



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	917 774 374
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KAR NORWAY HOLDCO AS
Forretningsadresse:	Drammensveien 151 0277 OSLO

### Regnskapsår

Årsregnskapets periode:	01.07.2022 - 30.06.2023
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Gro Langeseter Alvsåker
Dato for fastsettelse av årsregnskapet:	19.12.2023

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 30.01.2025



### Resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Annen driftskostnad	2, 3	368 073	313 502
<b>Sum kostnader</b>		<b>368 073</b>	<b>313 502</b>
<b>Driftsresultat</b>		<b>-368 073</b>	<b>-313 502</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap		40 010 597	66 873 718
Renteinntekt fra foretak i samme konsern		236 611 870	208 828 394
Annen renteinntekt		796 836	
Annen finansinntekt		1 053 580	3 817 418
<b>Sum finansinntekter</b>		<b>278 472 883</b>	<b>279 519 530</b>
Nedskrivning av finansielle eiendeler			1 121 473
Rentekostnad til foretak i samme konsern		276 082 621	114 018 953
Annen rentekostnad		44 338 819	113 112 996
Annen finanskostnad		-36 772 505	642 690
<b>Sum finanskostnader</b>		<b>283 648 935</b>	<b>228 896 112</b>
<b>Netto finans</b>		<b>-5 176 052</b>	<b>50 623 419</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-5 544 125</b>	<b>50 309 916</b>
Skattekostnad på resultat	4	-1 219 708	11 318 590
<b>Ordinært resultat etter skattekostnad</b>		<b>-4 324 417</b>	<b>38 991 326</b>
<b>Årsresultat</b>	5	<b>-4 324 417</b>	<b>38 991 326</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-4 324 417</b>	<b>38 991 326</b>
<b>Totalresultat</b>		<b>-4 324 417</b>	<b>38 991 326</b>
<b>Overføringer og disponeringer</b>			
Konsernbidrag		31 208 266	52 161 500
Udekket tap		-4 324 417	
Avsatt til annen egenkapital			38 991 326



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Sum overføringer og disponeringer		26 883 849	91 152 826



### Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	4		
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	2 227 380 696	2 227 379 493
Investering i annet foretak i samme konsern		8 997 069	8 997 069
Lån til foretak i samme konsern	7	2 732 083 152	2 473 653 113
<b>Sum finansielle anleggsmidler</b>		<b>4 968 460 918</b>	<b>4 710 029 676</b>
<b>Sum anleggsmidler</b>		<b>4 968 460 918</b>	<b>4 710 029 676</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre kortsiktige fordringer		64 403	54 982
Konsernfordringer	7	1 100 597 170	813 429 493
<b>Sum fordringer</b>		<b>1 100 661 573</b>	<b>813 484 475</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter o.l.		1 654	5 787
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>1 654</b>	<b>5 787</b>
<b>Sum omløpsmidler</b>		<b>1 100 663 227</b>	<b>813 490 263</b>
<b>SUM EIENDELER</b>		<b>6 069 124 145</b>	<b>5 523 519 938</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	8	10 000 000	10 000 000
Overkurs		1 584 830 402	1 584 830 402



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Sum innskutt egenkapital</b>		<b>1 594 830 402</b>	<b>1 594 830 402</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital/Udekket tap		3 287 438	7 611 856
<b>Sum opptjent egenkapital</b>		<b>3 287 438</b>	<b>7 611 856</b>
<b>Sum egenkapital</b>	5	<b>1 598 117 840</b>	<b>1 602 442 258</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	4		1 219 708
<b>Sum avsetninger for forpliktelser</b>			<b>1 219 708</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	9, 10		2 110 556 324
Gjeld til konsernselskap	7, 10	3 009 922 254	730 722 622
<b>Sum annen langsiktig gjeld</b>		<b>3 009 922 254</b>	<b>2 841 278 945</b>
<b>Sum langsiktig gjeld</b>		<b>3 009 922 254</b>	<b>2 842 498 653</b>
<b>Kortsiktig gjeld</b>			
Sertifikatlån	7	212 685 020	85 951 896
Leverandørgjeld		120 735	119 669
Betalbar skatt	4	860 970	860 970
Kortsiktig konserngjeld	7	1 247 417 325	973 436 511
Annen kortsiktig gjeld			18 209 982
<b>Sum kortsiktig gjeld</b>		<b>1 461 084 050</b>	<b>1 078 579 027</b>
<b>Sum gjeld</b>		<b>4 471 006 305</b>	<b>3 921 077 681</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>6 069 124 145</b>	<b>5 523 519 938</b>



Statsautoriserte revisorer  
Ernst & Young AS  
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Medlemmer av Den norske Revisorforening

## UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Kar Norway Holdco AS

### Konklusjon

Vi har revidert årsregnskapet for Kar Norway Holdco AS som består av balanse per 30. juni 2023, resultatregnskap og kontantstrømpoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfyller årsregnskapet gjeldende lovkrav og gir et rettviseende bilde av selskapets finansielle stilling per 30. juni 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

### Grunnlag for konklusjon

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og *International Code of Ethics for Professional Accountants* (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår konklusjon om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere om årsberetningen inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav og hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon eller ikke inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav, er vi pålagt å rapportere det.

Vi har ingenting å rapportere i så henseende, og vi mener at årsberetningen er konsistent med årsregnskapet og inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

### Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for



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årsregnskapet med mindre ledelsen enten har til hensikt å avvike selskapet eller virksomheten, eller ikke har noe annet realistisk alternativ.

## Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimater og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av og tidspunktet for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom revisjonen.

Oslo, 12. januar 2024  
ERNST & YOUNG AS

*Revisjonsberetningen er signert elektronisk*

Magnus H Birkeland  
statsautorisert revisor

Uavhengig revisors beretning - Kar Norway Holdco AS 2023

A member firm of Ernst & Young Global Limited

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## Magnus Hegertun Birkeland

Statsautorisert revisor

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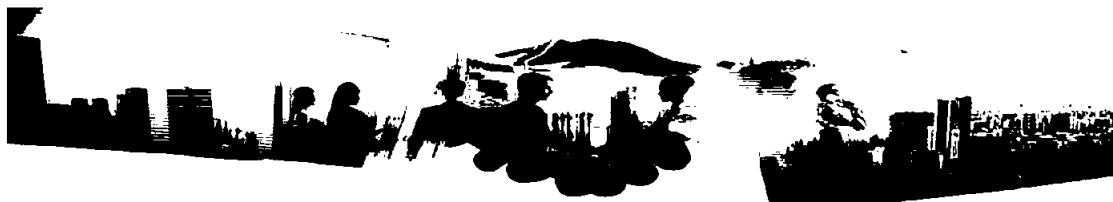
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## ÅRSREGNSKAP 2023

Avvikende regnskapsår 01.07.2022- 30.06.2023

Kar Norway Holdco AS

Org.nr. 917 774 374

**Innhold:**

Årsberetning

Resultatregnskap

Balanse

Kontantstrømsanalyse

Noter

Revisjonsberetning

Addo Sign identifikasjonsnummer: 2858c6de-72c0-46ce-ace8-af34c8e9d46d

Årsregnskapet er utarbeidet av Azets Insight AS





# Kar Norway Holdco AS

org nr. 917 774 374

## ÅRSBERETNING regnskapsåret 01.07.2022 - 30.06.2023

### Virksomhetens art

Kar Norway Holdco AS er et holdingselskap i Azets-konsernet og virksomheten omfatter eierskap til konsernets datterselskaper i Norge og Storbritannia, samt utøvelse av konsernovergripende aktiviteter. Selskapet er lokalisert i Oslo kommune.

### Fortsatt drift

I samsvar med regnskapslovens § 3-3a bekreftes det at forutsetningen om fortsatt drift er til stede og at denne forutsetningen er lagt til grunn ved utarbeidelsen av regnskapet. Selskapets drift er avhengig av tidsbestemte lån fra Azets Opco Ltd og Azets UK Holdco Ltd, og nedbetaling av lån skal skje etter nærmere avtale med långiver, men likevel tidligst 01.01.2025

### Fremtidig utvikling

Etableringen av Azets-konsernet baserer seg på et positivt syn på bransjen og markedet. Styret ser gode muligheter i de kommende årene.

### Redegjørelse for årsregnskapet

Covid-19 og den påfølgende økonomiske ustabiliteten med økt inflasjon og økt antall konkurser i bedriftsmarkedet har ikke hatt direkte effekt på Kar Norway Holdco AS, men har berørt selskaper i konsernet i større eller mindre grad. Påvirkningen er totalt sett ikke av betydning for konsernet som helhet. Styret kjenner ikke til noen andre forhold av viktighet for å bedømme selskapets stilling og resultat som ikke fremgår av regnskapet og balansen med noter. Det er heller ikke etter regnskapsårets utgang inntrådt forhold som etter styrets syn har betydning ved bedømmelse av regnskapet.

### Finansiell risiko

Selskapet har en god finansiering og tilgang på tilstrekkelige likviditeter. Konsernet har i regnskapsåret en negativ kontantstrøm. Selskapet har forøvrig en relativt solid egenkapital og dette medfører at selskapet under nåværende situasjon har liten risiko både markedsmessig og finansielt.

### Arbeidsmiljø, likestilling og diskriminering

Selskapet har ingen ansatte, men har en kjønnsnøytral personalpolitikk som fundament. Selskapets styre består av 2 menn.

### Forsikring for styrets medlemmer

Det er tegnet forsikring som dekker styrets ansvar overfor foretaket og tredjepersoner

### Miljørapportering

Selskapet driver ikke virksomhet som forurenser det ytre miljøet og miljøpolitikken er en integrert del av konsernets kvalitetssystem som skal sikre en sunn virksomhet for både ansatte, samfunnet og miljøet.

### Årsresultat og disponeringer

I regnskapsåret hadde selskapet et resultat etter skattekostnad på kr -4 324 417 som foreslås overført til annen egenkapital.

