The Acquisition Agreements are subject to English law.

6. Details of the Fundraising

Details of the Placing

The Company has conditionally raised approximately £7,647,420 (before expenses) through a placing of 6,372,850 New Ordinary Shares at £1.20 per share.

The Placing has not been underwritten and is conditional, inter alia, upon:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) the Placing and Open Offer Agreement becoming unconditional in all respects (save in respect of the condition in respect of Admission having occurred) and not having been terminated in accordance with its terms; and
- (c) Admission occurring by not later than 8.00 a.m. on 27 November 2020 (or such later time and/or date as the Company and Shore Capital may agree, not being later than 16 December 2020).

Accordingly, if any of such conditions are not satisfied or, if applicable, waived, the Placing will not proceed.

Details of the Subscription

The Company has conditionally raised approximately £3,750,000 (before expenses) through the issue/a placing of 3,125,000 new Ordinary Shares at £1.20 per share, pursuant to the Subscription.

The Subscription has not been underwritten and is conditional, inter alia, upon:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Admission occurring by not later than 8.00 a.m. on 27 November 2020 (or such later time and/or date as the Company and Shore Capital may agree, not being later than 16 December 2020).

Accordingly, if any such conditions are not satisfied or, if applicable, waived, the Subscription will not proceed.

The Company has agreed with an associate of Acadia Insurance Investments LLC (one of the Subscribers) that it may participate in the quota share of the capacity portfolio providing underwriting capital of £875,000 for a minimum two year period.

Details of the Open Offer

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by subscribing for their respective Open Offer Entitlements. Pursuant to the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for 1 Open Offer Share for every 13 Existing Ordinary Shares held on the Record Date.

Qualifying Shareholders applying for their Open Offer Entitlements in full may also apply, under the Excess Application Facility, for Excess Shares in addition to their Open Offer Entitlements as described below.

Assuming that the maximum number of Open Offer Shares are allotted and issued pursuant to the Open Offer, the Open Offer would raise gross proceeds of approximately £1,659,510. The Open Offer is not being underwritten.

The Issue Price represents a premium of approximately 4 per cent to the Closing Price of £1.15 per Ordinary Share on the Latest Practicable Date.

Open Offer Entitlements

Qualifying Shareholders are invited, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares up to their Open Offer Entitlement at the Issue Price. Qualifying Shareholders have an Open Offer Entitlement of:

1 Open Offer Share for every 13 Existing Ordinary Shares

registered in the name of the relevant Qualifying Shareholder on the Record Date.

Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Open Offer Entitlements.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 1,382,925 Open Offer Shares.

Qualifying Shareholders who apply for any or all of their Open Offer Entitlement will be allocated with the number of Open Offer Shares validly applied for, subject to the Open Offer becoming unconditional.

To the extent that valid applications are not received in respect of Open Offer Shares under the Open Offer, such Open Offer Shares may be allocated to Qualifying Shareholders to meet any valid applications under the Excess Application Facility.

Excess Application Facility

Qualifying Shareholders who have taken up their Open Offer Entitlement in full may apply to subscribe for Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares, may do so by completing the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlements will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of Part II of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

The Excess Application Facility will comprise Open Offer Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Qualifying Shareholders can apply for any number of Excess Shares under the Excess Application Facility, although if applications exceed the maximum number available, the applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. Excess

monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Application procedure under the Open Offer

Qualifying Shareholders may apply for any whole number of Open Offer Shares, subject to the limit of their Open Offer Entitlement. Qualifying Shareholders who have taken up their Open Offer Entitlement in full may also apply to subscribe for Excess Shares using the Excess Application Facility. The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 4 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement as soon as practicable after 8.00 a.m. on 3 November 2020.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST, which will be enabled for settlement in CREST as soon as practicable after 8.00 a.m. on 3 November 2020. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part II of this document and, where relevant, on the Application Form.

Conditionality

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) the Placing and Open Offer Agreement becoming unconditional in all respects (save in respect of the condition in respect of Admission having occurred) and not having been terminated in accordance with its terms; and
- (c) Admission occurring by not later than 8.00 a.m. on 27 November 2020 (or such later time and/or date as the Company and Shore Capital may agree, not being later than 16 December 2020).

If the conditions set out above are not satisfied or waived (where capable of waiver), the Open Offer will lapse and any Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date, be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

Placing and Open Offer Agreement

The Company has entered into a placing and open offer agreement with Shore Capital dated 2 November 2020, pursuant to which, Shore Capital agreed, *inter alia*, to use its reasonable endeavours to procure subscribers for new Ordinary Shares as agent for the Company at the Issue Price per share.

Application for Admission

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Admission of the New Ordinary Shares is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 27 November 2020 (or such later times and/or dates as may be agreed between the Company and Shore Capital). No temporary documents of title will be issued.

The New Ordinary Shares will, with effect from Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Important notice

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Open Offer Entitlements will not be sold in the market on behalf of, or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. To the extent that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will be made available to other Qualifying Shareholders, provided they have taken up their Open Offer Entitlements in full, pursuant to the Excess Application Facility.

Qualifying Shareholders are being invited to participate in the Open Offer and Qualifying Non-CREST Shareholders will have received an Application Form with this document.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the date on which the Ordinary Shares were marked 'ex-entitlement' is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

7. Effect of the Fundraising and Acquisitions

Immediately following Admission, the New Ordinary Shares would together represent approximately 48.1 per cent of the Enlarged Share Capital (assuming the Open Offer is subscribed in full).

8. Directors' interests

The interests (all of which are beneficial unless stated otherwise) of the Directors, and their respective immediate families and of persons connected with them (within the meaning of section 252 of the Act) in the Existing Ordinary Shares as at the Latest Practicable Date and as they are expected to be following Admission (assuming that the Placing Shares are issued, the maximum number of Open Offer Shares are issued, none of the Directors participate in the Open Offer and Completion occurs) are as follows:

<i>Name</i>	<i>At the Latest Practicable Date</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Michael Cunningham	78,698	0.4%	78,698	0.23%
Nigel Hanbury*	4,327,640	24.1%	9,233,585	26.65%
Arthur Manners**	362,292	2.0%	909,868	2.63%
Andrew Christie	31,096	0.2%	31,096	0.09%
Jeremy Evans	66,483	0.4%	66,483	0.19%
Edward Fitzalan-Howard	372,864	2.1%	372,864	1.08%

* 300,000 of Nigel Hanbury's shares are jointly owned in accordance with the Company's Joint Share Ownership Plan, as detailed in the announcement made by the Company on 14 December 2017. Includes members of his family.

** 200,000 of Arthur Manner's shares are jointly owned in accordance with the Company's Joint Share Ownership Plan, as detailed in the announcement made by the Company on 14 December 2017. Includes members of his family.

9. Related Party Transactions

As Nigel Hanbury is a director of, and substantial shareholder in, the Company, and as Arthur Manners is a director of the Company, the NJH Acquisition, L084 Acquisition and the Nameco 510 Acquisition constitute related party transactions for the purpose of the AIM Rules.

