

20 August 2024

Companies Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Helia Group Limited (ASX:HLI)
Appendix 4D (Half-year report)

In accordance with ASX Listing Rule 4.2A, we attach a copy of the Appendix 4D (Half-year report) for Helia Group Limited and its controlled entities for the period ended 30 June 2024.

The release of this announcement was authorised by the Board.

Yours faithfully

A handwritten signature in black ink that reads "Brady Weissel". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brady Weissel
General Counsel and Company Secretary

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Helia Group Limited

ABN 72 154 890 730

Appendix 4D – Half year financial report

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Appendix 4D – Half year financial report

30 June 2024

Helia Group Limited and its controlled entities

Results for announcement to the market

For the half year ended 30 June	Up/Down	% change	2024 \$'000	2023 \$'000
Revenue from ordinary activities ¹	Down	17.2%	237,240	286,419
Profit from ordinary activities after income tax attributable to equity holders of the company	Down	34.2%	97,027	147,468
Net profit for the period attributable to ordinary equity holders of the company	Down	34.2%	97,027	147,468

1 Includes Insurance revenue and Investment revenue.

Dividends	Record date	Payment date	Amount per security (cents)	Franked amount per security (cents)
Interim dividend	05 September 2024	19 September 2024	15.0	15.0

All dividends are fully franked at a corporate tax rate of 30%.

There was no dividend re-investment plan available to shareholders during the period.

For the half year ended 30 June	2024 \$	2023 \$
Net tangible assets per security	3.63	3.49

Additional Appendix 4D disclosure requirements can be found in the Helia Group Limited Half Year Financial Report for the period ending 30 June 2024 (Attachment A). The Half Year Financial Report should be read in conjunction with market or public announcements made by Helia Group Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX listing rules.

The independent auditors review report is included on at page 24 of the Half Year Financial report.

ATTACHMENT A

Helia Group Limited and its controlled entities

Half Year Financial Report for the period ended 30 June 2024

Helia Group Limited and its Controlled Entities

ABN 72 154 890 730

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2024

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Directors' report

The Directors present their report together with the financial statements of Helia Group Limited (the Company) and its controlled entities (the Group) for the half year ended 30 June 2024 and the independent auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half year ended 30 June 2024 are as follows:

Leona Murphy (appointed as Chair on 9 May 2024)

Pauline Blight-Johnston

Gai McGrath (resigned on 16 August 2024)

Alistair Muir

Andrea Waters

Duncan West

Ian MacDonald (resigned on 9 May 2024)

Gerd Schenkel (resigned on 30 April 2024)

Andrew Moore (appointed on 15 July 2024)

JoAnne Stephenson (appointed on 15 July 2024)

Principal activity

The principal activity of the Company during the reporting period was the provision of lenders mortgage insurance (LMI) under authorisation from the Australian Prudential Regulation Authority (APRA). In Australia, LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan to value ratio residential mortgage loans.

Review and results of operations

Helia has delivered a strong result for shareholders supported by the ongoing low claims environment. The Group reported a net profit after tax of \$97,027,000 for the half year to 30 June 2024 compared with the net profit after tax of \$147,468,000 for the half year to 30 June 2023.

Insurance revenue for the half year reduced to \$194,777,000 (30 June 2023: \$219,821,000). Premiums received in the half year reduced to \$93,614,000 (30 June 2023: \$107,310,000), with a continued impact from Federal Government Home Guarantee Scheme. The decline in premiums, over recent years, is only having a gradual impact on insurance revenue due to the insurance revenue recognition profile.

Insurance service expense (including claims) increased to \$41,676,000 (30 June 2023: \$5,014,000). There was continued benefit from favourable claims experience and the resulting reserve releases led to an overall credit on claims incurred, albeit not as large as in 2023.

The insurance service result of \$141,182,000 (30 June 2023: \$194,755,000) was a result of the lower insurance revenue, another very favourable period for claims incurred, but up on 2023, and lower reinsurance expenses.

Investment revenue was lower in the half to 30 June 2024 at \$42,463,000 (30 June 2023: \$66,598,000) as there were unrealised investment losses in 2024 compared to unrealised investment gains in the portfolio in 2023.

Directors' report cont'd.

