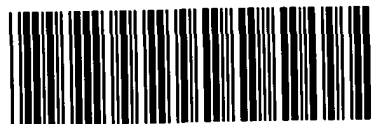


Company registration number 10531277 (England and Wales)

**ENVELOP RISK ANALYTICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# ENVELOP RISK ANALYTICS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G D Bell Mr N A Cunha-Gomes Ms R M Delhaise Mr C T Goldie Mr B M O'Hara Mr J L Spry
<b>Company number</b>	10531277
<b>Registered office</b>	6th Floor Vintry Building Wine Street Bristol BS21 2BD
<b>Auditor</b>	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Gategny Esplanade St Peter Port Guernsey GY1 4ND
<b>Accountants</b>	Hentons Stag House Old London Road Hertford Hertfordshire SG13 7LA

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# ENVELOP RISK ANALYTICS LIMITED

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# ENVELOP RISK ANALYTICS LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

### Review of business

The directors are satisfied with the group's overall performance in the year. Income was up 131% on the prior year with costs up 192% as the group continued its expansion and investment in headcount and its technological competencies. Included within costs in the year was a share-based payment charge of £2.063m relating to share options granted to date. Excluding this, costs were up 155% on the prior year. The operating loss was £7.3m in the year.

A new Class 3A reinsurance carrier was incorporated in Bermuda and began trading in the year as a group subsidiary, Augmented Re, which contributed to income and cost base growth. On the latter, insurance claims provisions and insurance-related acquisition costs were recorded for the first time, which accounted for 18% of the increase in costs on the prior year.

The directors are satisfied that the group has maintained a strong and stable balance sheet position with a high level of liquidity and a strong net asset position of £77m at the year end.

During the year a capital reduction of £3.7m was approved, further to one that was performed in 2021 for £17.8m in relation to a share repurchase transaction at that time. More details can be found in Note 20 of the accounts.

### Principal risks and uncertainties

Management continually monitor the key risks facing the group, together with assessing the controls used for managing these risks. Executives formally review and consider the principal risks facing the business.

There is some uncertainty about the long-term economic impact of inflation and interest rates on the UK and global economy, however the directors consider that the group is sufficiently robust and that its operations will not be significantly affected. The directors continuously monitor the group's cost base and will take action wherever necessary in order to protect all stakeholders should the period of uncertainty continue for longer than expected.

### Underwriting Risk

Underwriting risk is the risk of loss or of adverse changes in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. There is uncertainty surrounding the frequency, severity and timing of insured events and potential claims settlements. Given this uncertainty, there is potential that premiums and reserve provisions will be insufficient to cover potential future losses and associated expenses. The directors are confident that the risks are mitigated by the underwriting procedures and controls within the group, alongside robust reserving practice and the application of appropriate modelling techniques. Reserves are monitored on an on-going basis and estimates are subject to review by an independent actuary.

### Liquidity Risk

Liquidity risk is the inability to pay liabilities as they fall due. The group has sufficient cash reserves and manages its cash requirements regularly, ensuring there are adequate liquid resources to meet the operating needs of the business.

### Foreign currency Risk

The results of the group are sensitive to changes in the sterling/dollar exchange rate. The majority of income arises in US dollars but operating expenses are largely incurred in sterling. Adequate cash reserves are held in both major currencies, which reduces the need to make immediate, cross-currency trades.

### Market Risk

General market and operational risks are key risks to the group, and can be split between process, compliance, information systems, fraud and outsourcing risks. The Board is satisfied that group risk management policies adequately identify, assess, control and monitor these risks.

# ENVELOP RISK ANALYTICS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Key performance indicators

The Board monitors progress on the overall Group strategy and trading by reference to the following KPIs:

	Notes	2022	2021 Unaudited
Turnover	(i)	£9.0m	£3.9m
Underwriting result	(ii)	£0.6m	-
Net assets	(iii)	£77.1m	£80.2m
Employee retention	(iv)	97%	100%

### Notes:

(i) Turnover is represented by commission and premium income

(ii) Balance on technical account for reinsurer subsidiary

(iii) Total assets less liabilities and provisions

(iv) Number of employees at end of month (based on those in employment at the start of the month) averaged over 12 months

### Section 172(1) statement

The directors have the following comments regarding the performance of their duties to promote the success of the group:

#### *Interests of members of the group*

The company is a holding company of a group that is privately owned. The board consists of six directors. The interests of the board and the shareholders are broadly aligned in that the group should create value by generating strong and sustainable results.

#### *Board decisions during the year*

During the year the group has continued to provide its clients with an excellent level of service and has continued to apply an appropriate level of uplift to the overheads incurred as part of the work undertaken.

There is an adequate level of capital in the books of the group and the first and most recent audit of the Class 3A Bermuda-based carrier confirmed that that company maintains levels of capital that are a surplus over its regulatory requirements.

#### *The interests of employees*

The group continues to focus on training and supporting its employees in the belief that a well-informed and trained workforce is essential for the group's ongoing success. The group holds regular staff meetings, attended by members of the board, and carries out annual appraisals. The group encourages feedback from its staff and, where possible and practical, implements suggestions made to improve its procedures and the working environment. The group offers its employees competitive remuneration packages and staff members have the opportunity to join a Group Pension Plan.