The Independent Directors consider, having consulted with Shore Capital, the Company's nominated adviser, that the terms of the NJH Acquisition, the L084 Acquisition and the Nameco 510 Acquisition are fair and reasonable insofar as Shareholders are concerned.

In addition, as a result of Nigel Hanbury's indirect beneficial ownership of NJH, his 40 per cent. direct interest in L084 and Arthur Manners' 50 per cent. direct shareholding of Nameco 510, these acquisitions constitute substantial property transactions for the purpose of section 190 of the Act and, accordingly, are subject (amongst other things) to Shareholder approval at the General Meeting. The remaining 60 per cent. of L084 is owned by members of Nigel Hanbury's family. The remaining 50 per cent. of Nameco 510 is owned by members of Arthur Manners' family.

10. General Meeting

The General Meeting, notice of which is set out at the end of this document, is to be held at 12.00 noon on 26 November 2020 at Hill Ash Farm, West Harting, Petersfield, Hampshire, GU31 5NY. This is due to the need to observe the UK Government's current guidance on social distancing and in light of the recently enacted laws restricting individuals' ability to meet with others to help prevent the spread of Covid-19. Mindful of the new measures and the challenges this presents, the Board will ensure a quorum is present and regrettably no additional Shareholders will be able to attend the General Meeting. This is essential to ensure the General Meeting's proper conduct and safe operation. At present, the Company's articles of association do not permit general meetings to be held virtually via video link.

The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions set out in full in the Notice of General Meeting, as summarised below:

- Resolution 1 is an ordinary resolution to approve the acquisition by the Company of NJH (being a company connected with Nigel Hanbury, a director of the Company) as a substantial property transaction in accordance with the Act. Given that the purchase price in respect of the NJH Acquisition is to be satisfied by the allotment and issue of Consideration Shares, Resolution 1 is conditional on the passing of Resolutions 4 and 5.
- Resolution 2 is an ordinary resolution to approve the acquisition by the Company (through its wholly owned subsidiary, Helios UTG) of L084 (being a LLP in which Nigel Hanbury, a director of the Company, and member of his family have an interest) as a substantial property transaction in accordance with the Act. Given that the purchase price in respect of the L084 Acquisition is to be satisfied by the allotment and issue of Consideration Shares, Resolution 2 is conditional on the passing of Resolutions 4 and 5.
- Resolution 3 is an ordinary resolution to approve the acquisition by the Company of Nameco 510 (being a company connected with Arthur Manners, a director of the Company) as a substantial property transaction in accordance with the Act. Given that the purchase price in respect of the Nameco 510 Acquisition is to be satisfied in part by the allotment and issue of Consideration Shares, Resolution 3 is conditional on the passing of Resolution 4 and 5.
- Resolution 4 is an ordinary resolution to grant the Directors authority to allot the New Ordinary Shares for the purposes of the Acquisitions and the Fundraising. Resolution 4 is conditional on the passing of Resolutions 1, 2 and 3.
- Resolution 5 is conditional on the passing of Resolution 4. Resolution 5 is a special resolution which disapplies the statutory pre-emption rights in respect of the allotment of the New Ordinary Shares to be allotted pursuant to Resolution 4.

If any of the proposed Resolutions are not passed by Shareholders, the Fundraising and Acquisitions will not complete and the Company will have to reduce its retained capacity below £21 million by increasing the quota cession to provide the necessary underwriting and working capital. Therefore, Shareholders may not be able to take advantage of the increased premium rates and hardening market.

11. Recommendation

The Directors consider that all of the Resolutions are in the best interests of the Company and its Shareholders as a whole and recommend that Shareholders vote in favour of such Resolutions.

Yours faithfully,

Michael Cunningham

Non-Executive Chairman

Helios Underwriting plc

INFORMATION IN RESPECT OF THE FUNDRAISING

PART I – QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part I are intended to be in general terms only and, as such, you should read Part II (Terms and Conditions of the Open Offer) of this document for full details of what action to take.

If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser.

This Part I deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part II to this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlement or apply for Excess Shares pursuant to the Excess Application Facility.

If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should refer to Part II of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is an Open Offer?

An open offer is a way for companies to raise money. Companies do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings.

The Open Offer is an invitation by Helios to Qualifying Shareholders to apply to subscribe, for 1,382,925 Open Offer Shares in aggregate at a price of £1.20 per Open Offer Share. If you hold Shares on the Record Date or have a *bona fide* market claim (other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or are located or resident in, a Restricted Jurisdiction) you will be entitled to subscribe for Open Offer Shares under the Open Offer. If you hold Shares in certificated form, your entitlement will be set out in your Application Form.

The Open Offer is being made on the basis of 1 Open Offer Share for every 13 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to subscribe for any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a premium of 4 per cent to the Closing Price of £1.15 per Ordinary Share on 30 October 2020 (being the Latest Practicable Date).

An Open Offer is not a rights issue and, therefore, if you are a Qualifying Shareholder and you do not wish to subscribe for Open Offer Shares to which you are entitled you will not be able to sell or transfer your entitlement to those Open Offer Shares.

Subject to their terms and conditions of the Open Offer, valid applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the maximum number of Open Offer Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors.

2. What is a placing? Am I eligible to participate in the Placing?

A placing is where certain existing and new institutional and other investors conditionally agree to subscribe for a number of shares.

The placing is a firm placing and so the number of shares are fixed and are not subject to clawback or re-allocation on the basis of the results of the open offer. Subject to the satisfaction of any relevant conditions, a placing therefore provides the issuer with certainty of new funds and an opportunity to introduce new investors to its share register. Unless you are a placee, you will not be entitled to participate in the Placing.

3. I hold my existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in, or located or resident in, any Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 2 November 2020 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

4. I hold my existing Ordinary Shares in certificated form. How do I know how many new Ordinary Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in, and are not located or resident in, any Restricted Jurisdiction, you will be sent an Application Form that shows:

- (i) how many Existing Ordinary Shares you held on the Record Date;
- (ii) how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (iii) how much you need to pay if you want to take up in full your entitlement to Open Offer Shares.

If you are an Overseas Shareholder, subject to certain exceptions, you will not have received and will not receive an Application Form.

5. I hold my existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?

5.1 If you do not want to take up your Open Offer Entitlement

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not take up your Open Offer Entitlement, then following the issue of the New Ordinary Shares (on the assumption that the maximum number of New Ordinary Shares are issued), your interest in the Company will be diluted by approximately 48 per cent.

5.2 If you want to take up some, but not all, of your Open Offer Entitlement

If you want to take up some, but not all, of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 6 and Box 8 of your Application Form. For example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write “50” in Box 6 and Box 8. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want to subscribe for (in this example, “50”) by £1.20, which is the price of each Open Offer Share (giving you an amount of £60 in this example). You should write this amount in Box 9 and this should be the amount that your cheque or banker’s draft made payable to “Neville Registrars Limited Re: Clients Account” and crossed “A/C payee only” is made out for. You should then sign the Application Form (ensuring that all joint holders sign (if applicable)) and return the completed Application Form, together with a cheque or banker’s draft for the relevant amount, in the accompanying pre-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 23 November 2020, after which time Application Forms will not be valid. Please allow at least four working days for delivery if sent by first class post from within the UK.