Oslo, 18.12.2023  
Styret i Kar Norway Holdco AS

Christopher Neil Horne  
styreleder

Vidar Bekken  
styremedlem

Addo Sign identifikasjonsnummer: 2858c6de-72c0-46ce-ace8-af34c8e9d46d



## Resultatregnskap Kar Norway Holdco AS

Driftsinntekter og driftskostnader	Note	01.07.2022-30.06.2023	01.07.2021-30.06.2022
Annen driftskostnad	2, 3	368 073	313 502
<b>Sum driftskostnader</b>		<b>368 073</b>	<b>313 502</b>
<b>Driftsresultat</b>		<b>-368 073</b>	<b>-313 502</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap		40 010 597	66 873 718
Renteinntekt fra foretak i samme konsern		236 611 870	208 828 394
Annen renteinntekt		796 836	0
Annen finansinntekt		1 053 580	3 817 418
Nedskrivning av finansielle eiendeler		0	1 121 473
Rentekostnad til foretak i samme konsern		276 082 621	114 018 953
Annen rentekostnad		44 338 819	113 112 996
Annen finanskostnad		-36 772 505	642 690
<b>Resultat av finansposter</b>		<b>-5 176 052</b>	<b>50 623 419</b>
<b>Resultat før skattekostnad</b>		<b>-5 544 125</b>	<b>50 309 916</b>
Skattekostnad på resultat	4	-1 219 708	11 318 590
<b>Årsresultat</b>	<b>5</b>	<b>-4 324 417</b>	<b>38 991 326</b>
<b>Overføringer</b>			
Avsatt til annen egenkapital		0	38 991 326
Overført til udekket tap		4 324 417	0
<b>Sum overføringer</b>		<b>-4 324 417</b>	<b>38 991 326</b>
Mottatt konsernbidrag netto etter skatteeffekt		31 208 266	52 161 500

Addo Sign identifikasjonsnummer: 2858c6de-72c0-46ce-ace8-af34c8e9d46d



## Balanse Kar Norway Holdco AS

Eiendeler	Note	30.06.2023	30.06.2022
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investeringer i datterselskap	6	2 227 380 696	2 227 379 493
Investeringer i annet foretak i samme konsern		8 997 069	8 997 069
Lån til foretak i samme konsern	7	2 732 083 152	2 473 653 113
<b>Sum finansielle anleggsmidler</b>		<b>4 968 460 918</b>	<b>4 710 029 676</b>
<b>Sum anleggsmidler</b>		<b>4 968 460 918</b>	<b>4 710 029 676</b>
<b>Omløpsmidler</b>			
<b>Fordringer</b>			
Andre kortsiktige fordringer		64 403	54 982
Konsernfordringer	7	1 100 597 170	813 429 493
<b>Sum fordringer</b>		<b>1 100 661 573</b>	<b>813 484 475</b>
Bankinnskudd, kontanter o.l.		1 654	5 787
<b>Sum likvider</b>		<b>1 654</b>	<b>5 787</b>
<b>Sum omløpsmidler</b>		<b>1 100 663 227</b>	<b>813 490 263</b>
<b>Sum eiendeler</b>		<b>6 069 124 145</b>	<b>5 523 519 938</b>

Addo Sign identifikasjonsnummer: 2858c6de-72c0-46ce-ace8-af34c8e9d46d



## Balanse Kar Norway Holdco AS

Egenkapital og gjeld	Note	30.06.2023	30.06.2022
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	8	10 000 000	10 000 000
Overkurs		1 584 830 402	1 584 830 402
<b>Sum innskutt egenkapital</b>		<b>1 594 830 402</b>	<b>1 594 830 402</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital/Udekket tap		3 287 438	7 611 856
<b>Sum opptjent egenkapital</b>		<b>3 287 438</b>	<b>7 611 856</b>
<b>Sum egenkapital</b>	<b>5</b>	<b>1 598 117 840</b>	<b>1 602 442 258</b>
<b>Gjeld</b>			
Utsatt skatt	4	0	1 219 708
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	9, 10	0	2 110 556 324
Gjeld til konsernselskap	7, 10	3 009 922 254	730 722 622
<b>Sum annen langsiktig gjeld</b>		<b>3 009 922 254</b>	<b>2 841 278 945</b>
<b>Kortsiktig gjeld</b>			
Konsernkontoordningen	7	212 685 020	85 951 896
Leverandørgjeld		120 735	119 669
Betalbar skatt	4	860 970	860 970
Konserngjeld	7	1 247 417 325	973 436 511
Annen kortsiktig gjeld		0	18 209 982
<b>Sum kortsiktig gjeld</b>		<b>1 461 084 050</b>	<b>1 078 579 027</b>
<b>Sum gjeld</b>		<b>4 471 006 305</b>	<b>3 921 077 681</b>
<b>Sum egenkapital og gjeld</b>		<b>6 069 124 145</b>	<b>5 523 519 938</b>

Oslo, 18.12.2023  
Styret i Kar Norway Holdco AS

  
Christopher Neil Horne  
styreleder

\_\_\_\_\_  
Vidar Bekken  
styremedlem

Addo Sign identifikasjonsnummer: 2858c6de-72c0-46ce-ace8-af34c8e9d46d



## Indirekte kontantstrøm Kar Norway Holdco AS

Note	01.07.22-30.06.2023	01.07.21-30.06.2022
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>		
Resultat før skattekostnad	-5 544 125	50 309 916
- Finansinntekter	-278 472 883	-279 519 530
+ Finanskostnader	283 648 935	228 896 112
<b>Resultat fra ordinær drift</b>	<b>-368 073</b>	<b>-313 502</b>
Endring i leverandørgjeld	1 066	119 669
Endring i andre tidsavgrensningsposter	-104 448 928	-572 351 347
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>-104 447 862</b>	<b>-572 231 678</b>
<b>Kontantstrømmer fra investeringsaktiviteter</b>		
+ Innbetalinger fra langsiktige utlån	0	213 556 250
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>0</b>	<b>213 556 250</b>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>		
Innbetalinger ved opptak av ny langsiktig gjeld	0	122 295 623
Innbetalinger av konsernbidrag	66 873 718	2 978 216
Utbetalinger ved nedbetaling av IC-lån	-88 795 040	-210 000 080
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>-21 921 322</b>	<b>-84 726 241</b>
+/- Effekt av valutakursendringer	0	-3 174 728
<b>Netto endring i kontanter og kontantekvivalenter</b>	<b>-126 737 257</b>	<b>-446 889 900</b>
Beh. av kont. og kontantekvivalenter ved per. begynnelse	-85 946 109	-146 495 011
<b>Beh. av kont. og kontantekvivalenter ved per. slutt</b>	<b>-212 683 366</b>	<b>-593 384 911</b>
<b>Spesifikasjon av kontanter og kontantekvivalenter:</b>		
Bankinnskudd	1 654	5 787
Konsernkontoordningen	-212 685 020	-85 951 896
<b>Sum kontanter og kontantekvivalenter</b>	<b>-212 683 366</b>	<b>-85 946 109</b>

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## Kar Norway Holdco AS

NOTER PR. 30.06.2023

### Note 1 Regnskapsprinsipper og virkning av prinsippendringer

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapspraksis.

#### Avvikende regnskapsår

Selskapet gikk fra og med 2017 over til å benytte avvikende regnskapsår. Regnskapsåret 2023 omfatter perioden 01.07.2022 - 30.06.2023.

#### Konsolidering

Konsernregnskap fås utlevert hos Azets Topco Limited sin forretningsadresse i 22 Grenville Street, St Helier, Jersey.

#### Valuta

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

#### Klassifisering

Eiendeler bestemt til varig eie eller bruk, samt fordringer med forfall mer enn ett år etter balansedagen er medtatt som anleggsmidler. Øvrige eiendeler er klassifisert som omløpsmidler. Gjeld som forfaller senere enn et år etter regnskapsperiodens utløp er oppført som langsiktig gjeld.

#### Varige driftsmidler og immaterielle eiendeler

Varige driftsmidler og immaterielle eiendeler er vurdert til historisk kost etter fradrag for bedriftsøkonomiske avskrivninger som er beregnet på grunnlag av kostpris og antatt økonomisk levetid. I de tilfeller der den virkelige verdien er lavere enn kostprisen, og dette ikke er forbigående, er det foretatt nedskrivning. Gevinst/tap ved salg er klassifisert som annen driftsinntekt / annen driftskostnad.

#### Fordringer

Fordringer er oppført i balansen med fordringens pålydende etter fradrag for konstaterte og forventede tap. Avsetning til tap gjøres på grunnlag av av individuelle vurderinger av de enkelte fordringene.

#### Investeringer i finansielle anleggsmidler

Investeringer i finansielle anleggsmidler er medtatt i regnskapet etter kostpris. I de tilfeller der den virkelige verdien er lavere enn kostprisen, og dette ikke er forbigående, er det foretatt nedskrivning.

#### Kontanter og bankinnskudd

Bundne bankinnskudd er inkluderte i bankinnskudd under omløpsmidler i balansen.

#### Driftsinntekter og kostnader

Inntektsføring skjer etter opptjeningsprinsippet. Kostnader medtas etter sammenstillingsprinsippet, dvs at kostnader medtas i samme periode som tilhørende inntekter inntektsføres.

#### Betingede forpliktelser

Betingede forpliktelser avsettes etter beste estimat dersom det er sannsynlighetsovervekt for at forpliktelsen vil komme til oppgjør.

#### Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttegjørt.

#### Konsernbidrag

NOTER TIL ÅRSREGNSKAP 2023

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## Kar Norway Holdco AS

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Konsernbidrag avgitt og mottatt fra datterselskap regnskapsføres netto etter skatt som økning eller reduksjon av investeringen, eller inntektsføres som avkastning på finansinvestering.

### Kontantstrøm

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Likviditetsbeholdning defineres som kontanter, bankinnskudd.

### Note 2 - Driftskostnader

	2023	2022
Honorarer	361 358	309 321
Annen kostnad	6 713	4 181
<b>SUM</b>	<b>368 071</b>	<b>313 502</b>

### Note 3 - Godtgjørelse til ansatte og andre

Selskapet har ikke hatt ansatte i året, og har derfor heller ingen plikt til å ha pensjonsordning. Det er ikke utbetalt godtgjørelse til styret i regnskapsåret.