Regulatory capital

The Group's regulatory capital at 30 June 2024 was 2.08 times the Prescribed Capital Amount (PCA) on a level 2 basis and the Common Equity Tier 1 (CET1) ratio was 1.85 times. Regulatory capital is above the Board's target capital range of 1.4 to 1.6 times PCA and reflects the Company's strong capital position.

Corporate structure

The Company is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange (ASX).

Share buy-back

On 22 August 2023, the Company announced its intention to commence, with effect from 8 September 2023, an on-market share buy-back program for shares up to a maximum aggregate value of \$100,000,000. When the Company ceased this buy-back on 30 April 2024, the Company had acquired 24,231,000 shares for a total consideration of \$90,412,000, of which 9,084,000 shares were acquired for a total consideration of \$34,232,000 during the 6 month period to 30 June 2024.

On 10 May 2024, the Company announced its intention to commence, with effect from 13 May 2024, a further on-market share buy-back for shares up to a maximum aggregate value of \$100,000,000. The total number of shares purchased in the period to 30 June 2024 was 2,023,000 for consideration of \$7,755,000.

Market capitalisation

The market capitalisation of the Company at 30 June 2024 was \$1,121,132,000 based on the closing share price of \$3.87.

Dividends

The Company paid an ordinary dividend per share of 15 cents amounting to \$44,995,000 (fully franked) and a special dividend of 30 cents amounting to \$89,990,000 (unfranked) to its shareholders on 22 March 2024.

On 20 August 2024, the Directors declared a dividend of 15 cents per share amounting to \$43,455,000 fully franked to be paid on 19 September 2024.

Environmental regulations

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Events subsequent to reporting date

On 20 August 2024, the Directors declared an interim dividend of 15 cents per ordinary share totalling \$43,455,000 for the half year ended 30 June 2024.

There are no other events that have arisen since 30 June 2024 to the date of this report that, in the opinion of the Directors, have significantly affected or may significantly affect the operations of the Company or the state of affairs of the Company in future years.

Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Company.

Directors' report cont'd.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that instrument, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report.

Signed in accordance with a resolution of the Directors:



Leona Murphy

Chair

Dated: 20 August 2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Helia Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Helia Group Limited for the half-year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Julia Gunn

Partner

Sydney

20 August 2024

Consolidated financial statements

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Consolidated statement of comprehensive income

For the half year ended 30 June 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Insurance revenue	3.1	194,777	219,821
Insurance service expense	3.2	(41,676)	(5,014)
Net expenses from reinsurance contracts		<u>(11,919)</u>	<u>(20,052)</u>
Insurance service result		141,182	194,755
Investment revenue	3.3 (a)	42,463	66,598
Investment expense		(1,196)	(1,316)
Net finance expense from insurance contracts	3.3 (b)	(24,675)	(28,849)
Net finance income from reinsurance contracts		61	269
Net financial result		16,653	36,702
Other operating expenses		(8,436)	(9,936)
Financing costs		(9,334)	(8,272)
Share of loss of equity-accounted investees, net of tax		<u>(1,747)</u>	<u>(2,518)</u>
Profit before income tax		138,318	210,731
Income tax expense		(41,291)	(63,263)
Profit for the period		<u>97,027</u>	<u>147,468</u>
Total comprehensive income for the period		<u>97,027</u>	<u>147,468</u>
Earnings per share			
Basic earnings per share (cents per share)	2.2	32.8	43.7
Diluted earnings per share (cents per share)	2.2	32.6	43.6

The consolidated statement of comprehensive income is to be read in conjunction with notes to the financial statements.