5.3 If you want to take up all of your Open Offer Entitlement

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is insert the number of Open Offer Shares set out in Box 4 in Boxes 6 and 8 and insert the amount set out in Box 5 in Box 9. Then sign the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker’s draft for the amount (as indicated in Box 5 of your Application Form) made payable to “Neville Registrars Limited Re: Clients Account” and crossed “A/C payee only”, in the accompanying pre-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 23 November 2020, after which time Application Forms will not be valid. Please allow at least four working days for delivery if sent by first class post from within the UK.

5.4 If you want to apply for more than your Open Offer Entitlement

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. You should write the number of Open Offer Shares that you wish to take up, including those for which you are applying under the Excess Application Facility in Box 8.

Please note that applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors.

6. How do I pay?

All payments must be in pounds sterling and made by cheque or banker’s draft made payable to “Neville Registrars Limited Re: Clients Account” and crossed “A/C payee only”.

Cheque or banker’s drafts must be drawn in sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through facilities provided by any of those companies. Cheques and banker’s drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker’s drafts will be honoured on first presentation. Further details regarding the payment procedure and treatment of funds may be found at paragraph 4.1(iii) of Part II of this document.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing 30 November 2020.

7. I hold my existing Ordinary Shares in certificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in paragraph 4.2 of Part II of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to take up and their Excess CREST Open Offer Entitlement respectively, and should contact them if they do not receive this information.

8. I acquired my existing Ordinary Shares prior to the Record Date and hold my existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- (i) Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form at 6.00 p.m. on 30 October 2020 and who have converted them to certificated form;
- (ii) Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 2 November 2020 but were not registered as the holders of those shares at 6.00 p.m. on 30 October 2020; and
- (iii) certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one, or you have lost your Application Form, please contact Neville Registrars Limited. Details of the telephone helpline are set out in the answer to question 22 below.

9. I am a Qualifying Shareholder, do I have to apply for all the New Ordinary Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. If you are a Qualifying Non-CREST Shareholder, your maximum Open Offer Entitlement is shown on your Application Form.

Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in Helios will be reduced. Please refer to the answer to questions 5.1 and 13 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded.

10. What if I change my mind?

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Registrar you cannot withdraw your application or change the number of Open Offer Shares for which you have applied.

11. What if the number of new Ordinary Shares to which I am entitled is not a whole number? Am I entitled to fractions of new Ordinary Shares?

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

12. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend less than the amount set out in box 5 of the Application Form?

If you want to spend less than the amount set out in Box 5, you should divide the amount you want to spend by £1.20, (being the price of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £1.20. You should round that down to the nearest whole number to give you the number of shares you want to take up and write that number in Box 6 and Box 8. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for by £1.20 and then fill in that amount in Box 9 and on your cheque or banker's draft accordingly.

Under the Excess Application Facility, provided that you are a Qualifying Non-CREST Shareholder and you have agreed to take up your Open Offer Entitlement in full, you may apply for more than the amount of your Open Offer Entitlement should you wish to do so.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take up of Open Offer Entitlements by Qualifying Shareholders. Please note that applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. If every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying Non-CREST Shareholders whose applications under the Excess Application Facility are scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to them, under the Excess Application Facility multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

13. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold shares in the Company directly, and you have sold or sell some or all of your Existing Ordinary Shares before 8.00 a.m. on 2 November 2020, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 8.00 a.m. on 2 November 2020, you may still take up and apply for the Open Offer Shares as set out in your Application Form.

14. Will the Existing Ordinary Shares that I hold now be affected by the Acquisitions and Fundraising?

Your proportionate ownership and voting interest in the Company will be reduced as a result of the issue of the Consideration Shares pursuant to the Acquisitions. If you decide not to apply for any of the New Ordinary Shares to which you are otherwise entitled under the Open Offer, or you only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced to a greater extent as a result of the Fundraising.

15. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

Neville Registrars Limited must receive the Application Form by no later than 11.00 a.m. on 23 November 2020, after which time Application Forms will not be valid. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

16. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?

It is expected that the Registrar will post all new share certificates during the week commencing 30 November 2020.

17. How do I transfer my entitlements into the CREST system?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form) and ensure it is delivered to the Crest Courier and Sorting Service (“CCSS”) in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

18. If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Existing Ordinary Shares. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser.

19. Will the Open Offer affect dividends on the Existing Ordinary Shares?

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including with regard to the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

20. Will I be taxed if I take up my entitlements?

Information on taxation with regard to the Open Offer is set out in Part IV of this document. This information relates to the tax position of holders of Open Offer Shares who are resident and domiciled in the United Kingdom for tax purposes. It is intended as a general guide only and Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

21. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses in, or who are located or resident in, any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part II of this document.

22. Further assistance

Should you require further assistance, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

PART II – TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in the letter from the Chairman, the Company proposes to issue up to 16,670,521 New Ordinary Shares at the Issue Price in order to raise approximately £20 million (before expenses) by way of the Placing, Subscription and the Open Offer (assuming that maximum number of Open Offer Shares are allotted and issued pursuant to the Open Offer).

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer.

The Open Offer Shares to be issued pursuant to the Open Offer will, with effect from Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 2 November 2020, when the Ordinary Shares were marked “ex” the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Act, the Open Offer is being made on the basis that the Open Offer Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, Open Offer Shares will be issued to Qualifying Shareholders who have validly applied (subject to the terms and conditions set out in this document and the Application Form).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Application Form, contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part II which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part II.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders only, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any whole number of Open Offer Shares, subject to the limit of their Open Offer Entitlement, at the Issue Price (payable in full on application and free of all expenses) and will have an entitlement of:

1 Open Offer Share for every 13 Existing Ordinary Shares

registered in the name of each Qualifying Shareholder on the Record Date. Subject to these terms and conditions, valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Open Offer Entitlements. Qualifying Shareholders with fewer than 13 Existing Ordinary Shares will not be able to apply for Open Offer Shares. Qualifying Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility. Please note that applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. The Directors will scale back any such applications

to the extent they believe necessary to ensure that no Qualifying Shareholder is obliged to make a mandatory offer in respect of the Company pursuant to Rule 9 of the City Code, as a result of the Open Offer.

Subject to these terms and conditions, valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement (excluding any Excess Shares applied for through the Excess Application Facility).

Please note that holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have their Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part II and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any whole number of Open Offer Shares (subject to the limit of their Open Offer Entitlements). In addition, Qualifying Shareholders who have taken up their Open Offer Entitlement in full may apply for any number of Excess Shares pursuant to the Excess Application Facility.

The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 4 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.

Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Open Offer Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 2 November 2020 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST and such entitlements are expected to be admitted to CREST with effect from 3 November 2020.