Godtgjørelse til revisor for regnskapsåret 2022 utgjør kr 145 691 eks mva

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NOTER TIL ÅRSREGNSKAP 2023



## Kar Norway Holdco AS

NOTER PR. 30.06.2023

### Note 4 - Skatt

	01.07.22-30.06.23	01.07.21-30.06.22
<b>Årets skattekostnad</b>		
Resultatført skatt på ordinært resultat:		
Betalbar skatt		860 970
Endring i utsatt skatt	-1 219 708	10 457 620
<b>Skattekostnad ordinært resultat</b>	<b>-1 219 708</b>	<b>11 318 590</b>
Skattepliktig inntekt:		
Ordinært resultat før skatt	-5 544 125	50 309 916
Permanente forskjeller		1 138 217
Endring i midlertidige forskjeller	5 544 125	3 913 500
Anvendelse av fremførbart underskudd		-51 448 133
<b>Skattepliktig inntekt</b>	<b>0</b>	<b>3 913 500</b>
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat		-13 851 248
Betalbar skatt på fjorårets resultat	860 970	
Betalbar skatt på mottatt konsernbidrag		14 712 218
<b>Sum betalbar skatt i balansen</b>	<b>860 970</b>	<b>860 970</b>
Beregning av effektiv skattesats:		
<b>Resultat før skatt</b>	<b>-5 544 125</b>	<b>50 309 916</b>
Beregnet skatt av resultat før skatt	-1 219 708	11 068 182
Skatteeffekt av permanente forskjeller	0	250 408
Avsatt for lite skatt tidl. år	0	0
<b>Sum</b>	<b>-1 219 708</b>	<b>11 318 591</b>
Effektiv skattesats	22,0 %	22,5 %

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:

	30.06.2023	30.06.2022	Endring
Andre forskjeller			0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>
Underskudd til fremføring	-40 010 597		40 010 597
Mottatt konsernbidrag	40 010 597		-40 010 597
Andre forskjeller		5 544 125	5 544 125
<b>Grunnlag for beregning av utsatt skatt</b>	<b>0</b>	<b>5 544 125</b>	<b>5 544 125</b>
<b>Utsatt skatt / skattefordel(-) (22%)</b>	<b>0</b>	<b>1 219 708</b>	<b>-1 219 708</b>

Skattefordel for underskudd til fremføring har ikke vært balanseført i selskapet tidligere år, og ble først tatt med for regnskapsåret 2020, da det er vurdert at konsernet som helhet evner å gå med overskudd slik at fremførbart underskudd er forventet å kunne utnyttes i de nærmeste årene via avgitte og mottatte konsernbidrag.

Kar Norway Holdco AS mottok konsernbidrag fra Azets Norway Holding AS pålydende NOK 40 010 597

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## Kar Norway Holdco AS

NOTER PR. 30.06.2023

### Note 5 - Egenkapital

	Aksje kapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital / udekket tap	SUM
Pr. 30.06.2022	10 000 000	1 584 830 402	0	7 611 856	1 602 442 258
Årets resultat				-4 324 417	-4 324 417
<b>Kapital 30.06.2023</b>	<b>10 000 000</b>	<b>1 584 830 402</b>	<b>0</b>	<b>3 287 438</b>	<b>1 598 117 840</b>

### Note 6 Investeringer i datterselskap, tilknyttede selskap og investering i aksjer og andeler

Selskapet eier ved utgangen av året 100% av aksjene i datterselskapet Azets AS, (Drammensveien 151, 0877 OSLO) og disse er bokført til kr 2 217 554 355 pr 30.06.2023. Årsresultatet for Azets AS i regnskapsåret 01.07.2022 til 30.06.2023 viste et årsresultat på kr -43 958, og bokført egenkapital pr 30.06.2023 var kr 2 537 470 984.

I tillegg eier selskapet aksjeposter i Azets Group IP Limited og Azets UK Holdco Limited. Disse har pr 30.06.2023 en bokført verdi på totalt kr 10 226. Via Azets UK Holdco Limited eier Kar Norway Holdco AS Blick Rothenberg-konsernet og Baldwins-konsernet. Aksjer i øvrige konsernselskap er relatert til konsernbidrag.

### Note 7 - Konsern, tilknyttede selskaper m.v.

Kar Norway Holdco AS mottok KB fra Azets Norway Holding AS pålydende NOK 40 010 597.

Mellomværende med konsernselskap er som følger:

<b>Fordringer</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Kundefordringer	0	0
Andre kortsiktige fordringer *	1 100 597 170	813 429 493
Langsiktige fordringer**	2 732 083 152	2 473 653 113
<b>Mellomværende konsern</b>	<b>3 832 680 322</b>	<b>3 287 082 606</b>

<b>Gjeld</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Leverandørgjeld	0	0
Annen kortsiktig gjeld***	1 247 417 325	389 609 071
Annen langsiktig gjeld****	3 009 922 254	1 314 550 061
Konsernkontoordningen*****	212 685 020	85 951 896
<b>Mellomværende konsern</b>	<b>4 470 024 600</b>	<b>1 790 111 029</b>

\*Andre kortsiktige fordringer på konsernselskap inneholder påløpte renter på kr 258 270 813 fra Azets Br Bidco Ltd, kr 593 224 217 fra Azets BA Bidco Ltd, kr 171 931 761 fra Azets UK Holdco Ltd og kr 36 100 224 fra Azets AS, samt mottatt konsernbidrag fra Azets Norway Holding AS på 40 010 597.

\*\*Langsiktige fordringer gjelder lån til Azets AS på kr 937 873 343, Azets Br Bidco Ltd kr 343 645 546, Azets BA Bidco Ltd på kr 1 129 227 761, Azets UK Holdco Ltd på kr 321 336 502.

\*\*\* Annen kortsiktig gjeld inneholder lån til Azets Opco Ltd på 624 695 361 påløpte renter på kr 383 141 820 til Azets

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## Kar Norway Holdco AS

NOTER PR. 30.06.2023

UK Holdco Ltd og kr 239 580 145 til Azets Group Opco Ltd.

\*\*\*\* Annen langsiktig gjeld inneholder lån fra Azets UK Holdco Ltd på kr 106 093 288 og lån fra Azets Group Opco Ltd på kr 645 389 772

\*\*\*\*\* Azets-konsernet har etablert et konsernkontosystem hvor Azets Treasury AS iht avtalen er innehaver, mens øvrige konsernselskaper er underkontohavere eller deltakere. Banken kan avregne trekk og innestående mot hverandre slik at nettoposisjonen representerer mellomværende mellom Danske Bank og Azets Treasury AS. Kar Norway Holdco AS sitt opptrekk i konsernkontosystemet er å betrakte som et mellomværende med Azets Treasury AS.

Oversikt over transaksjoner med konsernselskaper i regnskapsåret:

Type transaksjoner	30.06.2023	30.06.2022
Ytt nye lån	7 342 426	0
Opptak nye lån	2 597 655 092	0
Renteinntekter på lån*	239 705 205	208 828 394
Rentekostnader på lån**	271 504 249	109 711 769
Renter på konsernkontoordningen	7 671 708	4 307 183

\* Renteinntekter på lån gjelder lån til Azets AS på kr 69 054 624, til Azets UK Holdco Ltd på kr 34 502 312, til Azets BA Bidco Ltd på kr 98 660 362 og til Azets BR Bidco Ltd på kr 37 487 907

\*\*Rentekostnader på lån gjelder lån fra Azets Opco Ltd på kr 259 952 047 og fra Azets UK Holdco Ltd på kr 11 573 598.

## Note 8 - Antall aksjer, aksjeeiere m.v

Aksjekapitalen i selskapet er på kr 10 000 000 fordelt på 1 000 aksjer à pålydende 10 000,00. Det er kun en aksjeklasse og alle aksjer har lik stemmerett. Azets Opco Ltd eier alle aksjene.

## Note 9 - Pantstillelser og garantier mv.

Det er etablert pant i selskapets aksjer, aksjeinvesteringer, kundefordringer og alle innskudd i konsernets flerkontosystem hos Danske Bank, som sikkerhet for konsernets låneforpliktelser.

## Note 10 - Langsiktig gjeld

Selskapets interne langsiktige lån forfaller til betaling etter nærmere avtale.

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## Underskrivere

 bankID



**Vidar Bekken**

9578-5990-4-2939042

2023-12-19 14:13:42Z

## Dokumenter i transaksjonen

KNH signert av C Horne.pdf

*Dette dokumentet*

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### Hvordan verifisere ektheten til dokumentet

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**Azets Opco Limited**

**Annual report and financial statements**

**For the year ended 30 June 2023**

UK registered number FC033952



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## Strategic report

The Director's present their Strategic Report, Directors' Report and the audited consolidated financial statements for the year ended 30 June 2023.

### Corporate activity

During the year ended 30 June 2023, the Group continued to acquire new businesses with a focus on high quality accountancy businesses and complimentary business services providers across existing and new geographies, aligned with the Group's strategic plan. The Group completed nine acquisitions during the year.

Three acquisitions were completed in the UK, including: Gorilla Accounting, the digital accountancy firm for entrepreneurs, sole traders and small limited companies, and number one ranked accountancy firm on Trustpilot which will bolster Azets digital offering; Naylor Wintersgill an independent firm of chartered accountants, business and tax advisors, based in Yorkshire; and Sandisons, a long-established firm of specialist medical accountants, providing a first-class service to GPs, medical practices and SME businesses across the South of England and South Wales.

In the Nordic region, the Group strengthens its technology offering to customers by acquiring the Microsoft Dynamics 365 Business Central and LS Retail business of Solteq Plc as well as completing three smaller acquisitions.

The Group entered the Irish market for the first time during the year following its acquisition of Baker Tilly Ireland, which immediately rebranded as Azets Ireland and subsequently completed another smaller acquisition.

On 19 June 2023, the Group announced that PAI Partners a pre-eminent private equity firm, has joined the business as a new investor. Following completion on 31 October 2023, PAI now holds an equal and co-controlling stake in Azets alongside current owners Hg, a leading investor in European and transatlantic software and services businesses.

### Business strategy

Azets provides our clients with the personal and business advice and support they need to help them manage their personal and businesses ambitions. We provide proactive and relevant advisory services to our clients that helps them at every stage of their business life cycle. This is on top of our outsourcing and compliance services. We serve a number of client segments from private clients through our premium award winning Blick Rothenberg brand, large companies to the smallest of businesses with the majority of our clients being in the entrepreneurial SME sector. We aim to be the primary business relationship our clients have to deliver all they need to thrive and achieve their ambitions.

The SME sector has significant scope for growth. Larger audit firms are exiting this sector and the demand for digital accounting services is necessitating client change. Azets is well positioned to capitalise on all of these dynamics in all our geographies.

Azets are committed to providing a high quality client service. We get to know our clients both on a human level and by using data insights that enable us to increase our focus on advisory services aligned to client needs. We are increasing our service portfolio rapidly to deliver to our clients the business services they want and need. This is a key part in remaining the primary trusted business relationship to our clients. We do this both by developing and extending our core services and through a network of strategic partnerships to provide a range of complimentary business services for our clients. This strategy rapidly strengthens Azets' position as a provider of business critical services, increasing our share of spend and delivering greater benefits for clients.

Our propositions will use market leading technology. The Azets client portal Cozone, will provide clients access to their data and all services from anywhere on any device including talking to advisors – the right advice when they need it. Aligned to our wide range of client propositions this will give Azets a unique position in the market.