# ENVELOP RISK ANALYTICS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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*The interests of our suppliers*

Due to the nature of the group's activities, it is not overly reliant on suppliers in order to generate its revenue as this is achieved through the staff base and tech competencies. Suppliers are used to provide auxiliary services to our offices and for ad hoc operational services.

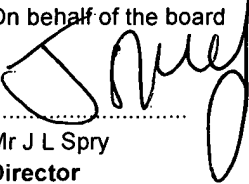
*The impact of the group's operations on the community and the environment*

The group operates internationally but endeavours to minimise environmental impacts through its use of technology and engaging in international travel only when necessary.

*Maintaining a reputation for high standards of business conduct*

The group is committed to maintaining a reputation of the high standards of business conduct. The group has a number of policies for all employees to follow and prepared compliance reviews are undertaken in respect of any regulated activities.

On behalf of the board



Mr J L Spry

Director

Date: 3/4/23

# ENVELOP RISK ANALYTICS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Principal activities

The principal activity of the company and group continued to be that of providing cyber insurance technology services.

#### Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G D Bell  
Mr N A Cunha-Gomes  
Ms R M Delhaise  
Mr C T Goldie  
Mr B M O'Hara  
Mr J L Spry

#### Auditor

PricewaterhouseCoopers CI LLP were appointed as auditor to the group by the Board. PricewaterhouseCoopers CI LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in the United Kingdom during this reporting period, it qualifies as a low energy user under the Streamlined Energy and Carbon Reporting regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ENVELOP RISK ANALYTICS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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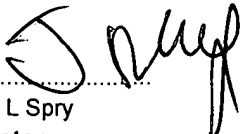
### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(2) & (11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the business review, principal risks and uncertainties and S.172 statements.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

  
.....  
Mr J L Spry  
Director

Date: ..... 31/12/23

# Independent auditors' report to the directors of Envelop Risk Analytics Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Envelop Risk Analytics Limited's non-statutory group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group Balance Sheet and the Company Balance Sheet as at 31 December 2022; The Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

# Independent auditors' report to the directors of Envelop Risk Analytics Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent auditors' report to the directors of Envelop Risk Analytics Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's bias in valuation of intangibles and share based payments schemes, as well as the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, and review of the directors' meetings minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in relation to the recognition and valuation of intangible assets and valuation of share based payments schemes;
- Understanding of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business;
- Challenge management in relation to the the recognition of revenue and understand and challenge on any judgements applied; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report


This report, including the opinion, has been prepared for and only for the parent company's directors as a body for the non-statutory Group and Company financial statements of Envelop Risk Analytics Limited in accordance with our engagement letter dated 6 July 2023 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the parent company, save where expressly agreed by our prior consent in writing.

# Independent auditors' report to the directors of Envelop Risk Analytics Limited (continued)

## Other matters

We draw attention to the fact that these financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the parent company's statutory financial statements.

The financial statements for the period ended 31 December 2021, forming the corresponding figures of the financial statements for the year ended 31 December 2022, are unaudited.

  
PricewaterhouseCoopers CI LLP

Chartered Accountants

Guernsey

3 August 2023

# ENVELOP RISK ANALYTICS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	Unaudited £
Turnover	3	9,012,686	3,902,517
Administrative expenses		(16,347,156)	(5,591,905)
Other operating income		-	44,285
<b>Operating loss</b>	<b>4</b>	<b>(7,334,470)</b>	<b>(1,645,103)</b>
Interest receivable and similar income	8	44,610	957
Other gains and losses	9	2,082,924	74,505
<b>Loss before taxation</b>		<b>(5,206,936)</b>	<b>(1,569,641)</b>
Tax credit	10	-	63,905
<b>Loss for the financial year</b>		<b>(5,206,936)</b>	<b>(1,505,736)</b>
Loss for the financial year is attributable to:			
- Owners of the parent company		(4,614,360)	(1,397,233)
- Non-controlling interests		(592,576)	(108,503)
		<b>(5,206,936)</b>	<b>(1,505,736)</b>

The notes on pages 17 to 38 form part of these financial statements.

# ENVELOP RISK ANALYTICS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
	£	Unaudited £
<b>Loss for the year</b>	(5,206,936)	(1,505,736)
<b>Other comprehensive income/(loss)</b>		
Currency translation loss arising in the year	(19,955)	(5,211)
<b>Total comprehensive income/(loss) for the year</b>	<u>(5,226,891)</u>	<u>(1,510,947)</u>
Total comprehensive income/(loss) for the year is attributable to:		
- Owners of the parent company	(4,634,315)	(1,402,444)
- Non-controlling interests	(592,576)	(108,503)
	<u>(5,226,891)</u>	<u>(1,510,947)</u>

The notes on pages 17 to 38 form part of these financial statements.