The Open Offer Shares will be issued credited as fully paid and will, with effect from Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares on or after Admission. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing, without amendment, of Resolutions 4 and 5 at the General Meeting;
- (b) the Placing and Open Offer Agreement becoming unconditional in all respects (save in respect of the condition in respect of Admission having occurred) and not having been terminated in accordance with its terms; and
- (c) Admission occurring by no later than 8.00 a.m. on 27 November 2020 (or such later times and/or dates as may be agreed between the Company and Shore Capital, being no later than 8.00 a.m. on 16 December 2020).

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by the relevant time and date specified, the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter but within 14 days.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form during the week commencing 30 November 2020. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 27 November 2020.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur at 8.00 a.m. on 27 November 2020, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a non-interest bearing client account.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his Open Offer Entitlement or a Qualifying Shareholder has Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to his CREST stock account in respect of such entitlement. Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form (that is, not in CREST) will be allotted Open Offer Shares in certificated form.

Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form (that is, in CREST) will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into and Excess CREST Open Offer Entitlements, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(ix) of this Part II.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

4.1 **If you have an Application Form in respect of your entitlement under the Open Offer**

(i) *General*

Subject as provided in paragraph 6 of this Part II in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. Qualifying Non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(ii) of this Part II).

The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 3. It also shows the number of Open Offer Shares which represents their Open Offer Entitlement, as shown in Box 4. Box 5 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders wishing to take up their Open Offer Entitlement in full should complete Boxes 6, 8 and 9.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so and should specify the number of Excess Shares they wish to apply for in Box 7.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Non-CREST Shareholders' Open Offer Entitlements. Any Qualifying Non-CREST Shareholders with fewer than 13 Existing Ordinary Shares will not receive an Open Offer Entitlement. Qualifying Non-CREST Shareholders may apply for less than their Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Open Offer Entitlement may do so by completing Boxes 6, 8 and 9 of the Application Form. The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

(ii) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 19 November 2020. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the Receiving Agent in accordance with the instructions set out in the accompanying Application Form. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into a Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2(ii) of this Part II.

(iii) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled (or any Excess Shares under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply-paid envelope or returned by post or by hand (during normal office hours only) to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD (who will act as Receiving Agent in relation to the Open Offer), so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 November 2020, after which time Application Forms will not be valid (subject to certain exceptions described below). Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

Qualifying Non-CREST Shareholders may only apply for Excess Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlement in full. The total number of Open Offer Shares is fixed and will not be increased. Applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. No assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque.

Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Application Forms should be returned with a cheque or banker's draft drawn in sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on the application. Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Neville Registrars Limited Re: Clients Account" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by completing the account name on the back of the cheque or draft and adding the branch stamp) may not be accepted. Payments via CHAPS, BACS or electronic transfer and eurocheques will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company reserves the right to instruct Neville Registrars Limited, as Receiving Agent, to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a non-interest bearing client account until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable but within 14 days following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) with the prior consent of Shore Capital to accept either:

- (A) Application Forms received after 11.00 a.m. on 23 November 2020; or
- (B) applications in respect of which remittances are received before 11.00 a.m. on 23 November 2020 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted and issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent,

Shore Capital or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(iv) *Excess Application Facility*

Provided Qualifying Non-CREST Shareholders take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares.

The total number of Open Offer Shares is fixed and will not be increased. Applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of Excess Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. No assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Applicant (at the Applicant's risk) without interest as soon as practicable thereafter by way of cheque.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete Boxes 6, 7, 8 and 9 of the Application Form and otherwise complete the Application Form in accordance with the instructions set out on the Application Form.

Qualifying Non-CREST Shareholders who make applications for Excess Shares under the Excess Application Facility which are not met in full and from whom payment in full has been made will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be round down to the nearest whole number.

(v) *Effect of application*

By completing and delivering an Application Form, the applicant:

- (A) represents and warrants to the Company and Shore Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with the Company and Shore Capital that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (C) confirms to the Company and Shore Capital that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document and any information previously published by the Company by notification to a Regulatory Information Service or available on the Company's website, and the applicant agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;
- (D) confirms to the Company and Shore Capital that in making the application he is not relying and has not relied on Shore Capital or any other person affiliated with Shore Capital in connection with any investigation of the accuracy of any information contained in this document for his investment decision;
- (E) confirms to the Company and Shore Capital that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Shore Capital;
- (F) represents and warrants to the Company and Shore Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements and is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

- (G) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the Articles of Association of the Company;
- (H) represents and warrants to the Company and Shore Capital that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented or restricted by applicable law or regulation (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (I) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Shore Capital or any of their affiliates, by means of any: (a) “directed selling efforts” as defined in Regulation S under the US Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the US Securities Act; and
- (J) represents and warrants to the Company and Shore Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

For all enquiries in connection with the procedure for application and completion of the Application Form, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the Form of Proxy enclosed with this document.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST

(i) General

Save as provided in paragraph 6 of this Part II in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST in respect of his Open Offer Entitlement and Excess CREST Open Offer Entitlement. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders’ Open Offer Entitlements. Any Qualifying CREST Shareholders with fewer than 13 Existing Ordinary Shares will not receive an Open Offer Entitlement.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by close of business on 3 November 2020, or such later time and/or date as the Company and Shore Capital may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlement which should have been credited to his stock

account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares and, if applicable, Excess Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(ii) *Bona fide market claims*

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purpose of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement and Excess CREST Open Offer Entitlement will thereafter be transferred accordingly.

(iii) *Excess Application Facility*

Provided Qualifying CREST Shareholders choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlement.

There is no limit on the amount of Excess Shares that can be applied for under the Excess Application Facility, save that the maximum amount of Excess Shares to be allotted under the Excess Application Facility will be limited by the maximum size of the Open Offer less the aggregate of the Open Offer Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Open Offer Entitlements. Accordingly, applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. No assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. If applications under the Excess Application Facility are received for more than the maximum number of Excess Shares available, then such applications will be scaled back on a *pro rata* basis or otherwise at the discretion of the Directors. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Save as provided in paragraph 6 of this Part II in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his or her Existing Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to

the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

A Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

(iv) USE instructions in respect of Open Offer Entitlements

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2(iv)(A) above.

(v) Content of USE instruction in respect of Open Offer Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (B) the ISIN of the Open Offer Entitlement. This is GB00BK80SX04;
- (C) the CREST participant ID of the accepting CREST member;
- (D) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (E) the participant ID of Neville Registrars Limited in its capacity as Receiving Agent. This is 7RA11;
- (F) the member account ID of Neville Registrars Limited in its capacity as Receiving Agent. This is HELIOS;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2(iv)(A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 23 November 2020; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 23 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (J) a contact name and telephone number (in the free format shared note field); and
- (K) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 23 November 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 27 November 2020 or such later time and date as the Company and Shore Capital may agree (being no later than 8.00 a.m. on 16 December 2020), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(vi) *USE instructions in respect of Excess CREST Open Offer Entitlements*

Qualifying CREST Shareholders who are CREST members and who want to apply for Excess Shares in respect of all or some of their Excess CREST Open Offer Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Registrar under the participant ID and member account ID specified below, with a number of Excess CREST Open Offer Entitlements corresponding to the number of Excess Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Registrar in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Excess Shares referred to in paragraph 4.2(vi)(A) above.