The Group has established an Environmental, Social and Governance ("ESG") Committee. This committee has determined the group-wide initiatives and actions to build a better environment for our colleagues, clients & communities, increase diversity and inclusiveness in the workplace and have the right level of reporting, assessment and training in place to increase awareness and mitigate potential financial and reputational risks. Specific environmental actions for 2023 include reducing printing and paper consumption, using recycling facilities in our offices, screening our suppliers using social and environmental criteria and ensuring our datacentre providers have robust carbon footprint reduction plans in place.



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## Strategic report (continued)

### Business strategy (continued)

As a result of growth during the year ended 30 June 2023 and up to the date of signing this report, Azets now employs more than 8,000 people from 153 offices in Denmark, Finland, Ireland, Norway, the UK, Sweden and our four highly effective processing centres in Romania and Estonia and in software development centres in Lithuania and Romania. This variety and geographical spread make our business very robust.

### Business Review

The principal activities of the Group are the provision of critical accountancy services, business support, BPO and advisory services to our chosen clients segments and sectors.

Revenue for the year of £659.8 million was £101.1 million or 18% higher than last year (2022: £558.7 million). This reflects strong organic growth in each of the three existing businesses along with acquisitions in the year and a full-year impact of acquisitions in the prior year. Excluding the impact of acquisitions (most of which completed in Q4), revenue was 16% higher than FY22.

The main measure of the Group's profit performance is operating profit from continuing operations before depreciation, interest, taxation, intangible asset amortisation and exceptional items ("EBITDAE") and this measure is defined and reconciled to statutory measures in the 'Unaudited information' section on page 67. The Group adopted IFRS 16 'Leases' in FY20, but in order to maintain consistency with the internal reporting, EBITDAE is also stated before the impact of IFRS 16. EBITDAE for the year at £98.9 million was £24.5 million or 33% higher than last year (2022: £74.4 million) with strong revenue growth and a focus on margin expansion. EBITDAE margin of 15.0% was 170 bps ahead of last year (2022: 13.3%).

Pre-tax exceptional items (within operating profit) of £34.9 million (2022: £15.9 million) include impairment charges related to lease assets and loans to related parties of £5.6 million and other exceptional costs of £29.3 million. Exceptional costs principally relate to costs associated with the completion of the transformation programme, legal and professional costs associated with the acquisitions in the year and post-acquisition integration and restructuring costs along with legal and professional costs related to the refinancing and securing the new investment.

After accounting for IFRS 16 and before impairment and exceptional items, the Group generated an operating profit of £57.6 million (2022: £35.9 million). There were exceptional items (within operating profit) of £29.3 million (2022: £14.7 million) and impairment charges of £5.6 million (2022: £1.2 million) resulting in an operating profit for the year of £22.7 million (2022: £20.0 million). There was a net interest charge of £97.6 million (2022: £64.6 million) and a tax credit of £0.5 million (2022: £0.6 million) resulting in a loss after tax for the year of £74.4 million (2022: £44.0 million).

During the year, the Group continued to develop scale and diversification through a number of acquisitions for a total consideration of £75.5 million. These acquisitions were completed with cash and contingent consideration. Further details are contained in note 24.

The consolidated balance sheet on page 13 shows the Group's financial position at the year end. Net current assets (excluding lease liabilities and borrowings) of £62.8 million (2022: £67.1 million). The net liabilities of £389.2 million (2022: £305.6 million) are a consequence of the financing structure of the Group.

There was strong operational cash flow in the year with a cash flow from operating activities of £84.2 million (2022: £56.7 million) after investing in acquisitions, and paying interest on the bank debt, there was a cash inflow for the year of £18.4 million (2022: outflow of £30.9 million).

In October 2022, the Group completed a full refinancing of its banking arrangements, with committed facilities now secured until October 2029. The Group's financial position is considered satisfactory in terms of working capital and cash, and the directors believe the Group to be well positioned for future growth.



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## Strategic report (continued)

### Future developments

This year saw the next phase of embedding our five-year strategy - The Pathway which sets out our ambitious growth strategy to be a £1bn+ revenue business by 2027 by offering trusted, business critical advice, compliance and outsourcing services to ambitious companies and business owners via our talented smart colleagues, network of local offices, effective technology and digital insights.

Underpinning our strategy is our purpose – to improve the lives of our colleagues, our clients and our communities in a sustainable way – this is our driving force, and why we get excited to do our jobs. The successful delivery of our five-year strategy is driven through five strategic pillars each with executive group ownership for delivery supported by five-year pillar plans at a business level too.

**Ambitious Growth Pillar** – we continue to expand our range of services across our geographies and client segments to offer our existing clients the service they need as well as attracting new clients. Our successful M&A growth strategy means we have acquired and integrated new businesses globally increasing our footprint into new sectors too. Azets will continue to target acquisitions of quality, complimentary businesses with a continued increased focus on smooth, successful integration.

We are continuing to develop our data capabilities and client insights to identify opportunities to help our clients achieve their ambitions - be that to grow, to exit, to increase profitability or to simply remain confidently compliant. We will continue to actively grow our market share in the SME sector, whilst retaining and growing our presence in Private Client, Public Sector, Large and Enterprise Corporates and International Businesses. We have strength and depth in a number of sectors, and this is our next area of focus, to maximise the opportunity to go to market by sector which will give our colleagues an opportunity to evolve and refine their skills.

**Talented Smart People Pillar** – Without question our colleagues are central to our success and core to our purpose is our aim to improve the lives of our colleagues. Our goal is to be an attractive company to work for - where our colleagues want to stay, and new people want to join. We continue to proactively invest in the development of our people through **Azets Reach!** - our talent and performance development framework that focuses on offering learning and development that enables our colleagues to progress to the most senior levels within Azets or to develop their specialist skills to be experts. Over 100,000 courses have been completed and by increasing our internal expertise, we will continue to attract the best talent in the market. We continue to offer an agile and flexible way of working, enabling our people to have the opportunity to diversify their careers across Azets in a way that is unavailable in other businesses. We are passionate and committed to recognising our internal talent and have a goal to fill 30% of our vacancies through internal promotions.

**Personalised Client Service Pillar** – we have a very loyal client portfolio of over 97,000 clients driven by our ambitious client feedback process and network of local offices across our communities. We recognise that our clients want to find a local support network and no business of our scale operates through as many local communities as we do. Our ambition is to deliver a personalised client service using both traditional client service techniques but also leveraging best in breed technologies, enhancing our client propositions, and increasing our use of data analytics. Our data is a huge asset, providing client insight unrivalled in our sector. Investment in data analytics continues and will generate significant growth opportunities for both existing and new clients.

**Operational Excellence Pillar** – Our Operational Continuous Improvement programmes continue to touch every area of our business enabling us to work smarter and more effectively, creating capacity to deliver services that our clients want and will enhance our trusted client relationships. We continue to optimise our core systems and processes to create and build a solid, scalable foundation for future growth. These include demand and resource planning tools, expansion of nearshoring to our Romania operation, process optimisation and automation technologies. Data is rapidly becoming one of the world's most valuable commodities and armed with the rich data our investments are generating, our colleagues can identify opportunities to help our clients make the right decisions for their business or on a personal level. Our use of data will increase and become the bedrock of business. Across Azets we will continue to enhance our automation strategy and deployments ensuring we fully embrace and maximise the potential that automation technologies can bring to our business. Process automation, system integration, software robotics and artificial intelligence sit at the heart of accelerated automation projects we have in the pipeline, all designed to create



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## Strategic report (continued)

### Future developments (continued)

capacity to focus on higher value client work. These technologies provide us with opportunities to further improve predictability and reliability of our service delivery and, more importantly, the ability to scale up / down quickly to meet client demand and smooth peaks in our delivery.

*Effective Technology* – our future client propositions will remain a combination of personal, face to face advisory support combined with digital proposition to ensure we continue to capitalise on the demand for real time advice aimed at making our clients' businesses better. We will equip our advisors with the skills to deliver compliance services efficiently and proactive business advice, using real-time business intelligence from end-to-end digital solutions. We will deploy specialist technology consulting teams to help our clients successfully transition to digital business processes. Through our scale we will continue to partner with leading industry strategic third party vendors such as Dext & Xero to embed the right end-to-end business solutions for example the regulatory UK requirements of MTD mean our clients will interact with us more regularly, strengthening client relationships and opportunities to grow revenue. The combination of digital business tools, business intelligence, data driven client insight and the ongoing re-development of the Azets CoZone portal will differentiate us in our markets.

### Risk management review

Building upon its existing risk management processes, the Group continues to improve its capability and visibility of key risks by embedding an Enterprise Risk Management (ERM) Framework. This framework supports the Group ethos of continuous improvement and enables a rigorous and co-ordinated approach to identifying, assessing and responding to a full spectrum of risks, aligned to its appetite, that may impact the achievement of strategic objectives (to include, but not limited to, operational, regulatory, ESG, people and financial objectives) and growth targets.

With a sound risk culture, governance framework and monitoring and oversight, risks and controls are recorded, reported and reviewed to enable the Group to have a full understanding of its overall risk profile and the associated control environment. Risks are monitored and updated, as appropriate, in line with changing exposures (internal and external) or on a quarterly basis as a minimum, with bespoke reporting to Executive Committee, Board and Audit and Risk Committee. Reports on internal financial control issues raised by management and the external auditor are reported to the Group Board, at least annually.

The ERM Framework is led, designed and implemented by the Legal, Risk and Compliance function and, newly recruited, Group Risk and Governance Director.

### Principal risks and uncertainties

There are seven notable risk category themes for this reporting period: *Financial* (including Liquidity / Capital Management), *Technology and Systems* (including Operational Resilience), *Legal and Regulatory Compliance, Macro Environment, Data and Information Security, Acquisitions* (including integration) and *Client Service Delivery*. The specific risks below are not static or exhaustive and may be subject to modification as risk exposure changes; some of which are not within the control of the Group or its directors:

- *Credit / Liquidity*: Managed by maintaining a balance between the continuity of funding and flexibility through the use of drawdowns under the credit facility at floating rates of interest (see note 14 on page 43 for more details). The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over many customers and market segments.
- *Liquidity / Capital Management / Cash Flow*: The Group is financed through a combination of bank and debt instruments that carry variable and fixed rates of interest (see note 14 on page 43 for more details). The appropriateness of these bank and debt instruments and the risks related to variable rate debt has recently been reviewed and renewed by management and the Board and various interest rate swaps have been entered into to hedge against movements in interest rates. These facilities are secured against the assets of the Group including those of the Company. This financing provides the necessary headroom to support the expansion plans of the business. These facilities are the subject of financial covenants which management monitors on a regular basis to ensure that there are no actual or anticipated breaches. There were no covenant breaches during the reporting year or in any subsequent period.