Consolidated statement of financial position

As at 30 June 2024

	Note	30 June 2024 \$'000	31 December 2023 \$'000
Assets			
Cash and cash equivalents		35,000	57,049
Accrued investment income		32,636	26,704
Financial instruments	4.0	2,755,332	2,897,188
Derivative financial instruments		1,182	10,458
Trade and other receivables		17,729	18,175
Current tax assets		38,837	-
Prepayments		4,400	4,800
Equity-accounted investees		17,214	18,961
Plant and equipment		2,403	2,708
Lease assets		7,174	8,052
Deferred tax assets		18,146	148,541
Intangibles		1,020	1,452
Goodwill		9,123	9,123
Total assets		2,940,196	3,203,211
Liabilities			
Derivative financial instruments		355	1,821
Trade payables and other liabilities		38,928	37,365
Current tax liabilities		-	75,754
Lease liabilities		7,407	8,089
Insurance contract liabilities	3.4	1,628,743	1,731,805
Reinsurance contract liabilities	3.4	5,846	10,269
Employee benefits provision		8,032	7,557
Interest bearing financial liabilities	5.1	189,460	189,200
Total liabilities		1,878,771	2,061,860
Net assets		1,061,425	1,141,351
Equity			
Share capital	5.2	708,731	750,718
Share-based payment reserve		5,768	5,178
Other reserves		(476,559)	(476,559)
Retained earnings		823,485	862,014
Total equity		1,061,425	1,141,351

The consolidated statement of financial position is to be read in conjunction with notes to the financial statements.

Consolidated statement of changes in equity

For the half year ended 30 June 2024

	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Share- based payment reserve \$'000	Total \$'000
Opening balance at 1 January 2023	906,892	(476,559)	773,545	1,838	1,205,716
Dividend declared and paid	-	-	(142,453)	-	(142,453)
Buy-back of shares, including transaction costs	(99,994)	-	-	-	(99,994)
Profit after taxation	-	-	147,468	-	147,468
Share-based payment expense recognised	-	-	-	2,927	2,927
Share-based payment settled	-	-	-	(1,150)	(1,150)
Balance at 30 June 2023	806,898	(476,559)	778,560	3,615	1,112,514
Opening balance at 1 January 2024	750,718	(476,559)	862,014	5,178	1,141,351
Dividend declared and paid	-	-	(134,985)	-	(134,985)
Buy-back of shares, including transaction costs	(41,987)	-	-	-	(41,987)
Profit after taxation	-	-	97,027	-	97,027
Share-based payment expense recognised	-	-	-	1,811	1,811
Share-based payment settled	-	-	(571)	(1,221)	(1,792)
Balance at 30 June 2024	708,731	(476,559)	823,485	5,768	1,061,425

The consolidated statement of changes in equity is to be read in conjunction with notes to the financial statements.

Consolidated statement of cash flows

For the half year ended 30 June 2024

	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities		
Premiums received	93,614	107,310
Interest and other income	53,700	46,866
Claims paid	(9,775)	(13,279)
Outwards reinsurance premium expense paid	(16,280)	(20,582)
Interest paid	(9,290)	(8,062)
Cash payments in the course of operations	(70,211)	(68,279)
Income tax paid	(25,488)	(78,094)
Net cash provided by/(used in) operating activities	16,270	(34,120)
Cash flows from investing activities		
Payment for plant and equipment and intangibles	(91)	(80)
Payments for the purchase of investments	(565,512)	(711,675)
Proceeds from sale of investments	704,921	994,826
Proceeds from sub-lease of property	-	1,041
Net cash generated by investing activities	139,318	284,112
Cash flows from financing activities		
Dividends paid	(134,985)	(142,453)
Payments for the on-market buy-back of shares	(41,987)	(99,994)
Payment of lease liabilities	(664)	(2,395)
Net cash used in financing activities	(177,636)	(244,842)
Net (decrease)/increase in cash and cash equivalents held	(22,048)	5,150
Effects of exchange rate changes on balances of cash and cash equivalents held in foreign currencies	(1)	44
Cash and cash equivalents at the beginning of the financial year	57,049	23,841
Cash and cash equivalents at the end of the financial period	35,000	29,035

The consolidated statement of cash flows is to be read in conjunction with notes to the financial statements.

Notes to the Financial Statements

1 Basis of preparation

1.1 Reporting entity

This general purpose consolidated financial report is for the half year ended 30 June 2024 and comprises the consolidated financial statements of Helia Group Limited (the Company) and its controlled entities (together referred to as the Group). The Company is a for-profit entity domiciled in Australia and its shares are publicly traded on the Australian Securities Exchange (ASX). The Group operates in one business and operating segment consisting of lenders mortgage insurance business in Australia, therefore no segment information is presented.

The financial statements were authorised for issue by the Board of Directors on 20 August 2024.