(vii) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Excess Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BK80T371;
- (c) the CREST participant ID of the accepting CREST member;
- (d) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlement are to be debited;
- (e) the participant ID of Neville Registrars Limited in its capacity as Receiving Agent. This is 7RA11;
- (f) the member account ID of Neville Registrars Limited in its capacity as Receiving Agent. This is HELIOSXS;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2(vi)(A) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 23 November 2020; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 23 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (A) a contact name and telephone number (in the free format shared note field); and
- (B) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 23 November 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 27 November 2020 or such later time and date as the Company and Shore Capital may agree (being no later than 8.00 a.m. on 16 December 2020), the Open Offer will lapse, the Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(viii) *Deposit of Open Offer Entitlements and Excess CREST Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form, including the entitlement to apply under the Excess Application Facility, may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the relevant entitlement can be applied for through an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess CREST Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 November 2020. In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 19 November 2020 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 18 November 2020, in either case so as to enable the person acquiring or (as appropriate) holding the entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of such entitlements prior to 11.00 a.m. on 23 November 2020.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing the Open Offer Entitlements into CREST" on page 4 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented or restricted by applicable law or jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(ix) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 23 November 2020 will constitute a valid application under the Open Offer.

(x) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be

necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 23 November 2020. In this connection CREST members and (where applicable) their CREST sponsors are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(xi) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (A) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, without payment of interest; and
- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(xii) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (A) represents and warrants to the Company and Shore Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (C) agrees with the Company and Shore Capital that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (D) confirms to the Company and Shore Capital that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document and any information previously published by the Company by notification to a Regulatory Information Service or available on the Company's website, and the applicant agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;
- (E) confirms to the Company and Shore Capital that in making the application he is not relying and has not relied on Shore Capital or any other person affiliated with Shore Capital in connection with any investigation of the accuracy of any information contained in this document for his investment decision;
- (F) confirms to the Company and Shore Capital that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Shore Capital;
- (G) represents and warrants to the Company and Shore Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess CREST Open Offer Entitlements or that he has received, and is entitled to apply under the Open Offer in relation to, such entitlements by virtue of a *bona fide* market claim;
- (H) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association of the Company;

- (I) represents and warrants to the Company and Shore Capital that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented or restricted by applicable law or regulation (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (J) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Shore Capital or any of their affiliates, by means of any:
 - (I) “directed selling efforts” as defined in Regulations under the US Securities Act; or
 - (II) “general solicitation” or “general advertising” as defined in Regulations D under the US Securities Act; and
- (K) represents and warrants to the Company and Shore Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

(xiii) *Company’s discretion as to the rejection and validity of applications*

The Company may in its sole discretion but with the prior consent of Shore Capital:

- (A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II;
- (B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (C) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (D) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

5. Money Laundering Regulations

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity

requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the "relevant Open Offer Shares") and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent, the Company and Shore Capital from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (A) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- (B) if the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (C) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (D) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,495 as at the Latest Practicable Date).

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques should be made payable to "Neville Registrars Limited Re: Clients Account" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland,

Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(ii) above, or in any other case, the acceptor please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,360 as at the Latest Practicable Date) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 23 November 2020, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

6. Overseas Shareholders

The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant

jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 **General**

The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their own professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or Shore Capital or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and no Open Offer Entitlements or Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements.

In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the applicable laws and regulations of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

Neither the Company nor Shore Capital (nor any of their respective representatives) is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise,

should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/ or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company and Shore Capital determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part II and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 below, any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraph 6.2 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of New Ordinary Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed. No offer of New Ordinary Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST

Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

(i) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Shore Capital and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (A) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction;
- (B) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it;
- (C) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (B) above at the time the instruction to accept was given; and
- (D) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the Restricted Jurisdictions.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (E) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (F) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or
- (G) purports to exclude the representation and warranty required by this sub-paragraph 6.2(i).

(ii) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance and/or application in accordance with the procedures set out in this Part II represents and warrants to the Company and Shore Capital that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (A) neither it nor its client is within any Restricted Jurisdiction;
- (B) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares;
- (C) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (B) above at the time the instruction to accept was given; and
- (D) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction.

6.2 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by

the Company, in its absolute discretion with the prior consent of Shore Capital. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. No withdrawal rights

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

8. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 26 November 2020. Application will be made to AIM for admission to trading of the Open Offer Shares. It is expected that, subject to the Open Offer becoming unconditional in all respects (save for Admission), Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 27 November 2020.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 23 November 2020 (being the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 27 November 2020, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be at 8.00 a.m. on 27 November 2020). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and/or Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post during the week commencing 30 November 2020. No temporary documents of title will be issued and, pending the issue of definitive certificates transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part II, and the Application Form.

The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

9. Times and dates

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall make an announcement on a Regulatory Information Service.

10. Taxation

Certain statements regarding United Kingdom taxation in respect of the Open Offer Shares and the Open Offer are set out in Part IV of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up and/or applying for Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

12. Further Information

Your attention is drawn to the further information set out in this document and also, in respect of Qualifying Non-CREST Shareholders only, to the terms, conditions and other information printed on the Application Form.

PART III – RISK FACTORS

The nature of the insurance underwriting business, the regulatory regime applicable to insurance and to corporate members of Lloyd's and the consequence of past years' underwriting losses at Lloyd's will give rise to a number of specific risk factors. The following list is not exhaustive but is intended to draw investors' attention to certain aspects of the risks involved. Potential investors and Shareholders should carefully consider the risks described below before making a decision to invest in the Company.

It should be noted that, as stated above, this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and an investor may lose all or part of their investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this document or documents referred to in this document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

This document contains forward looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under FSMA, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser, who in each case specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

Coronavirus (COVID-19)

At this time, a widespread global pandemic of severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and the infectious disease COVID-19 caused by the virus is taking place. As the virus and the disease it causes are relatively new, effective cures and vaccines are yet to be developed. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. At this time, the pandemic has caused a state of emergency to be declared in various countries, travel restrictions to be imposed, quarantines to be established and various institutions and companies to be closed. The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Company as it may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. However, the pandemic is expected to be a manageable loss for the insurance industry unless there is a structural change that drives up the cost to the sector. It is expected that the "Liability Tail" from COVID-19 will result in claims in classes such as D&O, Professional Indemnity and Employers Practice, all of which will take time to materialise and quantify. While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is possible that it will have a substantial negative effect on the economies in which the Company's portfolio of syndicate participations are exposed to. Lastly, in the case of COVID-19, the price of the Company's shares and the ability of the Company to obtain further financing may be adversely affected. Any of the factors above could have an adverse effect on the Company's NAV, profits and financial position.