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## Strategic report (continued)

### Risk management review (continued)

- *Foreign Exchange:* There is limited foreign exchange risk in the income statement as the majority of the Group's trading income is denominated in the local currency of the business operations which provides a natural hedge against the currency of its cost base.
- *Operational Resilience (Systems, People and Processes):* With ongoing acquisitions, emerging technologies and operational improvement in mind, the ability to realise operational benefits and integrate systems effectively provides the Group with opportunities as well as risk exposure. Focus remains on integrating new acquisitions efficiently, process improvements including automation opportunities and implementing effective people strategies (workforce planning, recruitment and retaining the right people in the right roles) to support agility and efficiency. The Group is monitoring the emerging use of generative artificial intelligence.
- *Data Capability and Management:* The Group continues to focus on data as an asset and an enabler for growth. Keeping in mind the update of existing systems, data held or new systems through acquisitions and / or obsolete, end of life systems, effective data management is vital to minimise the risk of data loss or missed opportunities, across the Group. The data management risk (including availability, accuracy and completeness) is monitored by a newly created Data Governance Board, with stakeholders across the Group, including our Group GDPR lead and Data Protection Officer (DPO), monitoring risks, opportunities and actions (including data cleansing activities).
- *Information / Cyber Security:* The Group is committed to maintaining security of its internal and client data. Information security risk and the risk of a cyber-attack (for example, malware, phishing, ransomware, denial of service) continues to feature as a key risk for the Group. All employees are required to complete a programme of mandatory cyber security training and will be trained as part of their induction. This training, along with ongoing communication and testing, supports staff awareness and their need to report potential issues; for example, phishing attacks have been spotted, reported and dealt with appropriately.
- *Macro Environment / Geopolitical:* With macro-economic changes (rising interest rates, inflation) and geopolitical instability (Ukraine / Russia), the Group continues to monitor direct and indirect impacts and risk exposure. Action was taken in earnest on sanctioned individuals and continues to be monitored through the Group Ethics Committee. Wider emerging risks, including but not limited to, changes to legislation and regulation, are recorded, monitored and, where appropriate, actioned through the newly created Group Horizon Scanning Forum.

### Going concern

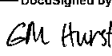
The financial statements have been prepared on a going concern basis. In making their assessment of going concern, the Directors have considered the Group's cashflows, liquidity and likely business activities over the period to March 2025.

As set out in the basis of preparation, the results of the base case scenario considered by the Directors in their assessment of going concern supports that the Group can continue to comply with the financial covenants and pay its liabilities as they fall due for the period of their assessment up to March 2025.

The Directors have also considered a downside scenario which assumes a 10 per cent reduction in pro forma EBITDA as compared to the year ended 30 June 2023. Should this scenario arise, there would be no breach in the financial covenants and the Group would continue to be able to pay its liabilities. As such, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

Approved by the Board of Directors and signed on their behalf by:

**GM Hurst**  
Director

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22 December 2023



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## Directors' report

The directors present their annual report and the audited financial statements for the year end 30 June 2023. The financial statements are presented in Sterling rounded to the nearest thousand.

### Principal activities

During the year, the principal activity of Azets Opco Limited and subsidiaries ("the Group") was the provision of critical business support, BPO and advisory services to the entrepreneurial and private company business markets together with their owners and managers.

### Directors

The directors who held office during the year were:

EA Crosier  
GM Hurst  
D Marriott (resigned 31 October 2023)  
CN Horne  
S Sharp (resigned 7 April 2023).

On 9 October 2023, RP Eigenheer and JL Radford were appointed as directors of the Company.

### Results and dividends

The Group's result for the year is reflected in the consolidated income statement on page 11. The loss on ordinary activities after taxation amounted to £74.4 million (2022: £44.0 million).

The directors do not recommend the payment of a dividend (2022: nil).

### Going concern

The directors set out in the Strategic report:

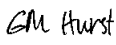
- the reasoning for the adoption of the going concern basis in preparing the annual report and financial statements for the company; and
- the financial risk management objectives and policies of the company.

Accordingly, the financial statements have been prepared on the going concern basis.

### Auditor

The company's auditor is Ernst and Young LLP. They have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at a forthcoming meeting of the members of the Company.

Approved by the Board of Directors and signed on their behalf by:

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**GM Hurst**  
Director

22 Grenville Street  
St Helier, Jersey  
JE4 8PX

22 December 2023



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## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Consolidated financial statements in accordance with the accounting standards they elect which have been determined as International Financial Reporting Standards as adopted by the European Union (the applicable financial reporting framework) and the Companies (Jersey) Law 1991 ("the Law").

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 company and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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## Independent auditor's report to the members of Azets Opco Limited

### Opinion

We have audited the financial statements of Azets Opco Limited and its subsidiaries (the "group") for the year ended 30 June 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Statement of Changes in Equity, the basis of preparation and critical estimates and judgements, and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the group's affairs as at 30 June 2023 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions related to going concern

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.

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 ability to continue as a going concern for a period of 15 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



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## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the group's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the direct laws and regulations relating to tax legislation in respective jurisdictions, the Companies (Jersey) Law 1991, The International Stock Exchange Listing Rules, ICAEW accountancy practice regulations, the Money Laundering and Terrorist financing (Amendment) (EU Exit) Regulations 2020 and International Financial Reporting Standards as adopted by European Union;
- We understood how the group is complying with these frameworks by making enquiries of management and those responsible for legal and compliance matters to understand how the group maintains and communicates its policies and procedures in these areas. We made enquiries to understand the responsibilities of those charged with governance and how these drive a culture of honesty and ethical behaviour. We also made enquiries with the group's external legal counsel where appropriate. We also perform procedures over the financial statements to assess the group's compliance with International Financial Reporting Standards as adopted by the European Union;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by considering areas of significant judgement and estimation, complex transactions, performance targets, economic or external pressures and the impact these factors have on a likelihood of material misstatement. Where the risk was considered to be higher, we performed additional audit procedures to address each identified risk;



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- We identified a risk that management might override controls in certain key processes in order to achieve a desired financial reporting outcome. We determined that the most susceptible area to any such override was revenue recognition due to the identified revenue growth targets;
- We performed a targeted test of transactions and specific engagements including validation through to engagement agreements and other supporting documentation. We made direct enquiry of a sample of engagement partners in order to assess the appropriateness of their evaluation of revenue to recognise. We identified and tested manual adjustments made by management to the reported balances and tested evidence to support the reasonableness of recovery rates calculated by management; and
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of documentation, direct enquiry of management and those charged with governance. Further we complete testing of specific journals identified based upon risk criteria and assessment of any correspondence received from the relevant authorities through to the date of this audit opinion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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**Jamie Dixon**

for and on behalf of Ernst & Young LLP

**Manchester**

**22 December 2023**



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**Azets Opco Limited**  
**Consolidated income statement**  
For the year ended 30 June 2023

	Note	Year ended 30 June 2023		Year ended 30 June 2022			
		Pre-exceptional items £'000	Exceptional items (note 4) £'000	Total £'000	Pre-exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Revenue	1,2	659,809	-	659,809	558,731	-	558,731
Employee and other direct costs	5	(475,581)	(10,414)	(485,995)	(411,332)	(9,746)	(421,078)
Other operating costs	3	(68,933)	(18,859)	(87,792)	(57,486)	(4,957)	(62,443)
Impairment loss on trade receivables	12	(692)	-	(692)	(451)	-	(451)
Depreciation of property, plant & equipment	9	(6,640)	-	(6,640)	(6,095)	-	(6,095)
Depreciation of right of use assets	20	(14,374)	-	(14,374)	(13,123)	-	(13,123)
Amortisation	8	(36,138)	-	(36,138)	(34,478)	-	(34,478)
Impairment charges	4	-	(5,634)	(5,634)	-	(1,173)	(1,173)
Share of profit after tax from associates	10	126	-	126	117	-	117
<b>Operating profit/(loss)</b>		<b>57,577</b>	<b>(34,907)</b>	<b>22,670</b>	<b>35,883</b>	<b>(15,876)</b>	<b>20,007</b>
Finance income	6	2,027	-	2,027	1,355	-	1,355
Finance costs	6	(95,848)	(3,732)	(99,580)	(65,958)	-	(65,958)
<b>Loss before taxation</b>		<b>(36,244)</b>	<b>(38,639)</b>	<b>(74,883)</b>	<b>(28,720)</b>	<b>(15,876)</b>	<b>(44,596)</b>
Taxation credit/(charge)	7	(4,424)	4,927	503	(1,938)	2,526	588
<b>Loss for the year</b>		<b>(40,668)</b>	<b>(33,712)</b>	<b>(74,380)</b>	<b>(30,658)</b>	<b>(13,350)</b>	<b>(44,008)</b>

There is no material difference between the Group's results as reported and on a historical cost basis. All results relate to continuing operations.