The consolidated half year financial report does not include all the information required for full annual financial reports and should be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made during the half year reporting period in accordance with the continuous disclosure reporting requirements of the *Corporations Act 2001*.

1.2 Material accounting policies

(a) Statement of compliance

This report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and the recognition and measurement requirement of applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the ASX listing rules. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS. The financial report also complies with IFRS, and interpretations adopted by the International Accounting Standards Board (IASB).

Selected explanatory notes are included to explain events and transactions that are material to an understanding of the changes in financial position and performance of the Group.

(b) Basis of preparation of the financial report

The consolidated financial report is presented in Australian dollars.

The consolidated statement of financial position has been prepared using the liquidity format of presentation, in which the assets and liabilities are presented broadly in order of liquidity.

The consolidated financial report is prepared on a historical cost basis except for investments and derivatives being stated at fair value, and insurance and reinsurance contracts in line with AASB 17 *Insurance Contracts*.

All values are rounded to the nearest thousand dollars, unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191.

(c) Accounting policies adopted

The accounting policies adopted in the preparation of these financial statements have been applied consistently by the Group and consistent with those in the Annual Financial Report for the year ended 31 December 2023.

Note 1.2 Material accounting policies cont'd.

(i) New and amended standards adopted by the Group

No new accounting standards have been adopted by the Group for the half year ended 30 June 2024. There have been no amendments to existing accounting standards that have had a material impact on the Group's financial statements.

(ii) New accounting standards and amendments issued but not yet effective

There are no new accounting standards or amendments to existing accounting standards that are not yet effective that are expected to have a material impact on the Group's financial statements.

(d) Critical accounting estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Except as disclosed in note 3.6 to this financial report, the estimates, associated assumptions and judgements for this reporting period are consistent with those used in the 2023 Annual Financial Report for the liability for remaining coverage, liability for incurred claims, and recoverable amount assessments of non-financial assets e.g. goodwill and intangible assets, and fair value measurement of investments.

Income tax

Amendments to the Income Tax Assessment Act 1997 were passed by both Houses of Parliament on 25 June 2024 aligning the tax and accounting treatment under AASB 17 Insurance Contracts. The deferred tax asset related to the AASB 17 transition of \$121,153,000 from 31 December 2023 has been reversed and a deduction was taken through the statement of taxable income as outlined in the new legislation. There was a corresponding one-off reduction to the current tax liability during the year, resulting in a current tax asset position. As such, there is minimal impact on the tax expense at 30 June 2024.

At 30 June 2024, the Group has a remaining deferred tax asset of \$18,146,000 which largely relates to timing differences on loss component on onerous contracts, indirect claims handling expenses and employee benefits.

2 Results for the period

2.1 Dividends

A provision for dividends is made in respect of ordinary shares when dividends have been declared on or before the reporting date but have not yet been distributed at that date.

	30 June 2024		30 June 2023	
	Cents per share	\$'000	Cents per share	\$'000
2023 (2022) final dividend paid on 22 March 2024 (24 March 2023) fully franked ¹	15.0	44,995	14.0	48,643
2023 (2022) special dividend paid on 22 March 2024 unfranked (24 March 2023 fully franked) ¹	30.0	89,990	27.0	93,811
	45.0	134,985	41.0	142,454

¹ The 2023 final and special dividend paid differs from the 2023 proposed dividend as the number of shares on issue were reduced at payment date due to share buy-backs.

Dividends not recognised at reporting date

In addition to the above dividends, the Board determined to pay the following dividend after the reporting date but before the finalisation of the relevant financial report and therefore it has not been recognised in this financial report.

	30 June 2024		30 June 2023	
	Cents per share	\$'000	Cents per share	\$'000
2024 (2023) Interim dividend to be paid on 19 September 2024 (20 September 2023) fully franked	15.0	43,455	14.0	44,233

2.2 Earnings per share

Basic earnings per share is calculated by dividing the profit after tax by the weighted average number of shares on issue during the reporting period.

Diluted earnings per share is calculated by dividing the profit after tax adjusted for any costs associated with dilutive potential ordinary shares by the weighted average number of ordinary shares and dilutive potential ordinary shares.