# ENVELOP RISK ANALYTICS LIMITED

## GROUP BALANCE SHEET

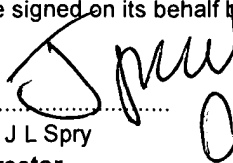
AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	Unaudited £	£
<b>Fixed assets</b>					
Intangible assets	11		473,490		32,682
Tangible assets	12		38,479		35,655
			<u>511,969</u>		<u>68,337</u>
<b>Current assets</b>					
Debtors	15	8,073,592		310,633	
Cash at bank and in hand		75,379,960		81,332,469	
			<u>83,453,552</u>	<u>81,643,102</u>	
<b>Creditors: amounts falling due within one year</b>	16	(1,736,305)		(1,498,803)	
<b>Net current assets</b>			<u>81,717,247</u>		<u>80,144,299</u>
<b>Total assets less current liabilities</b>			<u>82,229,216</u>		<u>80,212,636</u>
<b>Technical provisions</b>					
Incurred but not reported losses	17	(1,710,756)		-	
Unearned premium income	17	(3,460,619)		-	
			<u>(5,171,375)</u>		
<b>Net assets</b>			<u><u>77,057,841</u></u>		<u><u>80,212,636</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		21,951		21,875
Share premium account			80,193,133		83,872,388
Other reserves			2,037,834		(5,211)
Accumulated losses			(4,454,923)		(3,528,838)
<b>Equity attributable to owners of the parent company</b>			<u>77,797,995</u>		<u>80,360,214</u>
<b>Non-controlling interests</b>			<u>(740,154)</u>		<u>(147,578)</u>
			<u><u>77,057,841</u></u>		<u><u>80,212,636</u></u>

The notes on pages 17 to 38 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 1/8/22 and are signed on its behalf by:

Mr J L Spry  
Director

 31/8/22

Company registration number 10531277 (England and Wales)

# ENVELOP RISK ANALYTICS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	as restated unaudited £	£
<b>Fixed assets</b>					
Intangible assets	11		7,745		7,745
Tangible assets	12		29,639		35,655
Investments	13		1,302		1,300
			<u>38,686</u>		<u>44,700</u>
<b>Current assets</b>					
Debtors	15	31,766,485		5,044,012	
Cash at bank and in hand		47,886,666		75,906,399	
			<u>79,653,151</u>		<u>80,950,411</u>
<b>Creditors: amounts falling due within one year</b>	16	(1,515,896)		(1,341,236)	
<b>Net current assets</b>			<u>78,137,255</u>		<u>79,609,175</u>
<b>Net assets</b>			<u>78,175,941</u>		<u>79,653,875</u>
<b>Capital and reserves</b>					
Called up share capital	20		21,951		21,875
Share premium account			80,193,133		83,872,388
Other reserves			2,063,000		-
Accumulated losses			(4,102,143)		(4,240,388)
<b>Total equity</b>			<u>78,175,941</u>		<u>79,653,875</u>

The notes on pages 17 to 38 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £3,550,030 (2021 : £1,699,628 loss).

The financial statements were approved by the board of directors and authorised for issue on .....11/8/22 and are signed on its behalf by:

.....  
Mr J L Spry  
Director

3/8/25

Company registration number 10531277 (England and Wales)

# ENVELOP RISK ANALYTICS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Share options reserve	Currency translation reserve	Accumulated losses	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£	£	£
<b>Balance at 1 January 2021 Unaudited</b>	15,006	7,684,618	-	-	(2,044,435)	5,655,189	(39,075)	5,616,114
Loss for the year	-	-	-	-	(1,397,233)	(1,397,233)	(108,503)	(1,505,736)
Other comprehensive income:								
Currency translation differences	-	-	-	(5,211)	-	(5,211)	-	(5,211)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	(5,211)	(1,397,233)	(1,402,444)	(108,503)	(1,510,947)
Issue of share capital <b>20</b>	8,699	93,977,452	-	-	-	93,986,151	-	93,986,151
Redemption of shares <b>20</b>	(1,830)	-	-	-	(17,787,852)	(17,789,682)	-	(17,789,682)
Capital reduction transfer <b>20</b>	-	(17,789,682)	-	-	17,789,682	-	-	-
Share repurchase costs	-	-	-	-	(89,000)	(89,000)	-	(89,000)
<b>Balance at 31 December 2021 Unaudited</b>	21,875	83,872,388	-	(5,211)	(3,528,838)	80,360,214	(147,578)	80,212,636
Loss for the year	-	-	-	-	(4,614,360)	(4,614,360)	(592,576)	(5,206,936)
Other comprehensive income:								
Currency translation differences	-	-	-	(19,955)	-	(19,955)	-	(19,955)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	(19,955)	(4,614,360)	(4,634,315)	(592,576)	(5,226,891)
Issue of share capital <b>20</b>	76	9,020	-	-	-	9,096	-	9,096
Capital reduction transfer <b>20</b>	-	(3,688,275)	-	-	3,688,275	-	-	-
Share options granted <b>19</b>	-	-	2,063,000	-	-	2,063,000	-	2,063,000
<b>Balance at 31 December 2022</b>	21,951	80,193,133	2,063,000	(25,166)	(4,454,923)	77,797,995	(740,154)	77,057,841

The notes on pages 17 to 38 form part of these financial statements.