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**Azets Opco Limited**  
**Consolidated statement of comprehensive income**  
For the year ended 30 June 2023

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Loss for the year recognised in the income statement	(74,380)	(44,008)
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss:		
Effect of movements in foreign exchange	(10,417)	(1,407)
<b>Other comprehensive loss for the year</b>	<b>(84,797)</b>	<b>(45,415)</b>
<b>Total comprehensive loss for the year</b>	<b>(84,797)</b>	<b>(45,415)</b>



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## Azets Opco Limited - Registered number FC033952 Consolidated balance sheet

As at 30 June 2023


	Note	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Intangible assets	8	664,155	645,616
Property, plant & equipment	9	15,746	16,752
Right of use assets	20	51,452	42,323
Investment in associates	10	6,263	6,149
Lease receivables	20	44	118
<b>Total non-current assets</b>		<b>737,660</b>	<b>710,958</b>
<b>Current assets</b>			
Trade and other receivables	12	226,018	175,651
Derivative financial instruments	19	1,185	-
Cash and cash equivalents	13	56,188	39,469
<b>Total current assets</b>		<b>283,391</b>	<b>215,120</b>
<b>Total assets</b>		<b>1,021,051</b>	<b>926,078</b>
<b>Current liabilities</b>			
Trade and other payables	15	(195,093)	(129,249)
Lease liabilities	20	(13,909)	(12,657)
Provisions	16	(23,762)	(15,937)
Borrowings	14	(669,959)	(482,717)
Income tax		(1,754)	(2,835)
<b>Total current liabilities</b>		<b>(904,477)</b>	<b>(643,395)</b>
<b>Non-current liabilities</b>			
Borrowings	14	(413,595)	(499,784)
Lease liabilities	20	(44,152)	(38,184)
Other non-current liabilities	15	(1,986)	(314)
Provisions	16	(15,354)	(18,856)
Deferred tax liabilities	11	(30,661)	(31,184)
<b>Total non-current liabilities</b>		<b>(505,748)</b>	<b>(588,322)</b>
<b>Total liabilities</b>		<b>(1,410,225)</b>	<b>(1,231,717)</b>
<b>Net liabilities</b>		<b>(389,174)</b>	<b>(305,639)</b>
<b>Equity</b>			
Issued capital	17	2	2
Share premium		13,598	13,598
Translation reserve		(21,710)	(11,293)
Retained earnings		(381,064)	(307,946)
<b>Total equity attributable to equity shareholders</b>		<b>(389,174)</b>	<b>(305,639)</b>



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**Consolidated balance sheet** *(continued)*

These financial statements were approved by the board of directors on 22 December 2023 and were signed on its behalf by:

DocuSigned by:  
  
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**JL Radford**  
*Director*



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## Azets Opco Limited Consolidated cash flow statement

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023	Year ended 30 June 2022
		£'000	£'000
<b>Cash flow from operating activities</b>			
Loss before taxation		(74,883)	(44,596)
Finance income	6	(3,963)	(1,355)
Finance expense	6	99,580	64,816
Share of profit after tax of associates	10	(126)	(117)
Amortisation	8	36,138	34,478
Impairments	4	5,634	1,173
Depreciation of property, plant & equipment	9	6,640	6,095
Depreciation of right of use assets	20	14,374	13,123
Net foreign exchange differences	6	1,936	1,142
Equity share-based payments	17	1,262	4,092
Gain on disposal of property, plant and equipment		(73)	(52)
Exceptional items (non-cash)		(76)	(104)
		<b>86,443</b>	<b>78,695</b>
Increase in receivables		(49,497)	(10,525)
Increase / (decrease) in payables		52,176	(7,944)
Cash generated from operations		<b>89,122</b>	<b>60,226</b>
Income taxes paid		(4,965)	(3,557)
<b>Net cash from operating activities</b>		<b>84,157</b>	<b>56,669</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(6,147)	(6,919)
Purchase of intangibles	8	(4,027)	(2,754)
Purchase of subsidiaries (net of cash acquired and bank loans repaid)	24	(52,503)	(39,400)
Disposal of property, plant and equipment		372	598
Payment of deferred consideration and contingent consideration		(11,115)	(10,454)
Interest received		842	1,355
<b>Net cash from investing activities</b>		<b>(72,578)</b>	<b>(57,574)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(39,469)	(25,649)
Repayment of debt on refinancing	18	(525,704)	-
Increase in short-term loans	18	33,707	-
Increase in long-term loans	18	444,384	26,623
Payment of commitment fees	18	(1,395)	-
Funding of intercompany loan	18	130,930	(13,074)
Payment of lease liabilities (including interest)	20	(18,804)	(17,894)
Payment of capitalized finance fees		(16,866)	-
<b>Net cash from financing activities</b>		<b>6,783</b>	<b>(29,994)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>18,362</b>	<b>(30,899)</b>
Cash and cash equivalents at the beginning of the year		39,469	70,759
Effect of movements in foreign exchange	18	(1,643)	(391)
<b>Cash and cash equivalents at the end of the year</b>	13	<b>56,188</b>	<b>39,469</b>



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**Azets Opco Limited**  
**Consolidated statement of changes in equity**  
For the year ended 30 June 2023

	Issued capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Equity attributable to owners of parent £'000	Non- controlling interests £'000	Total equity £'000
<b>Balance as at 1 July 2021</b>	2	13,598	(9,886)	(268,030)	(264,316)	-	(264,316)
Loss for the year ended 30 June 2022	-	-	-	(44,008)	(44,008)	-	(44,008)
<b>Other comprehensive loss</b>							
Currency translation differences	-	-	(1,407)	-	(1,407)	-	(1,407)
<b>Total other comprehensive loss for the year ended 30 June 2021</b>	-	-	(1,407)	(44,008)	(45,415)	-	(45,415)
Equity share-based payment (see note 17)	-	-	-	4,092	4,092	-	4,092
<b>Balance as at 30 June 2022</b>	2	13,598	(11,293)	(307,946)	(305,639)	-	(305,639)
Loss for the year ended 30 June 2023	-	-	-	(74,380)	(74,380)	-	(74,380)
<b>Other comprehensive loss</b>							
Currency translation differences	-	-	(10,417)	-	(10,417)	-	(10,417)
<b>Total other comprehensive loss for the year ended 30 June 2023</b>	-	-	(10,417)	(74,380)	(84,797)	-	(84,797)
Equity share-based payment (see note 17)	-	-	-	1,262	1,262	-	1,262
<b>Balance as at 30 June 2023</b>	2	13,598	(21,710)	(381,064)	(389,174)	-	(389,174)



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## **Basis of preparation and critical accounting estimates and judgements**

Accounting policies applicable across the financial statements are shown below. Accounting policies that are specific to a component of the financial statements have been incorporated into the relevant note.

### **General information**

The financial statements of Azets Opco Limited and subsidiaries (the "Group") for the year ended 30 June 2023 were authorised for issue by the board of Directors on 22 December 2023.

The parent of the consolidated Group, Azets Opco Limited, is incorporated and domiciled in Jersey as company number BR019040 (UK establishment). The registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

The principal activities of the Group are the provision of critical business support, BPO and advisory services to the entrepreneurial and private company business markets together with their owners and managers.

### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with the Companies (Jersey) Law 1991. The accounting policies as set out below have, unless otherwise stated, been consistently applied to all years presented in these financial statements.

These consolidated financial statements provide comparative information in respect of the previous year.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments and contingent consideration that have been measured at fair value.

The consolidated financial statements are presented in Sterling, which is the Company's functional currency, rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the results of the Company and all its subsidiaries from the date that control commences to the date that control ceases. The consolidated financial statements also include the Group's share of the after-tax results, other comprehensive income and net assets of its associates on an equity-accounted basis from the point at which significant influence respectively commences, to the date that it ceases.

The Group controls an entity when it has the power, directly or indirectly, to direct the activities of an entity so as to significantly affect the returns of that entity, to which it is exposed, or has rights to variable returns from its involvement with the investee.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.



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## **Basis of preparation and critical accounting estimates and judgements** *(continued)*

### **Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. In making their assessment of going concern, the directors have considered the Group's cashflows, liquidity and likely business activities over the period to March 2025.

The Group has net liabilities of £389.2 million, recorded a loss after taxation of £74.4 million and a cash inflow of £18.4 million. Funding is provided to the Group through external and intercompany borrowings.

In making their assessment of going concern, the Directors have reviewed both the liquidity of the company and its ability to comply with the financial covenants in both a base case and a downside scenario. At the time of this review in November 2023, there was cash of £68.6 million which is available for operations.

### *Liquidity*

The Directors assessment of going concern shows that the Group will have adequate resources to continue to meet its liabilities for the period under review.

### *Intercompany debt*

As at 30 June 2023, there were internal borrowings of £637.7 million which are repayable on demand. Should these become repayable, there is a risk that the Group may not be able to repay these borrowings or meet its other liabilities as they fall due. Subsequent to the balance sheet date, the counterparties agreed to vary the terms of these borrowings such that they will not become repayable before March 2025. The forecasts used by the Directors in their assessment of going concern assume no repayments of principal or interest in respect of the intercompany borrowings.

### *External debt*

On 7 October 2022, the Group completed a refinancing of its external debt with all external borrowings now maturing in October 2029, apart from the revolving credit facility which matures in October 2028.

The Group is subject to a leverage ratio (Total net debt to consolidated pro-forma EBITDA) financial covenant related to this external debt which will be assessed quarterly during the year. Under the terms of the banking agreement, the financial covenant becomes progressively more stringent after the first 36 months.

As at 30 June 2023, there were external borrowings of £446 million of which £32 million was due to mature in October 2028; and £414 million in October 2029. On 31 October, an additional £95m Senior Debt was agreed and drawn down.

### *Going concern review*

In making their assessment of going concern, the Directors have reviewed both the liquidity of the company and its ability to comply with the financial covenant in both a base case and a downside scenario, taking into account the changes in funding that occurred subsequent to the balance sheet date.

The base case scenario applied by the Directors in their assessment of going concern shows that the Group will have adequate resources to continue in operational existence for the period under review and will meet its financial covenant during that period.



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## **Basis of preparation and critical accounting estimates and judgements**

*(continued)*

### **Going concern (continued)**

The Directors have also considered what they believe to be a reasonably possible downside scenario being a 10% reduction in pro-forma EBITDA compared to pro forma EBTIDA generated in the year ended 30 June 2023. This scenario also shows that the Group would continue to meet its financial covenant and meet its liabilities as they fall due for the period to 31 March 2025.

For these reasons, the Directors continue to believe that it is appropriate to continue to adopt a going concern basis for the preparation of the financial statements.

### **Foreign currency**

The Group's consolidated financial statements are presented in Sterling, which is the functional currency of the parent. Each group company determines its own functional currency and items are included in the accounts of that company using that functional currency.

At the individual company level, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate prevailing at the balance sheet date and any resulting foreign exchange differences are recorded in the income statement. Non-monetary assets and liabilities are maintained at historical cost and are translated using the exchange rate at the date of the transaction.

On consolidation, the results of group companies with a functional currency other than Sterling are translated at a monthly average exchange rate. The net assets are translated at the rate prevailing on the balance sheet date.

Exchange differences arising from the retranslation of opening net assets of group companies, together with differences arising from the restatement of the net results of group companies from average rates to rates at the balance sheet date, are recognised in other comprehensive income and are shown within foreign currency translation reserve in equity.

### **New or amended accounting standards**

The Group has adopted the amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments provide guidance on how to account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption provided in IAS 12.15 (b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group has applied the exemption provided by the amendments to IAS 12, which allows it not to recognise or disclose information on deferred taxes arising from Pillar II taxes.

### **Future accounting standards**

There are no IFRS, IAS amendments or IFRIC interpretations which are not yet effective that would be expected to have a material impact on the Group.