	30 June 2024	30 June 2023
Basic earnings per share (cents per share)	32.8	43.7
Diluted earnings per share (cents per share)	32.6	43.6

(a) Reconciliation of earnings used in calculating earnings per share

	30 June 2024 \$'000	30 June 2023 \$'000
Net profit used in calculating basic and diluted earnings per share	97,027	147,468

Note 2.2 Earnings per share cont'd.

(b) Reconciliation of weighted average number of ordinary shares used in calculating earnings per share

	30 June 2024 '000	30 June 2023 '000
Weighted average number of shares used in the calculation of basic earnings per share	295,527	337,693
<i>Weighted average number of dilutive potential ordinary shares</i>		
Bonus element of shares	1,696	491
Weighted average number of shares used in the calculation of diluted earnings per share	297,223	338,184

3 Insurance contracts

3.1 Insurance revenue

Accounting Policy

Insurance revenue is recognised as performance obligations for the group of insurance contracts are satisfied. The insurance revenue relating to services provided for the year represents the total of the changes in the liability for remaining coverage that relates to services for which consideration is expected to be received.

	30 June 2024 \$'000	30 June 2023 \$'000
Amounts relating to changes in liabilities for remaining coverage:		
Expected insurance service expenses incurred in the period	75,352	76,014
Risk adjustment recognised in revenue for non-financial risk	20,003	23,928
Premium experience variations	(6,455)	13,516
Amount of CSM recognised in profit or loss	74,369	73,080
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	31,508	33,283
Total insurance revenue	194,777	219,821

3.2 Insurance service expense

Accounting Policy

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred.

	30 June 2024 \$'000	30 June 2023 \$'000
Incurring claims from current period	35,743	44,709
Decrease to liabilities for incurred claims from prior periods	(45,595)	(85,581)
Insurance expenses	27,240	22,170
Amortisation of insurance acquisition cash flows	31,508	33,283
Losses on onerous contracts and (reversals) of those losses	(7,220)	(9,567)
Insurance service expense	41,676	5,014

3.3 Net financial result

a) Investment revenue

Accounting Policy

Interest revenue

Interest revenue is recognised as it accrues, taking into account the coupon rate on investments, and interest rates on cash.

Dividend/distribution revenue

Dividends/distributions are recognised on the date equity securities/unit trusts go ex-dividend/ex-distribution. Dividends and unit trust distributions are recognised net of franking credits and gross of withholding tax.

	30 June 2024 \$'000	30 June 2023 \$'000
Interest revenue	46,013	44,686
Dividend/distribution revenue	14,732	5,543
Unrealised (losses)/ gains (including derivatives) measured at FVTPL	(19,671)	25,890
Realised gains/(losses) (including derivatives) measured at FVTPL	1,389	(9,521)
Total investment revenue	42,463	66,598

b) Net finance expense from insurance contracts

Accounting Policy

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes in assumptions.

Note 3.3 Net financial result cont'd.

	30 June 2024 \$'000	30 June 2023 \$'000
Interest accreted to insurance contracts using current financial assumptions at start of period	(25,222)	(23,057)
Interest accreted to insurance contracts using locked-in rate	(6,679)	(5,482)
Impact of changes in interest rates and other financial assumptions	7,226	(310)
Total insurance finance expense from insurance contracts	(24,675)	(28,849)

3.4 Insurance and reinsurance contracts

	30 June 2024 \$'000	31 December 2023 \$'000
Insurance contract liabilities:		
- Liability for remaining coverage (LRC)		
• PV future cashflows	564,135	608,713
• Risk adjustment	140,496	153,039
• CSM	636,152	669,240
Sub-total	1,340,783	1,430,992
- Liability for incurred claims (LIC)		
• PV future cashflows	253,067	264,940
• Risk adjustment	40,893	42,923
Sub-total	293,960	307,863
Total of LRC and LIC	1,634,743	1,738,855
- Assets for insurance acquisition cash flows	(6,000)	(7,050)
	1,628,743	1,731,805
Reinsurance contract liabilities:		
- Liability for remaining coverage (LRC)	5,846	10,269

3.5 Effects of insurance contracts initially recognised in the period

	30 June 2024 \$'000	30 June 2023 \$'000
Claims and other insurance service expenses payable	(49,825)	(58,254)
Insurance acquisition cash flows	(23,821)	(22,223)
Estimates of present value cash outflows	(73,646)	(80,477)
Estimates of present value cash inflows	97,934	115,823
Risk adjustment for non-financial risk	(9,465)	(11,777)
CSM	(14,823)	(23,569)
Losses recognised on initial recognition	-	-

3.6 Actuarial assumptions and methods

The Group makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The assumptions and approach for half year ended 30 June 2024 are consistent with those in the Annual Financial Report for year ended 31 December 2023.