# ENVELOP RISK ANALYTICS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Share options reserve	Accumulated losses	Total
Notes	£	£	£	£	£
<b>Balance at 1 January 2021 as restated Unaudited</b>	15,006	7,684,618	-	(2,453,590)	5,246,034
Loss and total comprehensive income for the year	-	-	-	(1,699,628)	(1,699,628)
Issue of share capital	20	8,699	93,977,452	-	93,986,151
Redemption of shares	20	(1,830)	-	(17,787,852)	(17,789,682)
Capital reduction transfer	-	(17,789,682)	-	17,789,682	-
Share repurchase costs	-	-	-	(89,000)	(89,000)
<b>Balance at 31 December 2021 as restated Unaudited</b>	21,875	83,872,388	-	(4,240,388)	79,653,875
Loss and total comprehensive income for the year	-	-	-	(3,550,030)	(3,550,030)
Issue of share capital	20	76	9,020	-	9,096
Capital reduction transfer	-	(3,688,275)	-	3,688,275	-
Share options in year	-	-	2,063,000	-	2,063,000
<b>Balance at 31 December 2022</b>	21,951	80,193,133	2,063,000	(4,102,143)	78,175,941

The notes on pages 17 to 38 form part of these financial statements.

# ENVELOP RISK ANALYTICS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	Unaudited £	£
<b>Cash flows from operating activities</b>					
Cash (used in)/generated from operations	23	(5,536,790)		438,869	
Income taxes refunded		-		63,905	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(5,536,790)</b>		<b>502,774</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(440,808)		(24,937)	
Purchase of tangible fixed assets		(28,617)		(18,158)	
Interest received		44,610		957	
<b>Net cash used in investing activities</b>		<b>(424,815)</b>		<b>(42,138)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		9,096		93,986,151	
Redemption of shares		-		(17,878,682)	
<b>Net cash generated from financing activities</b>		<b>9,096</b>		<b>76,107,469</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,952,509)</b>		<b>76,568,105</b>	
Cash and cash equivalents at beginning of year		81,332,469		4,764,364	
<b>Cash and cash equivalents at end of year</b>		<b>75,379,960</b>		<b>81,332,469</b>	

The notes on pages 17 to 38 form part of these financial statements.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

Envelop Risk Analytics Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 6th Floor Vintry Building, Wine Street, Bristol, BS21 2BD.

The group consists of Envelop Risk Analytics Limited and all of its subsidiaries as set out in note 14.

##### Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### 1.1 Accounting convention

The financial statements are prepared in sterling, which is the presentational currency of the company. Monetary amounts in these financial statements are rounded to the nearest £. The functional currency of the group is US dollars.

The financial statements have been prepared on a going concern basis, under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- 'Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values';
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### 1.2 Basis of consolidation

The group financial statements consist of the financial statements of the parent company Envelop Risk Analytics Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements of its subsidiaries are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

(Continued)

##### 1.3 Going concern

The directors have a reasonable expectation that the group will have adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered the impact of recent major world events, such as COVID-19 and the conflict in Ukraine, on the group, its employees, clients and third-party suppliers.

While these events and others such as higher rates of inflation and interest have had an effect on the global economy, and there is uncertainty about how long they will continue to do so, the directors do not believe they impact the use of the going concern basis of preparation nor do they cast significant doubt about the group's ability to continue as a going concern for a period of twelve months from the date of the financial statements being authorised for issue.

The directors consider the group to be sufficiently robust that its operations will not be significantly affected and that it will be able to maintain sufficient levels of cash in order to meet its overhead commitments for at least a period of twelve months from the date of the financial statements being authorised for issue. The group therefore continues to adopt the going concern basis in preparing its financial statements.

##### 1.4 Turnover

Commission is measured at the fair value of the consideration received or receivable from the rendering of services in the year, net of returns and value added tax. The group recognises turnover when the risks and rewards of ownerships have been transferred to the customer and when the amount of revenue can be measured reliably and it is probable that economic benefits associated to the transaction will flow to the group.

Premium income is represented by premiums written on contracts of reinsurance that inceptioned during the financial year. Premiums are shown net of brokerage payable and are exclusive of taxes and duties thereon. Premiums are accredited to the Statement of Comprehensive Income on a pro rata basis over the term of the related policy.

Unearned premium income represents the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on a pro rata basis.

Interest income is recognised using the effective interest rate method.

##### 1.5 Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years
Software development	Assets in the course of construction are not depreciated.

Software development relates to software that is in the course of construction.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (Continued)

##### 1.6 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	3 years
------------------	---------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

##### 1.7 Investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.10 Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### **Current tax**

The tax currently payable is based on taxable profit for the year and prior years. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

##### 1.13 Provisions

Technical provisions are made up of incurred but not reported losses and unearned premium income. More information on unearned premium income is included within the Turnover accounting policy.

Losses and loss expenses paid are recorded when advised by the ceding insurance companies. Outstanding loss estimates comprise the amount of reported losses and loss expenses received from cedants plus a provision for losses incurred but not yet reported ("IBNR").

##### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which the service is received.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.16 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using entity-specific observable market-data from active funding rounds and the directors' best estimates of whether or not they would ensue at the date of the grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

##### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.18 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

##### 1.19 Acquisition costs

Acquisition costs incurred as part of securing premiums via reinsurance agreements are incurred upfront but deferred over the life of the related policy under the same method in which the related premium is earned.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Intangible assets***

The group estimates the proportion of time spent by relevant staff and contractors on the development of tech tools and software, as opposed to on-going research activities, and has made certain assumptions in relation to expected future cash inflows that will be generated from the assets and the expected future periods in which benefits will flow into the group.

#### ***Revenue recognition***

Management estimates the amount of commission receivable for each year to enable the group to recognise an appropriate amount of commission receivable in advance of the final amounts being determined.

#### ***Trade and other debtors***

The group makes estimates of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Premiums and related acquisition costs*

Premiums written are recorded at the inception of the policy. Premiums are estimated based on information received from brokers, ceding companies and reinsured parties, and any subsequent differences arising on such estimates are recorded in the periods in which they are determined.

For losses occurring reinsurance contracts, the earnings period is generally the same as the term of the related contract or policy. For reinsurance contracts written on a risks attaching basis, the earnings period is based on the terms of the underlying contracts and policies and is generally 24 months. The portion of the premiums written applicable to the unexpired terms of the underlying contracts and policies in force is recorded as unearned premiums within accruals.

Insurance and reinsurance premiums are recorded on the accruals basis and are included in income on a pro-rata basis over the terms of the underlying contracts assumed, with the unearned portion deferred in the balance sheet. Unearned premiums represent the amounts of premiums applicable to the unexpired terms of the underlying contracts.

Acquisition costs incurred as part of securing premiums via reinsurance agreements are incurred upfront but deferred over the life of the related policy under the same method in which the related premium is earned.

##### *Incurred but not reported reserves, outstanding loss reserves and loss expenses*

IBNR reserves are estimated by management using various actuarial methods, output from various industry loss models, industry loss experience, underwriters' experience, general market trends and management's judgement.

These estimates are continually reviewed and are subject to the impact of future changes in such factors as claim severity and frequency. While management believes that the amount is adequate, the ultimate liability may be materially in excess of, or less than, the amounts provided and any adjustment will be reflected in the periods in which they become known.

##### *Share-based payments*

Some employees of the group are awarded with the issue of share options to purchase ordinary shares in the Company. In accordance with FRS 102 Section 26 Share-based payments the group reflects the economic cost of awarding ordinary shares to employees by recognising an expense in profit and loss account equal to the fair value of the benefit awarded. The fair value at the date of the grant for exercisable options is determined using entity-specific observable market data from active funding rounds and best estimates of whether or not they would ensue at the date of the grant.

#### 3 Turnover and other revenue

	2022	2021
	£	Unaudited £
<b>Turnover analysed by class of business</b>		
Commission income	6,300,631	3,897,289
Premium income	2,712,055	5,228
	<u>9,012,686</u>	<u>3,902,517</u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 3 Turnover and other revenue (Continued)

	2022	2021
	£	Unaudited £
<b>Turnover analysed by geographical market</b>		
North America	9,012,686	3,902,517
	<u>                    </u>	<u>                    </u>

	2022	2021
	£	Unaudited £
<b>Other revenue</b>		
Interest income	44,610	957
	<u>                    </u>	<u>                    </u>

### 4 Operating loss

	2022	2021
	£	Unaudited £
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	25,793	22,634
Share-based payments and expenses	2,063,000	-
	<u>                    </u>	<u>                    </u>

### 5 Auditor's remuneration

	2022	2021
	£	Unaudited £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	210,000	-
	<u>                    </u>	<u>                    </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number Unaudited	Company 2022 Number	2021 Number Unaudited
	62	32	31	26
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022	2021 Unaudited	Company 2022	2021 Unaudited
	£	£	£	£
Wages and salaries	6,884,417	2,693,548	4,745,404	2,036,763
Share-based payments and expenses	2,063,000	-	2,063,000	-
Social security costs	793,078	312,986	641,030	255,899
Pension costs	267,047	172,919	128,107	140,763
	<u>10,007,542</u>	<u>3,179,453</u>	<u>7,577,541</u>	<u>2,433,425</u>

### 7 Directors' remuneration

	2022	2021
	£	Unaudited £
Remuneration for qualifying services	1,463,500	435,559
Company pension contributions to defined contribution schemes	-	35,285
	<u>1,463,500</u>	<u>470,844</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 4 (2021 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	Unaudited £
Remuneration for qualifying services	864,000	241,225
Company pension contributions to defined contribution schemes	-	31,869
	<u>864,000</u>	<u>273,094</u>