Underwriting of insurance risks

The underwriting of insurance risks is, by its nature, a high-risk business, and returns can never be guaranteed. The Group's insurance business involves assuming the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent

uncertainties about the occurrence, amount and timing of insurance liabilities. Underwriting risk comprises four elements:

- (a) Event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- (b) Cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- (c) Pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- (d) Expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

It is inherent in the nature of underwriting businesses that it is difficult to forecast even short-term trends or returns in any single year. Not only do the results from underwriting insurance change but investment income and capital appreciation, which form an important part of underwriting returns, are affected by interest rates, exchange rates, taxation changes and investment performance.

The past results of Lloyd's and of individual syndicates are a matter of historic record and may not be relied upon as a guide to future prospects. Previously profitable business may subsequently be loss-making, the nature of business written may change, reserves created against future claims may prove to be inadequate, a syndicate's reinsurance programme may be ineffective and/or its reinsurers may fail.

Claims asserted under certain insurance contracts may typically not be settled for more than one year from the date the contract becomes effective. Such underwriting may involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, in some circumstances, the ultimate financial performance of a syndicate's year of account may not be determined for an extended period of time, which may inhibit the release of any underwriting profits.

As part of its overall risk mitigation and capital management strategy, the Group purchases quota share reinsurance to seek to mitigate its insurance risk. The Group's stop loss programme complements the Group's quota share reinsurance seeking to protect the Group's capital from adverse results from the portfolio of syndicate participations. However, the Group's reinsurance may not mitigate all these underwriting risks.

Unpredictable and multiple losses

The portfolio of the Group's syndicate participations expose it to losses arising out of unpredictable natural and other catastrophic events, such as hurricanes, windstorms, tsunamis, severe winter weather, earthquakes, floods, fires and explosions, as well as "man-made" disasters, such as acts of war, terrorism, piracy and political instability, the emergence of latent risks, changes in law and the interpretation of law or precedent (including in relation to the measurement of damages), as well as social and political changes, and fluctuations in the global investment markets and the capacity of the global insurance market. The incidence and severity of catastrophes are inherently unpredictable and the Group's losses from such catastrophes could be substantial. Although the Group attempts to manage its exposure to such events through the selection of the syndicates in which it participates, a single catastrophic event could affect multiple geographic zones and/or the frequency and/or severity of catastrophic events could exceed its estimates.

The final net losses as a percentage of Helios' 2020 capacity (gross of all quota share reinsurance arrangements) were as follows:

- AEP 1 in 30 – Whole World Natural Catastrophes: 24.3 per cent.
- AEP 1 in 30 – US Windstorm: 17.5 per cent.
- RDS Terrorism – Rockefeller Center: 14.8 per cent.
- AEP 1 in 30 – North America Earthquake: 9.2 per cent.

*The AEP (Aggregate Exceedance Probability) 1 in 30 figure is the weighted average of each syndicates' 1 in 30 projections which serves as a guide to the portfolio aggregate. The aggregate AEP does not factor in diversification.

Each syndicate in which the Group participates will have its own risk profile and the Group participates in a range of syndicates in an attempt to balance such risks. Syndicate 1176 insures against nuclear risk and

liability, including physical damage loss and business interruption to civil nuclear power stations, as well as risk and liability in the wider nuclear fuel cycle. The largest values that the syndicate insures are normally nuclear power stations, although the syndicate also covers manufacturers of nuclear fuel and radioisotopes, their transport and ultimately their safe storage. Whilst underwriting nuclear risk can be highly profitable it also carries a great deal of risk.

Cyclicality of insurance business

The insurance and reinsurance business historically has been a cyclical industry with significant fluctuations in operating results due to competition, catastrophic events, general economic and social conditions and other factors. This cyclicality has produced periods characterised by intense price competition due to excessive underwriting capacity (soft market conditions) as well as periods when shortages of capacity resulted in much more favourable premium levels (hard market conditions). In addition, increases in the frequency and severity of losses suffered can significantly affect these cycles. Accordingly, the performance of the Group's underwriting business is likely to be affected by this cyclicality to a certain extent, and there can be no guarantee that companies in the Group which are members of Lloyd's ("corporate members") will realise any profit from their underwriting business. Underwriting returns would be impaired if the insurance pricing environment remained poor for a sustained period of time.

Funds at Lloyd's

The Group's corporate members are required to contribute funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities, known as "funds at Lloyd's" ("FAL"). A member's funds at Lloyd's may contain only those assets that Lloyd's prescribes as acceptable assets, which include debt securities, bonds and other money and capital market instruments, shares, cash and cash equivalents, letters of credit and guarantees.

In addition to current funds lodged at Lloyd's, Helios has the following facilities to provide additional resources to fund the necessary capital requirements:

- (a) a bank revolving credit facility of £4 million, of which £2 million has been drawn down; and
- (b) stop loss reinsurance contracts for the 2019 and 2020 years of account that could provide additional underwriting capital of approximately £5 million.

The available underwriting capital represents 20 per cent. of the portfolio's current economic capital assessment (ECA).

On a bi-annual basis, in June and December of each year, there is a "coming into line" procedure whereby each member of Lloyd's is required to demonstrate that they have sufficient eligible assets to meet their current underwriting liabilities and to support future underwriting before they may underwrite for the next following year of account.

In addition, the Group's corporate members are also required to contribute funds to the Lloyd's central fund. To the extent that Lloyd's suffers a material exposure in its asset base when compared with its liabilities, any members may at any such time as required by Lloyd's be called upon to invest further capital into Lloyd's portfolio of funds, including both as FAL and by way of a contribution to the central fund. As a result, this may cause the Group to incur a material increase in its operating expenses and, as a result, a material adverse impact on its financial results and financial condition.

Changes implemented to the list of acceptable assets for purposes of FAL may also adversely impact the Group, as, the relevant Group companies would be required to post different assets, which may be more expensive to obtain and maintain or which may place an undue restriction on the Group's capital resources. Lloyd's also has the power to reduce any corporate members' underwriting capacity or to prohibit a corporate member from underwriting. Any such event is likely to have a material adverse effect on the Group's reputation, financial condition and results of operations.

Withdrawal of FAL

Any of the Group's corporate members may find that assets of a greater value than the amount of that corporate member's underwriting commitment are at risk. If the value of the FAL provided by the corporate member exceeds the amount required to be held as FAL by Lloyd's (including as a result of appreciation) and the losses of the corporate member in any year of account exceed the amount of such FAL, Lloyd's may take the whole of the FAL provided by that corporate member to meet the call. Profits and capacity disposal proceeds that have not been released by Lloyd's may become intermingled with FAL and be liable to be drawn down as FAL by Lloyd's.

Until the effective date of a corporate member's resignation from membership at Lloyd's, a corporate member will continue to be liable for its debts and obligations and, therefore, for the underwriting losses in respect of the years of account for which it made an underwriting commitment. Where the balance of the FAL may fluctuate in value, a decrease in the FAL may reduce the level of a corporate member's capacity.

Although a corporate member is able to reduce the level of business written by it in any year of account or to cease underwriting, it will not be able to withdraw FAL, or funds forming part of its premiums trust funds, until permitted to do so by Lloyd's. Lloyd's imposes restrictions on the withdrawal of FAL in order to ensure that no funds are withdrawn without adequate provision being made for potential liabilities.