The areas where critical accounting estimates and judgements have deviated from 31 December 2023 are noted below.

(a) Claims and expense cash flows

The estimates and adjustments for this reporting period are consistent for the liability for remaining coverage, liability for incurred claims, and liability from reinsurance as those in the Annual Financial Report for the year ended 31 December 2023. Claims assumptions have been updated to reflect latest experience and outlook. In most other material aspects, movements in estimates have been limited and are consistent with prior experience.

(b) Discounting

The table below sets out the yield rates used to discount cash flows of insurance contracts:

Discount rate at tenor (p.a.)	30 June 2024	31 December 2023
Six months	4.7%	4.7%
One year	4.7%	4.5%
Three years	4.3%	4.2%
Five years	4.3%	4.2%
Ten years	4.5%	4.5%
Fifteen years	4.6%	4.6%

These rates include an illiquidity premium of 25bps (31 December 2023: 55bps).

4 Financial instruments

Under AASB 9, on initial recognition, financial assets need to be classified into one of the three measurement categories:

- (a) amortised cost;
- (b) fair value through other comprehensive income (FVOCI); or
- (c) fair value through profit or loss (FVTPL).

This classification depends on the following elements:

- Contractual cash flow characteristics test (at instrument level); and
- Business model assessment in which investment assets are managed.

Financial assets – FVTPL

AASB 9 requires investment assets to be measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This applies to Helia's business model where the investment assets are all managed on a fair value basis. The investment portfolios are managed with the objective of realising cash flows through the sale of the assets. Decisions are made based on the assets' fair values and the assets are managed to realise those fair values, resulting in active buying and selling.

Equity securities and unit trusts – FVTPL

Equity securities are measured at Fair Value through Profit or loss (FVTPL) as required under AASB 9.

Fair value hierarchy

The Group's investments carried at fair value have been classified under the three levels of the AASB 13 Fair Value Measurement as follows:

- Level-1 - Fair value investments which are quoted in active and known markets. The quoted prices are those at which transactions have regularly and recently taken place within such markets.
- Level-2 - Fair value investments using inputs other than quoted prices within Level 1 that are observable either directly or indirectly. Australian government and state-government bonds, and corporate bonds and others, are all valued based on the quoted prices provided from external data provider. The unlisted units are valued based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager, using valuation techniques where significant inputs are based on observable market data adjusted for illiquidity factors. All derivative assets and derivative liabilities are classified as level 2.
- Level-3 - Fair value investments using valuation techniques that include inputs that are not based on observable market data. The unlisted units are valued based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager, using valuation techniques where significant inputs are based on unobservable market data. The unlisted equities are valued based on the most recent capital raising price of the investment.

Note 4.0 Financial instruments cont'd.

30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets mandatorily measured at FVTPL				
Australian government and state-government bonds	-	751,032	-	751,032
Corporate bonds and others	107,075	1,527,707	-	1,634,782
Financial assets elected measurement at FVTPL				
Unlisted unit trusts – equities	-	158,610	-	158,610
Unlisted unit trusts – infrastructure	-	-	202,764	202,764
Unlisted unit trusts – other	-	-	470	470
Unlisted equities	-	-	7,674	7,674
Total	107,075	2,437,349	210,908	2,755,332

31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets mandatorily measured at FVTPL				
Australian government and state-government bonds	-	765,211	-	765,211
Corporate bonds and others	80,177	1,667,248	-	1,747,425
Financial assets elected measurement at FVTPL				
Unlisted unit trusts – equities	-	179,285	-	179,285
Unlisted unit trusts – infrastructure	-	-	197,051	197,051
Unlisted unit trusts – other	-	-	542	542
Unlisted equities	-	-	7,674	7,674
Total	80,177	2,611,744	205,267	2,897,188