### 8 Interest receivable and similar income

	2022	2021
	£	Unaudited £
Interest income		
Interest on bank deposits	<u>44,610</u>	<u>957</u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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8	Interest receivable and similar income	(Continued)	
		2022	2021
	Investment income includes the following:	£	Unaudited £
	Interest on financial assets not measured at fair value through profit or loss	44,610	957
		<u>44,610</u>	<u>957</u>
9	Other gains and losses	2022	2021
		£	£
	Exchange differences	2,082,924	74,505
		<u>2,082,924</u>	<u>74,505</u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Taxation

	2022	2021
	£	Unaudited £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(63,905)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	Unaudited £
Loss before taxation	(5,206,936)	(1,569,641)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(989,318)	(298,232)
Tax effect of expenses that are not deductible in determining taxable profit	44,542	127,301
Unutilised tax losses carried forward	1,272,828	323,483
Research and development tax credit	-	(63,905)
Effect of overseas tax rates	(329,195)	(152,696)
Capital allowances less than depreciation	1,143	144
Taxation charge/(credit)	-	(63,905)

At 31st December 2022 the company had unrelieved trading losses amounting to £12,000,000 (2021: £5,300,000) which are available to be carried forward and offset against future trading profits. No deferred tax asset has been recognised in respect of these losses as there is uncertainty about the timing and extent of future trading profits.

#### 11 Intangible assets

Group	Software	Software development	Total
	£	£	£
<b>Cost</b>			
At 1 January 2022	7,745	24,937	32,682
Additions	-	440,808	440,808
At 31 December 2022	7,745	465,745	473,490
<b>Amortisation and impairment</b>			
At 1 January 2022 and 31 December 2022	-	-	-
<b>Carrying amount</b>			
At 31 December 2022	7,745	465,745	473,490
At 31 December 2021	7,745	24,937	32,682

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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11 Intangible assets	(Continued)
<b>Company</b>	<b>Software</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	7,745
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2022 and 31 December 2022	-
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	7,745
	<hr/> <hr/>
At 31 December 2021	7,745
	<hr/> <hr/>
<b>12 Tangible assets</b>	
<b>Group</b>	<b>Office equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2022	80,296
Additions	28,617
	<hr/>
At 31 December 2022	108,913
	<hr/>
<b>Depreciation and impairment</b>	
At 1 January 2022	44,641
Depreciation charged in the year	25,793
	<hr/>
At 31 December 2022	70,434
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	38,479
	<hr/> <hr/>
At 31 December 2021	35,655
	<hr/> <hr/>

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# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Tangible assets (Continued)

Company	Office equipment £
<b>Cost</b>	
At 1 January 2022	78,472
Additions	18,912
	<u>          </u>
At 31 December 2022	97,384
	<u>          </u>
<b>Depreciation and impairment</b>	
At 1 January 2022	42,817
Depreciation charged in the year	24,928
	<u>          </u>
At 31 December 2022	67,745
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2022	29,639
	<u>          </u>
At 31 December 2021	35,655
	<u>          </u>

### 13 Investments

	Notes	Group 2022 £	2021 Unaudited £	Company 2022 £	2021 Unaudited £
Investments in subsidiaries	14	-	-	1,302	1,300
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Movements in investments

Company	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2022	1,300
Additions	2
	<u>          </u>
At 31 December 2022	1,302
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2022	1,302
	<u>          </u>
At 31 December 2021	1,300
	<u>          </u>

During the year, the company formed two new subsidiaries being Envelop Risk Services Limited and Envelop Risk Bermuda Holdings Ltd.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Envelop Risk (Bermuda) Ltd.	Wessex House, 45 Reid Street, Hamilton, HM 12, Bermuda	Ordinary	100.00
Envelop Risk Analytics LLC	251 Little Drive, Wilmington, New Castle, Delaware 19808	Ordinary	100.00
Datastream Insurance Services Inc.	919 North Market Street, Suite 950, Wilmington, New Castle, Delaware 19801	Ordinary	82.20
Envelop Risk Services Limited	6th Floor, Vintry Building, Wine Street, Bristol, BS1 2BD	Ordinary	100.00
Envelop Risk Bermuda Holdings Ltd.	Wessex House, 45 Reid Street, Hamilton, HM 12, Bermuda	Ordinary	100.00
Augmented Re Ltd.	Wessex House, 45 Reid Street, Hamilton, HM 12, Bermuda	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Envelop Risk (Bermuda) Ltd.	2,674,626	1,110,370
Envelop Risk Analytics LLC	(5,800)	(1,271)
Datastream Insurance Services Inc.	(4,361,510)	(3,327,543)
Envelop Risk Services Limited	(60,700)	(60,701)
Envelop Risk Bermuda Holdings Ltd.	(1,592,866)	(5,682)
Augmented Re Ltd.	21,302,190	627,919

#### 15 Debtors

	Group 2022	2021 Unaudited	Company 2022	2021 as restated unaudited
Amounts falling due within one year:	£	£	£	£
Trade debtors	4,455,689	15,000	3,053,169	4,773,758
Amounts owed by group undertakings	-	-	27,265,394	4,506
Other debtors	115,946	127,455	89,255	127,359
Prepayments and accrued income	3,501,957	168,178	1,358,667	138,389
	<u>8,073,592</u>	<u>310,633</u>	<u>31,766,485</u>	<u>5,044,012</u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Creditors: amounts falling due within one year