In underwriting insurance risks, the assets of each corporate member in the Group, including potential profits and all of the FAL of each corporate member, will be exposed to the risk of underwriting losses. In the worst case, all of a corporate member's assets (including all of its FAL, any pipeline profits, investment income and value attributed to its underwriting capacity) would be used to meet underwriting losses.

Performance of Syndicates

Investors should be aware that the categories of business written and the structure of a syndicate's reinsurance programme, and accordingly the risks and rewards arising from that syndicate, vary from syndicate to syndicate. Even if Lloyd's makes an overall underwriting profit, individual syndicates or lines of business may show losses (for example due to the mix of business written by that syndicate), and other factors such as over-capacity can affect profit.

As the Group's corporate members are under common control, the Group's corporate members may be exposed to each other's losses. Lloyd's can require any Group corporate member which participates on a syndicate which makes a profit to pay out of its profits an amount equal to the undischarged obligations of a Group corporate member which has incurred an underwriting loss by virtue of participating on a syndicate which has made an underwriting loss.

Should a syndicate as constituted for a given year of account make a loss upon closure, or if a syndicate as constituted for a given year of account has funding difficulties, its managing agent may make a cash call on its members for the year of account concerned which, if not met promptly from other funds, can be satisfied by drawing down on the members' FAL. Cash calls for "working capital" can also be made early in the year of account by the managing agent of a syndicate, for example to meet liquidity pressures. There is no guarantee that the Company would have the funds needed to enable the relevant Group company to meet such liabilities in which case it may be necessary for the Company to raise additional capital via equity or debt. Alternatively, it may be necessary to source FAL elsewhere, including from third party providers such as reinsurers, which may limit the relevant corporate member's ability to maintain the level of capacity in the relevant syndicate in the current or a subsequent year of account. The cost of obtaining such FAL can impact the Group's profitability. If a corporate member is unable to obtain replacement FAL, the reduced level of FAL will affect the underwriting portfolio, which will likely impact returns adversely.

Failure of loss limitation methods

Managing agents will seek to limit the exposure of their managed syndicates to insurance and reinsurance losses through a number of loss limitation methods, including internal risk management and security procedures, as well as through the purchase of outwards reinsurance protection.

Notwithstanding the risk mitigation and underwriting controls employed by syndicates, one or more catastrophic or other loss events or a greater frequency of losses than expected could result in claims that

substantially exceed the expectations of the Group, and which could have a material adverse effect on the financial condition or results of operations of the Group or any member of the Group, possibly to the extent of eliminating the funds at Lloyd's supporting the underwriting of the Group's corporate members and any statutory surplus.

Reinsurance protection

As part of its overall risk mitigation and capital management strategy, the Group purchases stop loss and quota share reinsurance in respect of its corporate members, to seek to protect the Group's capital from losses from its syndicate portfolio. Helios has extensive reinsurance protection for previous years of account including a quota share of 70 per cent. and a stop loss reinsurance on the retained 30 per cent. Market conditions beyond the Group's control determine the availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries.

Additionally, a change in regulation could affect the availability or price of reinsurance.

Any significant changes in reinsurance pricing may result in the Group being forced to incur additional expenses for reinsurance, reducing its capacity on syndicates, having to obtain reinsurance on less favourable terms or not being able to or choosing not to obtain reinsurance thereby exposing the Group to increased retained risk. Any of these could have a material adverse effect on the Group's financial condition and results of operations, as could the failure of a reinsurer (for example due to insolvency) from whom the Group has purchased reinsurance.

Capital requirements

Rules implementing the Solvency II Directive came into effect on 1 January 2016. Solvency II, and the rules which implement it, introduce a harmonised EU-wide insurance regulatory regime. In particular, they impose a risk-based capital regime, set out requirements for the governance, risk management and regulatory supervision of insurers and introduce certain disclosure and transparency requirements.

Each syndicate's Solvency Capital Requirement ("SCR") under Solvency II is determined in accordance with the SCR standard formula and/or the syndicate's approved internal model. It is a regulatory requirement that any such model captures all material risks that have been identified. However, it is subject to the limitations of all complex models and is subject to the accuracy, completeness and integrity of the data input into the model. In addition, a standard formula is, by its very nature and design, a standardised calculation method, and is therefore not tailored to the individual risk profile of a specific undertaking. For this reason, in some cases, the standard formula might not reflect the risk profile of a specific undertaking and consequently the level of own funds it needs. It is also necessary for estimates, assumptions and judgements to be made by the syndicate's management where data are incomplete or ambiguous. Accordingly, the SCR, as modelled by the syndicate's internal model or calculated pursuant to the standard formula, may not provide an accurate projection of the capital that the syndicate will, in fact, need in the future.

The Lloyd's market

The Group relies on the efficient functioning of the Lloyd's market. If, for whatever reason, the Group's corporate members were to be restricted or otherwise unable to write insurance through the Lloyd's market, it could have a material adverse effect on the Group's business and results of operations. In particular, any damage to the brand or reputation of Lloyd's, whether such damage is caused by financial mismanagement, fraudulent activity or otherwise, or any loss of any international licences in relation to insurance or reinsurance business may have a material adverse effect on the ability of the Group's corporate members to participate in new business and/or the Group's reputation. In addition, any increase in tax levies imposed on Lloyd's participants in the relevant jurisdictions around the world in which they offer insurance or reinsurance or any challenge to the amount of tax paid by such Lloyd's participants may result in the Group's corporate members incurring a higher tax charge.

The PRA is the prudential regulator for Lloyd's and has responsibility for promoting the financial security and soundness of Lloyd's and its members. Lloyd's is required by the PRA to establish and maintain appropriate controls over the risks affecting the funds of members which it holds centrally and to assess the capital

needs of each member operating on its market, in order to satisfy an annual solvency test for the PRA. Were the PRA to impose more stringent requirements on Lloyd's this may result in higher capital requirements or a restriction on trading activities for its members, including entities within the Group. If Lloyd's fails to satisfy its solvency test in any year, the PRA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure, which may result in a material adverse effect to the reputation, financial condition and results of operations of the Group or any of its corporate members.

The past years have seen considerable changes at Lloyd's, particularly in the composition and character of its capital base. It is likely that continuing change will remain a feature of the Lloyd's capital base for the foreseeable future. Lloyd's is also undertaking reforms that will result in a reduction in market costs and expenses, resulting in future years of account (starting with 2021) benefitting from significant increased profitability.

Lloyd's has recently undertaken a performance review, and prevented certain syndicates writing further business. If Lloyd's continues this process, any of the syndicates on which the Group's corporate members participate could be prevented from writing future business, which could impact the returns of the relevant corporate members.

Future changes at Lloyd's might involve alterations to the present annual venture basis of participating in syndicates, which could have fundamental implications for both Lloyd's and participation at Lloyd's through the Group's corporate members.

Regulatory powers and changes in regulation

Certain rights or actions of Lloyd's corporate members are subject to the prior written consent of Lloyd's. Lloyd's has wide discretionary powers in regulating Lloyd's corporate members and their underwriting at Lloyd's. Exercise of certain of these powers could affect the results of the underwriting business of the Group's corporate members.