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy is set out in the table below:

	Balance at 1 January 2024 \$'000	Purchases \$'000	Disposals \$'000	Movement in fair value \$'000	Balance at 30 June 2024 \$'000
Financial assets					
Unlisted unit trusts – infrastructure	197,051	-	-	5,713	202,764
Unlisted unit trusts – other	542	-	-	(72)	470
Unlisted equities	7,674	-	-	-	7,674
Total	205,267	-	-	5,641	210,908

5 Capital management and financing

5.1 Interest bearing financial liabilities

Interest bearing financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the transaction. After initial recognition, the financial liabilities are carried at amortised cost using the effective interest rate method.

Finance related costs include interest, which is accrued at the contracted rate and included in payables, and amortisation of transaction costs which are capitalised, presented together with borrowings, and amortised over the life of the borrowings.

	30 June 2024 \$'000	31 December 2023 \$'000
Subordinated notes	190,000	190,000
Less: capitalised transaction costs	(540)	(800)
	189,460	189,200

Key terms and conditions are:

- Interest is payable quarterly in arrears, with the rate each calendar quarter being the average of the 90-day bank bill swap rate at the end of the prior quarter plus a margin equivalent to 5.0% per annum.
- The notes mature on 3 July 2030 (non-callable for the first five years) with the issuer having the option to redeem at par from 3 July 2025. Redemption at maturity, or any earlier date provided for in the terms and conditions of issue, is subject to prior approval by APRA.

5.2 Share capital

	30 June 2024 Number of shares	30 June 2024 \$'000	31 December 2023 Number of shares	31 December 2023 \$'000
Issued fully paid capital				
Balance as at 1 January	300,805	750,718	347,447	906,892
Buy-back shares, including transaction costs	(11,107)	(41,987)	(46,642)	(156,174)
Closing balance	289,698	708,731	300,805	750,718

The Company's issued shares do not have a par value. All ordinary shares are fully paid. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

On 22 August 2023, the Company announced its intention to commence, with effect from 8 September 2023, an on-market share buy-back program for shares up to a maximum aggregate value of \$100,000,000. When the Company ceased this buy-back on 30 April 2024, the Company had acquired 24,231,000 shares for a total consideration of \$90,412,000, of which 9,084,000 shares were acquired for a total consideration of \$34,232,000 during the 6 month period to 30 June 2024.

Note 5.2 Share capital cont'd.

On 10 May 2024, the Company announced its intention to commence, with effect from 13 May 2024, a further on-market share buy-back for shares up to a maximum aggregate value of \$100,000,000. The total number of shares purchased in the period to 30 June 2024 was 2,023,000 for consideration of \$7,755,000.

6 Other disclosures

6.1 Related party disclosures

Transactions with related parties are undertaken on normal commercial terms and conditions.

6.2 Controlled entities

On 31 January 2024, the Group placed Balmoral Insurance Company Limited into liquidation and the process was completed on 8 March 2024.

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities following liquidation.

Name of entity	Country of incorporation	Class of shares	Equity holding (%)	
			30 June 2024	31 December 2023
Helia Insurance Pty Limited	Australia	Ordinary	100	100
Helia Indemnity Limited	Australia	Ordinary	100	100
Balmoral Insurance Company	Bermuda	Ordinary	0	100

6.3 Events subsequent to reporting date

On 20 August 2024, the Directors declared an interim dividend of 15 cents per ordinary share totalling \$43,455,000 for the half year ended 30 June 2024. There are no other events that have arisen since 30 June 2024 to the date of this report that, in the opinion of the directors, have significantly affected or may significantly affect the operations of the Group or the state of affairs of the Group in future years.

Directors' declaration

In the opinion of the Directors of Helia Group Limited (the Company):

- a) the consolidated financial statements and notes set out on pages 8 to 22 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been provided with the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the half year ended 30 June 2024.

Signed in accordance with a resolution of the Directors



Leona Murphy

Chair

Dated: 20 August 2024



Independent Auditor's Review Report

To the shareholders of Helia Group Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Helia Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Helia Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 6 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Helia Group Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Julia Gunn

Partner

Sydney

20 August 2024