	Group 2022	2021 Unaudited	Company 2022	2021 as restated unaudited
	£	£	£	£
Trade creditors	301,251	269,971	233,008	261,054
Amounts owed to group undertakings	-	-	421,073	323,600
Other taxation and social security	186,062	157,361	138,987	136,632
Other creditors	11,435	1,346	11,435	1,346
Commissions payable	289,242	-	-	-
Accruals and deferred income	948,315	1,070,125	711,393	618,604
	<u>1,736,305</u>	<u>1,498,803</u>	<u>1,515,896</u>	<u>1,341,236</u>

### 17 Technical provisions

	Group 2022	2021 Unaudited	Company 2022	2021 Unaudited
	£	£	£	£
Incurred but not reported losses	1,710,756	-	-	-
Unearned premium income	3,460,619	-	-	-
	<u>5,171,375</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements on provisions:

	Incurred but not reported losses	Unearned premium income	Total
Group	£	£	£
At 1 January 2022	-	-	-
Additional provisions in the year	<u>1,710,756</u>	<u>3,460,619</u>	<u>5,171,375</u>
At 31 December 2022	<u>1,710,756</u>	<u>3,460,619</u>	<u>5,171,375</u>

Losses and loss expenses paid are recorded when advised by the ceding insurance companies. Outstanding loss estimates comprise the amount of reported losses and loss expenses received from cedants plus a provision for losses incurred but not yet reported ("IBNR").

Unearned premium income represents the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on a pro rata basis.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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18 Retirement benefit schemes

	2022	2021
	£	Unaudited £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	267,047	172,919

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions amounting to £8,708 were outstanding at 31 December 2022 (2021: £nil).

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19 Share-based payment transactions

The company operates a number of share option schemes, including an Employee Management Incentive ("EMI") scheme, RSU's, Phantom share options and a non-EMI scheme, under which share options are granted to certain employees in tranches and which will be settled by share based payments. In general, the options both have a term period and staggered vesting terms, at which point they may be exercised. Options will normally lapse if staff cease to be an employee, subject to plan rules. They are not subject to any specific performance criteria. The tranches were issued as follows:

Type of plan	Date of grant	Options granted Number	Exercise price £	Fair value £
EMI	05 Nov 2018	11,518	0.12	0.12
Non-EMI	02 Apr 2019	5,759	1.00	12.00
EMI	16 Sep 2019	9,314	12.00	12.00
Non-EMI	01 Oct 2019	1,425	12.00	12.00
EMI	23 Oct 2019	17,000	12.00	12.00
Phantom	23 Mar 2020	298	10.00	257.98
EMI	10 Sep 2021	4,880	128.99	299.88
Non-EMI	20 Dec 2021	10,171	0.01 and 0.10	299.88
Non-EMI	30 Sep 2022	2,130	0.10	299.88
Non-EMI & RSU's	16 Nov 2022	21,183	0.10	359.41
Non-EMI	18 Nov 2022	5,245	359.41	359.41
Non-EMI	20 Nov 2022	1,500	359.41	299.88
Non-EMI	28 Nov 2022	600	359.41	299.88
Non-EMI	05 Dec 2022	800	359.41	359.41

Group and company	Number of share options		Weighted average exercise price	
	2022	2021	2022	2021
	Number	Unaudited Number	£	Unaudited £
Outstanding at 1 January 2022	23,265	29,377	31.28	10.68
Granted	31,458	15,051	128.28	41.85
Forfeited	(350)	(19,244)	128.99	11.11
Exercised	(758)	(1,919)	12.00	1.00
Outstanding at 31 December 2022	<u>53,615</u>	<u>23,265</u>	<u>87.83</u>	<u>31.28</u>
Exercisable at 31 December 2022	<u>23,173</u>	<u>16,327</u>	<u>120.58</u>	<u>18.70</u>

#### Group and company

The weighted average fair value of options granted was determined using entity-specific observable market-data from active funding rounds and the directors' best estimates of whether or not they would ensue at the date of the grant.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19 Share-based payment transactions (Continued)

	Group 2022	2021 Unaudited	Company 2022	2021 Unaudited
	£	£	£	£
<b>Expenses recognised in the year</b>				
Arising from equity settled share based payment transactions	2,063,000	-	2,063,000	-

The total charge for the year was £2,063,000 (2021: £Nil).

#### 20 Share capital

Group and company	2022	2021 Unaudited	2022	2021 Unaudited
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 10p each	134,442	133,684	13,444	13,368
B series shares of 10p each	85,069	85,069	8,507	8,507
	<u>219,511</u>	<u>218,753</u>	<u>21,951</u>	<u>21,875</u>

On 17th December 2021 a special resolution was passed approving a capital reduction resulting in the transfer of £17,789,682 from the Share premium account to distributable reserves.

The purpose of the capital reduction was to create distributable reserves of such an amount to allow 18,298 issued shares to be repurchased by the company from its reserves on 22nd December 2021.