The regulation of insurance in the UK is frequently subjected to substantial reviews and consultations on changes. It is possible that significant changes in regulation both within and outside the Lloyd's market will occur. Any current or future regulatory changes may have an adverse impact on the Group's corporate members, and subsequently affect the Group's profitability.

Value of capacity

The Board attributes a value to the Group's portfolio of syndicate capacity in determining the adjusted net asset value per Ordinary Share. This value of the capacity is based on the weighted average price of the capacity traded in the Lloyd's capacity auctions which is dependent on the demand for capacity in these auctions. If the weighted average prices for syndicate capacity reduce significantly, it is likely that adjusted net asset value per Ordinary Share will reduce and that the Board will have to impair the value of the capacity held on the Group's balance sheet. This may have a material adverse effect on the financial results of the Group.

Capacity values are now at similar levels to 2013 – 2015. Each 10 per cent. reduction in the capacity values at the 2020 auctions will reduce the adjusted net asset value per Ordinary Share by approximately 0.15p. Any reduction in the adjusted net asset value will be mitigated by any pre-emption capacity on syndicates that have a value at auction that is offered and taken up for nil value.

PART IV – TAXATION

The following information is given in summary form and as a general guide only and is based on tax legislation and, where relevant, current HM Revenue & Customs practice, in force at the date of this document. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of Open Offer Shares who are resident and domiciled in the United Kingdom for tax purposes.

The statements below do not constitute advice to any Shareholder or potential investor on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or holding the shares as trustees, or United Kingdom insurance companies). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Open Offer Shares. Any Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for Open Offer Shares.

Inheritance tax relief

The Company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

Taxation of dividends

Income tax – UK Resident Individuals

Under current United Kingdom taxation legislation, no withholding tax is deductible from dividends paid by the Company.

Dividends do not carry a tax credit. There is no income tax payable in respect of the first £2,000 of dividend income received in the tax year (although such income still counts towards the basic, higher and additional rate thresholds) regardless of the level of non-dividend income received. Dividend income received in excess of £2,000 in a tax year is taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. Shareholders should therefore seek appropriate tax advice on how these changes may impact their tax affairs.

Corporation tax

With certain exceptions (e.g. for traders in securities), a holder of Open Offer Shares that is a company resident (for taxation purposes) in the United Kingdom and which receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

Taxation of chargeable gains

Under current HM Revenue & Customs practice, the subscription by an existing Shareholder for shares under the Open Offer is expected to be treated as a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. To the extent that it is so treated, the Open Offer Shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that existing Shareholder

in respect of which the Open Offer Shares were offered, and the cost of acquisition of the Open Offer Shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal. As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an open offer is not made to all shareholders (e.g. as a result of restrictions under applicable securities laws and regulations).

A UK resident individual Shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 10 per cent., of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions) to the extent that such gain does not exceed the amount of the individual's unused basic rate income tax band for the relevant tax

year. To the extent that any chargeable gains or part thereof exceed the individual's unused basic rate income tax band, capital gains tax will be charged at 20 per cent. In computing the gain, the Shareholder should be entitled to deduct from the disposal proceeds the cost to him of acquiring the shares (together with incidental costs of acquisition and disposal).

A UK resident corporate Shareholder disposing of its shares in the Company may (after taking into account any applicable reliefs and exemptions) be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 19 per cent). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of acquiring the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty should be payable on the issue by the Company of Open Offer Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in eligible shares traded on AIM where the shares are not also listed on a recognised stock exchange.

Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.

NOTICE OF GENERAL MEETING

HELIOS UNDERWRITING PLC

(Incorporated and registered in England and Wales with registered number 05892671)

NOTICE IS HEREBY GIVEN that a General Meeting of Helios Underwriting plc (the "Company") will be held at Hill Ash Farm, West Harting, Petersfield, Hampshire, GU31 5NY at 12.00 noon on 26 November 2020 for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 to 4 (inclusive) are being proposed as ordinary resolutions and Resolution 5 as a special resolution:

Ordinary Resolutions

1. THAT, conditional on the passing of resolutions 4 and 5, the acquisition by the Company of the entire issued share capital of NJH from Upperton Holdings Limited (owned by Nigel Hanbury, a director of the Company) be approved.
2. THAT, conditional on the passing of resolutions 4 and 5, the acquisition by the Company, through its wholly owned subsidiary, Helios UTG, of the entire membership interest of L084 from Nigel Hanbury (a director of the Company) and members of his family by approved.
3. THAT, conditional on the passing of resolutions 4 and 5, the acquisition by the Company of the entire issued share capital of Nameco 510 from Arthur Manners (a director of the Company) and members of his family be approved.
4. THAT, conditional on the passing of resolutions 1, 2 and 3, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot ordinary shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £1,667,052.10 in connection with the Fundraising and the Acquisitions (each as such terms are defined in the Circular to shareholders of the Company dated 2 November 2020). Such authority shall be in addition to any equivalent authority that was granted at the Company's 2020 Annual General Meeting.

Special Resolution

5. THAT, conditional on the passing of resolution 4 above, the directors of the Company be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) of the Company pursuant to the authority conferred by resolution 4 above in connection with the Fundraising and the Acquisitions (each as defined in the Circular) as if section 561 of the 2006 Act did not apply to any such allotment provided that this power shall be limited to an aggregate nominal amount of £1,667,052.10.

Dated: 2 November 2020

By order of the Board

Martha Bruce

Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of the member's rights to attend, speak and vote at the meeting.
2. Given the required restriction on attendance at the General Meeting, members need to appoint the Chairman as their proxy to ensure their votes are included. If a member signs and returns a Form of Proxy with no name inserted in the box, the Chairman will be deemed to be the member's proxy.
3. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the Form of Proxy must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.
4. A Form of Proxy is enclosed. To be valid, the Form of Proxy (and any power of attorney or other authority (if any) under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). It is also permitted for a completed, signed and scanned copy of the form to be emailed to info@nevilleregistrars.co.uk. If a member does not complete a Form of Proxy such member will not be able to vote on the Resolutions as attending and voting in person at the meeting is not permitted.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Company's register of members at 6.00 p.m. on 24 November 2020 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. If the meeting is adjourned, only those members entered in the Company's register of members as at 6.00 p.m. on the day two days (excluding non-working days) before the date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's registrars, Neville Registrars Limited (CREST Participant ID: 7RA11), no later than 48 hours (excluding non-working days) before the time appointed for the meeting (or any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
12. Your personal data includes all data provided by you, or on your behalf, which relates to you as a Shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the Shareholder rights you exercise.
13. As at 30 October 2020 (being the last practicable date prior to the publication of this notice), the Company's issued share capital (excluding treasury shares) consisted of 17,978,028 ordinary shares of 10 pence each, carrying one vote per share, and there are 412,878 shares held by the Company in treasury, which do not carry voting rights. Therefore, the total voting rights in the Company as at 30 October 2020 were 17,978,028.