### **Critical accounting estimates and judgements**

In applying the Group's accounting policies, which have been incorporated into the relevant note that are specific to a component of the financial statements, management are required to make judgements, estimates and assumptions about the carrying value 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 if the revision affects only that period or future periods if the revision affects future periods.



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## **Basis of preparation and critical accounting estimates and judgements**

*(continued)*

### **Critical accounting estimates and judgements (continued)**

Information about these judgements and estimates is included in relevant note that are specific to a component of the financial statements, the most significant being:

#### **Revenue recognition**

Other than for assignments undertaken on a contingent fee basis, revenue on client assignments is recognised over time. This requires management to determine the measurement method that best depicts the Group's performance in transferring services to its clients. Management has concluded that the input method of measuring progress is appropriate based on the internal time and external costs incurred to date as a percentage of total expected internal time and external costs.

This requires an estimate to be made of the stage of completion of those assignments. Management estimates the remaining internal time and external costs to be incurred in completing the assignments and the client's willingness and ability to pay for the services provided. A different assessment of the outturn on an assignment may result in a different value being determined for revenue and a different carrying value being determined for unbilled revenue for client work. Unbilled revenue as at 30 June 2023 was £38.8 million (2022: £31.8 million), given that the timing of billing has not yet been agreed with the clients, there remains a risk that elements of this balance are not billable and so will not be recovered in cash. A sensitivity analysis has been performed to illustrate the impact of a change in management's assumptions related to the valuation of unbilled revenue. This indicates that a 5% reduction in the amount billable would result in an additional charge to the income statement of £1.9 million.

#### **Impairment of goodwill**

As at 30 June 2023, the carrying value of goodwill was £476.5 million. Goodwill is tested for impairment annually, or more often if indicators of impairment exist. There are two key areas of estimation in relation to goodwill impairment.

The first is the appropriateness of the cash-generating units ("CGUs") for the purpose of impairment testing. In the year ended 30 June 2023, management determined the CGUs as the four separate operating segments. A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or a group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines businesses geographical areas).

The other key area of estimation relates to the assumptions applied in calculating value in use of the CGUs being tested for impairment. The key assumptions applied in the calculation relate to the future performance expectations of the business – primarily, the Group's 5-year forecasts and long-term growth rates - are disclosed in note 8. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.



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## Critical accounting estimates and judgements *(continued)*

### Valuation of acquired intangible assets in a business combination

As at 30 June 2023, the carrying value of acquired intangible assets was £181.7 million. The Group's intangible assets are initially measured at fair value in accordance with IFRS 3, *Business Combinations*. Management has determined the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the intangible assets, the Group uses market-observable data to the extent it is available. For material carrying values, management have engaged external providers for valuation analysis, and these are based on the prevailing market, economic and other conditions at the date of the business combination. Valuation methodologies adopted in determining the fair value of intangibles include:

- Income method in determining the fair value of customer relationship and contracts;
- Relief from Royalty method in determining the fair value of patents and trade names; and
- Cost approach in determining the fair value of software.

Information on the carrying values of intangibles assets are disclosed in note 8.

### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of property. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). There is no significant risk of material adjustment in FY24.

### Valuation of contingent consideration for acquired businesses

A number of the Group's recent acquisitions have consideration payments which are based on earn out provisions. This requires estimates to be made of the future revenue, profit and working capital of acquired businesses. These estimates are reviewed on a regular basis and any variance in the actual performance will result in future payments being higher or lower than the balance sheet provision. Further details of contingent consideration are disclosed in note 24.

### Equity related balances - estimating the share price

Certain estimates within the financial statements require a value to be placed on either the current or future value of the equities in Azets Topco Limited. As these equities are not publicly traded, this requires the use of a valuation technique and estimates to be made of the expectation of future performance of the business – primarily the Group's 5-year forecast, and the value multiple that would be applied in the event of a sale of the Group.



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## Notes to the financial statements

### Note 1. Divisional results

#### Accounting policy

##### Revenue

Revenue represents the value of sales made to customers after deduction of discounts and sales taxes. Revenue does not include sales between Group companies. Revenue is measured based on the consideration specified in a contract with a customer, which are less than a year in duration. The Group recognises revenue when it transfers control of its good and services to the customer. For the majority of services revenue is recognised over time, but for services performed on a contingent fee basis, revenue is typically recognised when the appropriate milestone as set out in the contracts is achieved.

##### Divisional reporting

The Group is not required to identify its operating segments or present financial information related to their performance during the year as the parent company does not have any debt or equity instruments traded in a public market. However, in order to allow for a fair presentation of the Group's results, the directors have elected to present financial information related to the performance of each of its four divisions.

In preparing this information, the directors have identified the chief operating decision maker and the divisional information below is presented on a consistent basis with the information presented to the chief operating decision maker for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The chief operating decision maker is the Group's Board.

The Board assesses the performance of the divisions based on EBITDAE prior to the adoption of IFRS 16. EBITDAE is a non-GAAP measure of measure of operating profit or loss including share of profit after tax from associates, but excluding exceptional items, depreciation and amortisation and the impact of IFRS16. EBITDAE is reconciled to the Group's loss before tax on page 67.

Divisional results include items directly attributable to a division as well as those that can be allocated on a reasonable basis.

For the year ended 30 June 2023, the Group had four divisions, as described below. These divisions are derived from the management and internal reporting structure, which combine businesses with common characteristics, primarily with respect to the type of services offered by each business and the geographical location of where the services are carried out.

#### Azets Europe

Provision of accounting and payroll outsourcing services across the Nordic region (Norway, Sweden, Denmark and Finland).

#### Azets UK

Provision of accounting, tax, business advisory, payroll and other outsourcing services across the UK.

#### Blick Rothenberg

Provision of accounting, tax, business advisory, payroll and other outsourcing services in London.

#### Ireland

Provision of accounting, tax, business advisory, payroll and other outsourcing services in the Republic of Ireland.



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## Notes to the financial statements (continued)

### Note 1. Divisional results (continued)

The accounting policies of the divisions are the same as the Group's accounting policies described in the relevant note to the financial statements. Divisional profit/(loss) represent the profit after tax earned by each division without allocation of central administration costs and excluding the impact of IFRS 16. This is the measure reported to the chief operation decision maker, the Group's Board, for assessment of divisional performance.

#### For the year ended 30 June 2023

	Azets Europe £'000	Azets UK £'000	Blick Rothenberg £'000	ROI £'000	Head Office/ clims £'000	Total Pre- IFRS 16 £'000	Impact of IFRS 16 £'000	Total per income statement £'000
<b>Revenue from external customers</b>	299,019	262,730	98,321	2,765	(2,910)	659,925	(116)	659,809
<b>Operating profit before associates, exceptional items, depreciation and amortisation</b>	50,714	38,092	23,570	179	(13,761)	98,794	15,809	114,603
Profit after tax from associates	-	26	100	-	-	126	-	126
<b>EBITDAE</b>	50,714	38,118	23,670	179	(13,761)	98,920	15,809	114,729
Amortisation of intangibles	(12,512)	(17,773)	(5,464)	-	(389)	(36,138)	-	(36,138)
Depreciation	(1,928)	(4,144)	(987)	(20)	(22)	(7,101)	461	(6,640)
Depreciation of right of use asset	-	-	-	-	-	-	(14,374)	(14,374)
<b>Operating profit/(loss) before exceptional costs</b>	36,274	16,201	17,219	159	(14,172)	55,681	1,896	57,577
Exceptional items	(4,936)	(4,582)	(2,115)	(14)	(18,472)	(30,119)	846	(29,273)
Impairment	-	-	-	-	(5,400)	(5,400)	(234)	(5,634)
<b>Profit/(loss) before interest and taxation</b>	31,338	11,619	15,104	145	(38,044)	20,162	2,508	22,670
Finance income	796	6	12	-	1,204	2,018	9	2,027
Finance costs*	(19,797)	(16,940)	(1,752)	(47)	(57,906)	(96,442)	(3,138)	(99,580)
Taxation	(4,023)	3,708	786	-	115	586	(83)	503
<b>Profit/(loss) for the year</b>	8,314	(1,607)	14,150	98	(94,631)	(73,676)	(704)	(74,380)

\* Including amounts presented as exceptional



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## Notes to the financial statements (continued)

### Note 1. Divisional results (continued)

For the year ended 30 June 2022	Azets		Blick	Head	Total	Impact of	Total
	Europe	Azets UK	Rothenberg	Office/	Pre-	IFRS 16	income
	£'000	£'000	£'000	elims	IFRS 16	IFRS 16	statement
				£'000	£'000	£'000	£'000
Revenue from external customers	258,273	215,761	87,704	(2,891)	558,847	(116)	558,731
Operating profit before associates, exceptional items, depreciation and amortisation	45,491	22,870	20,414	(14,477)	74,298	15,164	89,462
Profit after tax from associates	-	17	100	-	117	-	117
EBITDAE	45,491	22,887	20,514	(14,477)	74,415	15,164	89,579
Amortisation of intangibles	(12,252)	(15,151)	(6,958)	(117)	(34,478)	-	(34,478)
Depreciation	(1,570)	(4,114)	(941)	(26)	(6,651)	556	(6,095)
Depreciation of right of use asset	-	-	-	-	-	(13,123)	(13,123)
Operating profit/(loss) before exceptional costs	31,669	3,622	12,615	(14,620)	33,286	2,597	35,883
Exceptional items	(5,926)	(3,780)	(419)	(6,568)	(16,693)	1,990	(14,703)
Impairment	-	-	-	-	-	(1,173)	(1,173)
Profit/(loss) before interest and taxation	25,743	(158)	12,196	(21,188)	16,593	3,414	20,007
Finance income	1,328	-	15	1	1,344	11	1,355
Finance costs	(11,838)	(10,876)	(1,531)	(39,010)	(63,255)	(2,703)	(65,958)
Taxation	(2,869)	1,550	1,445	1,006	1,132	(544)	588
Profit/(loss) for the year	12,364	(9,484)	12,125	(59,191)	(44,186)	178	(44,008)



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## Notes to the financial statements (continued)

### Note 2. Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The service lines reported have changed during the year to align with those reported internally.

