

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to report another strong set of financial results for the Kentro Group for the year ended 31st December 2021.

The combined results for the Group can be summarised as follows;

Year ended 31 December	2021 Actual £000	2020 Actual £000	% change	2021 Run Rate* £000
Gross Written Premium (GWP)	367,421	307,891	19.3	395,439
Turnover	53,117	43,994	20.7	55,571
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,033	14,010	14.4	18,301
Total Capital & Reserves	22,756	22,185	2.6	22,756

*The 2021 Run Rate includes the full year performance of the four acquisitions made during 2021 in addition to adjustments for non-recurring costs and timing differences on initiatives.

Kentro Capital Limited

In 2021 we spent considerable effort in strengthening and re-designing the group operational infrastructure to provide our specialty insurance intermediaries, Nexus Underwriting ("Nexus") and Xenia Broking Group ("Xenia"), the optimal room and opportunity to grow and achieve their independent strategic growth plans. As part of this project, Nexus Underwriting Management Limited was renamed Kentro Capital Limited ("Kentro") in February 2022. Kentro, the Greek word for "Centre", is symbolic of Kentro's ongoing central role in providing strategic, managerial, and capital support to Nexus and Xenia, whilst ensuring that both companies maintain our shared values of excellence, togetherness and ambition.

Driven by Nexus, our specialty underwriting MGA business, and Xenia, our specialty insurance broking arm, Kentro achieved strong growth and financial success in 2021. Kentro GWP grew by 19% to £367m in 2021 which generated £53m of turnover, up 21% on 2020. Kentro EBITDA grew 14% to £16.0m or £18.3m on a run rate basis.

In October, Kentro successfully concluded a re-financing agreement via a new £70m loan facility with Barings LLC ("Barings"). The new facility allowed the Group to refinance its historic debt providers HPS Capital Partners, LLC and B.P. Marsh & Partners Plc ("BPM") on improved commercial terms, while also offering further capital support for future M&A activity. The facility also has a significant accordion that offers additional support for future acquisitions and / or a transformational deal. Kentro has now successfully completed 24 acquisitions, all of which continue to trade and grow under either Nexus or Xenia. Both the Nexus and Xenia M&A pipelines remain very active as we look to continue to execute our established and tested buy and build strategy in 2022.

In the BPM interim results as at July 2021, Kentro's implied 100% equity valuation was £253m, an increase from £228m one year earlier, which represents an equity value combined annual growth rate of 31% since 2015. I am also pleased to report that the number of employee shareholders across the Group now stands at 229 out of a total Group employee headcount of 337. In addition to partially self-funding cash consideration payments for acquired businesses, Kentro paid out £5.6m in dividends to shareholders during 2021, a substantial increase on the £2.4m paid during 2020. This represented a return of 2.2% on the most recent implied BPM valuation of the company, and further highlighted the success of Kentro's business model of cash generation and significant shareholder return.

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During another challenging pandemic year, I was particularly proud of the agility and resilience demonstrated by all Group employees as they navigated the fluctuating government-imposed work-from-home guidelines, and I am pleased to report that, as we enter Q2 2022 all Kentro Group offices are now open, and we are hopeful that working practices across all of our offices will return to normal this year.

Finally, on behalf of the Board of Directors, I would like to extend my heartfelt thanks to each and every one of the Kentro, Nexus and Xenia employees for their continued hard work throughout 2021. The dedication and spirit of our employees will always be our greatest asset and the cornerstone of the success achieved to date.

Highlights of the Kentro Capital trading businesses in the 2021 financial year are as follows:**Nexus Underwriting**

I am delighted to report that Nexus achieved significant organic growth in 2021, with GWP and Income up 19% and 18% respectively compared to 2020. Despite the challenges of Covid-19 impacting the financial performance of a number of Nexus trading units for longer than anticipated, the spirit and resilience of our employees, in combination with our diversified product portfolio and focus on underwriting performance, delivered impressive levels of organic growth.

Nexus US Financial Lines produced a notable first 12 months' performance by achieving US\$20m of GWP in just over 12 months since trading began, beating their original target for year three of their organic growth plan. April also saw our Nexus UK Financial Lines team sign a new four-year multi product strategic underwriting and claims agreement with Allianz Global Corporate & Specialty SE (AGCS). This agreement builds upon our history of successful long-term partnerships with high quality capacity providers, enabling us to offer our clients consistent insurance capacity of the highest calibre.

Nexus' characteristically innovative and entrepreneurial spirit was evidenced in the design and launch of a number of new insurance products during the year. In addition, subsequent to the 2021 financial year end, in March 2022 Nexus launched a new division called Nexus Frontier, a specialty division initially focused on writing Financial Lines business on behalf of fronted capacity supported by a panel of 6 blue-chip reinsurers. Fronted capacity has long been commonplace in the USA and is becoming an increasingly significant risk transfer structure in the global insurance market. It is expected that additional business lines will be supported by fronted capacity and will be added to Nexus Frontier as we look to grow and expand the division in 2022 and beyond.

On the tail end of a flight-to-quality in the insurance market, Nexus signed a total of 50 underwriting agreements, renewed 100% of expiring binders, added 15 new underwriting partner relationships and underwrote 1.1 million policies in 2021, ratifying our unmitigated commitment to profitable underwriting and value creation for our 47 underwriting partners.

Xenia Broking

In near perfect co-ordination with its sister company, I am pleased to report that Xenia achieved 18% and 17% growth in GWP and Income respectively when compared to 2020. In addition to Xenia's strong financial performance, Xenia had a successful year of M&A activity, concluding four new acquisitions.

In April, Xenia acquired the trade credit business of Status Credit Insurance Brokers Limited. This was followed in May with the acquisition of the trade credit business of Credit Insurance Alliance (Brokers) Limited. Both transactions involved the acquisition of highly complementary portfolios of clients, strengthening Xenia's regional footprint and trade credit market share.

In November, Xenia acquired the whole turnover trade credit and the financial and specialty risks teams from specialist Lloyd's broker Parker Norfolk & Partners Ltd. The acquisition marked Xenia's launch into the financial and speciality risks market, which is a class of business that Xenia has sought to diversify into for some time and

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which accelerates Xenia's strategy to become the leading specialist broker for credit, financial risks and financial lines insurance internationally.

Xenia closed November with the acquisition of Peter Hill Credit & Financial Risks Ltd, a trade credit and surety broker based in Northampton. Peter Hill's reputation, client service ethos and sector specialisms are in unison with Xenia's, and the highly experienced Peter Hill team have been a welcome addition to the Xenia Group.

Subsequent to the 2021 financial year end, Xenia has completed two further acquisitions. In January 2022 Xenia concluded the acquisition of the UK whole turnover trade credit and surety portfolio of Tysers Insurance Brokers. In April 2022, Xenia acquired a majority stake in Capstone Insurance Brokers Limited, a Hong Kong based insurance broker with specialist expertise in Financial Lines and digital asset insurance. This acquisition is a transformational deal and marks the start of Xenia's international expansion and broadens the broking group's product offering into new and emerging classes of business.

In the 12 months preceding April 2022, Xenia has fortified and grown its UK regional footprint, diversified its product offering, expanded internationally and has a strategic pipeline brimming with new opportunities. This is an incredibly exciting time for Xenia, and for the wider Kentro group as a whole, as we continue to build upon the positive momentum and success achieved in 2021.

Colin Thompson

Group Chief Executive Officer