These financial statements reflect that the share repurchase transaction took place on the date the parties intended. In late 2022 the company discovered that the share repurchase and distribution of proceeds were made otherwise than in accordance with the Companies Act 2006, because the capital reduction (which was validly effected) did not take into account the company's losses that had accrued by December 2021. The company has since taken steps to confirm the share repurchase. On 17th November 2022, the shareholders passed special resolutions to cancel the shares which were the subject of the repurchase, and to effect a further reduction of share premium of £3,688,275, transferring from the Share premium account to distributable reserves within Retained earnings. There were adequate reserves within Share premium to make this further capital reduction, as can be seen in the Statement of Changes in Equity, the accounting for which has been reflected in the financial statements for the year ended 31st December 2022. On 6th December 2022 a court order was obtained to approve the share cancellation and further reduction in share premium and approve the statement of capital showing the cancellation of shares having taken place.

On 12th January 2022, 758 ordinary shares of £0.10 were issued at a premium of £11.90 per share.

#### 21 Related party transactions

##### Transactions with related parties

The group has taken advantage of the exemptions under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the group, where 100% of the voting rights of these entities are controlled within the group.

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21 Related party transactions (Continued)

During the year the group entered into the following transactions with related parties that are not covered by this exemption:

	Management charges	
	2022	2021
Company	£	£
Datastream Insurance Services Inc.	57,533	-
	<u>57,533</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	31 December	31 December
	2022	2021
Company	£	£
Datastream Insurance Services Inc.	5,339,855	-
	<u>5,339,855</u>	<u>-</u>

#### 22 Controlling party

No single party has had ultimate control of the parent company during the current or previous year.

#### 23 Cash (used in)/generated from group operations

	2022	2021
	£	Unaudited £
Loss for the year after tax	(5,206,936)	(1,505,736)
<b>Adjustments for:</b>		
Taxation charged/(credited)	-	(63,905)
Investment income	(44,610)	(957)
Depreciation and impairment of tangible fixed assets	25,793	22,634
Foreign exchange gains on consolidation	(19,955)	(5,211)
Equity settled share based payment expense	2,063,000	-
Increase in technical provisions – incurred but not reported losses	1,710,756	-
Increase in technical provisions – unearned premium income	3,460,619	-
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(7,762,959)	794,891
Increase in creditors	237,502	1,197,153
	<u>(7,525,457)</u>	<u>991,944</u>
<b>Cash (used in)/generated from operations</b>	<u>(5,536,790)</u>	<u>438,869</u>

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 24 Analysis of changes in net funds - group

	1 January 2022 Unaudited £	Cash flows £	31 December 2022 £
Cash at bank and in hand	81,332,469	(5,952,509)	75,379,960

#### 25 Prior period adjustment - unaudited

During the year, the company updated the criteria used to calculate earned income which has resulted in income being recognised over a longer period of time than previously reported. The reduction in income in relation to the prior year has been amended by a prior year adjustment. This also resulted in a reanalysis between debtors and creditors.

Foreign exchange gains in 2021 have also been restated as income rather than being offset against administrative expenses.

#### Changes to the balance sheet - company

	As previously reported £	Adjustment at 1 Jan 2021 £	Adjustment at 31 Dec 2021 £	As restated at 31 Dec 2021 £
<b>Current assets</b>				
Debtors due within one year	5,633,815	(77,887)	(511,916)	5,044,012
<b>Creditors due within one year</b>				
Other creditors	(1,054,847)	-	(149,757)	(1,204,604)
Net assets	80,393,435	(77,887)	(661,673)	79,653,875
<b>Capital and reserves</b>				
Profit and loss reserves	(3,500,828)	(77,887)	(661,673)	(4,240,388)

#### Changes to the profit and loss account - company

	As previously reported £	Adjustment £	As restated £
<b>Period ended 31 December 2021</b>			
Turnover	3,112,765	(651,206)	2,461,559
Administrative expenses	(4,259,867)	(49,532)	(4,309,399)
Other gains and losses	-	39,065	39,065
Loss after taxation	(1,037,955)	(661,673)	(1,699,628)

# ENVELOP RISK ANALYTICS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Prior period adjustment - unaudited

(Continued)

### Reconciliation of changes in equity - company

	1 January 2021 £	31 December 2021 £
<b>Adjustments to prior year</b>		
Correction to income	(77,887)	(729,094)
Foreign currency exchange correction	-	(10,466)
<b>Total adjustments</b>	<b>(77,887)</b>	<b>(739,560)</b>
Equity as previously reported	5,323,921	80,393,435
<b>Equity as adjusted</b>	<b>5,246,034</b>	<b>79,653,875</b>
<b>Analysis of the effect upon equity</b>		
Profit and loss reserves	(77,887)	(661,673)

### Reconciliation of changes in loss for the previous financial period

	2021 £
<b>Adjustments to prior year</b>	
Correction to income	(651,207)
Foreign currency exchange correction	(10,466)
<b>Total adjustments</b>	<b>(661,673)</b>
Loss as previously reported	(1,037,955)
<b>Loss as adjusted</b>	<b>(1,699,628)</b>