#### For the year ended 30 June 2023

	Azets Europe £'000	Azets UK £'000	Blick Rothenberg £'000	ROI £'000	Head Office / elims £'000	Total £'000
<b>Primary geographical market:</b>						
UK	-	262,730	98,321	-	(3,026)	358,025
Europe	299,019	-	-	2,765	-	301,784
<b>Revenue</b>	<b>299,019</b>	<b>262,730</b>	<b>98,321</b>	<b>2,765</b>	<b>(3,026)</b>	<b>659,809</b>
<b>Major service line:</b>						
Advisory and tax	46,767	84,169	46,574	915	(211)	178,214
Audit, accounting and bookkeeping	109,419	152,710	46,182	1,307	(1,202)	308,416
Payroll and HR	97,118	10,819	5,565	-	(780)	112,722
IT	45,715	1,829	-	-	(833)	46,711
Corporate finance	-	13,203	-	543	-	13,746
<b>Revenue</b>	<b>299,019</b>	<b>262,730</b>	<b>98,321</b>	<b>2,765</b>	<b>(3,026)</b>	<b>659,809</b>

#### For the year ended 30 June 2022

	Azets Europe £'000	Azets UK £'000	Blick Rothenberg £'000	Head Office / elims £'000	Total £'000
<b>Primary geographical market:</b>					
UK	-	215,645	87,704	(2,891)	300,458
Europe	258,273	-	-	-	258,273
<b>Revenue</b>	<b>258,273</b>	<b>215,645</b>	<b>87,704</b>	<b>(2,891)</b>	<b>558,731</b>
<b>Major service line:</b>					
Advisory and tax	33,303	67,174	36,468	(737)	136,208
Audit, accounting and bookkeeping	101,506	130,179	45,528	(248)	276,965
Payroll and HR	82,038	8,866	5,326	(836)	95,394
IT	41,426	-	-	(1,070)	40,356
Corporate finance	-	9,426	382	-	9,808
<b>Revenue</b>	<b>258,273</b>	<b>215,645</b>	<b>87,704</b>	<b>(2,891)</b>	<b>558,731</b>



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## Notes to the financial statements (continued)

### Note 2. Revenue (continued)

The Group's revenue is largely derived from the provision of services over time, however there was revenue recognised of £0.1m (2022: £0.2m) in Blick Rothenberg and £5.0m (2022: £3.3m) in Azets UK that related to engagements carried out on a contingent fee basis and where the revenue was recognised on completion.

### Contract assets and liabilities

The following table provides a summary of contract asset and liabilities arising from the Group's contracts with customers:

	2023	2022
	£'000	£'000
Trade receivables	103,916	95,630
Unbilled receivables and work-in-progress	38,769	31,796
Deferred income	(5,548)	(4,688)

The contract asset balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (unbilled receivables and work-in-progress). Unbilled receivables and work-in-progress are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced.

Trade receivables and unbilled receivables and work-in-progress are included within the 'Trade and other receivables' heading in the consolidated balance sheet.

During the year, the Group has continued to focus on credit control and work-in-progress management and has strong cash conversion. Receivable days, including the full year's impact of acquisitions, at 60 days are in line with last year (2022: 57 days). Year end balances for billed and unbilled revenue have increased compared to the prior year as a result of the acquisitions in the year.

Deferred income primarily relates to advance consideration received from customers, for which revenue is recognised over time. The deferred income of £4.7 million as at 30 June 2022 was recognised as revenue in its entirety during the year. Deferred income is included in the 'Trade and other payables' heading in the consolidated balance sheet.

The information required by IFRS 15 paragraph 120 is not disclosed as the contracts with customers are expected to be less than one year in duration.



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## Notes to the financial statements (continued)

### Note 3. Operating costs

Operating costs (pre-exceptional items) include:	2023 £'000	2022 £'000
IT costs	23,239	21,309
Legal & professional costs	11,656	9,457
Other operating and administration costs	13,547	11,447
Other property costs	17,029	13,233
Motor and travel	3,462	2,040
	<b>68,933</b>	<b>57,486</b>

Other property costs include rental payments for short term leases along with utilities, rates, service charges and other property costs.

### Note 4. Exceptional items

Accounting policy
Exceptional items are items of income and expenditure which are non-recurring and unrelated to the ongoing operating performance of the business. They require separate disclosure by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying performance and to provide consistency with internal management reporting.
Exceptional items include, but are not limited to:
<ul style="list-style-type: none"> <li>• Acquisition related costs;</li> <li>• Restructuring costs which are outside of normal business operations;</li> <li>• Gains and losses on the disposal, or closure, of businesses;</li> <li>• Gains and losses on the disposal of property, plant and equipment;</li> <li>• Impairment charges.</li> </ul>
Acquisition-related costs may include financing costs; legal and professional fees (including external advisory, legal, valuation and other professional fees); post-acquisition integration costs; internal costs that can be directly attributed to the acquisition (including payments to selling shareholders that are accounted for as remuneration) and changes in the fair value of contingent consideration.

	2023 £'000	2022 £'000
<b>Exceptional income</b>		
Movement in the fair value of contingent consideration	(1,239)	(104)
<b>Total exceptional income</b>	<b>(1,239)</b>	<b>(104)</b>
<b>Exceptional costs</b>		
Transformation costs	5,070	9,867
Acquisition costs	1,641	2,094
Restructuring and integration costs	4,087	548
Exit and refinancing costs	13,913	2,483
Other costs	4,639	(185)
Movement in the fair value of contingent consideration	1,162	-
Impairment costs	5,634	1,173
<b>Total exceptional costs included within operating profit</b>	<b>36,146</b>	<b>15,980</b>
<b>Financing costs classed as exceptional (note 6)</b>	<b>3,732</b>	<b>-</b>
<b>Net exceptional costs</b>	<b>38,639</b>	<b>15,876</b>

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## Notes to the financial statements (continued)

### Note 4. Exceptional items (continued)

#### *Transformation costs - £5.1 million (2022: £9.9 million)*

As discussed in the Strategic Report, the Nordics side of the group-wide transformation completed during the year bringing the transformation to a conclusion. Initiatives include, new systems and the increased use of technology, more targeted marketing, property rationalisation and a move to smarter working. Costs of £5.1 million were incurred in the year ended 30 June 2023 (2022: £9.9 million), including property costs of £0.7 million relating to the costs of exiting properties and associated with holding vacant properties; systems implementation costs of £1.0 million; employee costs of permanent and temporary employees dedicated to the projects of £2.9 million; and other costs of £0.5 million. Internal labour costs of £1.6 million (2022: £2.8m) have been charged to exceptional items.

#### *Acquisition costs - £1.6 million (2022: £2.1 million)*

Acquisition costs include legal, professional and other transactions costs related to acquisition and potential acquisitions, along with certain costs related to investment in staff in new business areas. Acquisition costs also include payments to selling shareholders that are accounted for as remuneration and retention arrangements put in place for certain key individuals post acquisition.

The Group completed the acquisition of 3 UK; 4 Nordic; and 2 Republic of Ireland based businesses during the year, with 3 UK and 4 Nordic based acquisitions in the prior year.

#### *Restructuring and integration costs - £4.1 million (2022: £0.6 million)*

Restructuring and integration costs of £0.3m related to acquisitions in the current and prior years includes post acquisition integration costs such as dual management costs, rebranding and cessation of pre-acquisition contractual obligations and post-acquisition restructuring such as redundancy, IT and property costs. In addition, during FY23, costs of £3.8m were incurred in restructuring and reducing the cost base of the UK business including offshoring certain central functions with associated redundancy and dual running costs.

#### *Exit and refinancing costs- £13.9 million (2022: £2.4 million)*

Costs of £13.9 million were incurred in securing the new investment and refinancing the Group. Legal and professional fees of £3.6m were incurred in refinancing the Group. Exit costs of £7.9 million include professional fees (£1.2 million), external contractors (£1.3 million), retention arrangements (£1.8 million) and other costs directly related to the exit (£0.1 million). In addition, there is a provision of £5.9 million for a bonus that will become payable on exit.

#### *Other costs - £4.6 million (2022: credit £0.2 million)*

Other costs of £4.6 million includes provisions of £1.0 million for a change in management of a recently acquired business, legal fees of £0.4 million and £3.5 million for the settlement of claims. These costs have been partially offset by a £0.3 million adjustment to a previously provided liability.

#### *Impairment charges - £5.6 million (2022: £1.2 million)*

*Right of use assets - £0.2 million (2022: £1.2 million).* As discussed in the strategic report, the Phase II strategy includes a move to smarter working. This enables the Group's employees, with the support of technology and systems, to work effectively and efficiently both in offices and remotely. As part of the transformation programme, there has been a review of the property portfolio to ensure that the Group has the right number of offices in the right locations to best support its business and clients. Following this review, over 30 properties have been vacated. Once an office has closed, and is not expected to reopen, the associated right of use asset is fully impaired, with a charge of £0.2 million in the year ended 30 June 2023 (2022: £1.2 million).

*Amounts due from related parties - £5.4 million (2022: nil).* In a prior year, the Group made a loan to a former director repayment of which is limited to the proceeds from their shares on exit, taking into account the current view of the expected share price, an impairment of £5.4 million has been booked in the year.



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## Notes to the financial statements (continued)

### Note 5. Employees and other direct costs

#### Accounting policy

Employee costs consists of salary and wages paid to employees, social security costs and contributions payable by the Group in respect of defined contribution pension schemes.

#### Average number of employees

	2023 Number	2022 Number
United Kingdom	3,968	3,753
Nordics	3,398	3,059
Republic of Ireland	94	-
<b>Average number of employees</b>	<b>7,460</b>	<b>6,812</b>

Employee costs	2023 £'000	2022 £'000
Wages and salaries	383,018	329,787
Social security contributions	42,128	39,429
Contributions to defined contribution pension schemes	19,845	17,013
Share-based payments	1,262	4,092
<b>Total employee benefits expense</b>	<b>446,253</b>	<b>390,321</b>
Total employee benefits expense	446,253	390,321
Other direct costs	39,742	30,757
<b>Employees and other direct costs</b>	<b>485,995</b>	<b>421,078</b>

Other direct costs include subcontractor costs, costs related to agency and other staff not directly employed by the company.



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## Notes to the financial statements *(continued)*

### Note 6. Finance income and costs

#### Accounting policy

Finance income and costs are recognised using the effective interest method. Finance costs are recognised in the income statement simultaneously with the recognition of an increase in a liability or the reduction in an asset. Foreign currency movements on intercompany balances are recognised in the profit and loss account within finance income and costs. Fair value gains and losses associated with interest rate swaps are recognised in the profit and loss account within finance income and costs and classified as fair value adjustment to derivative.

	2023	2022
	£'000	£'000
<b>Finance income</b>		
Interest income	842	1,355
Fair value gain on derivative financial instruments	1,185	-
<b>Total finance income</b>	<b>2,027</b>	<b>1,355</b>
<b>Finance costs</b>		
Interest expense on bank loans	(48,114)	(29,378)
Interest expense on borrowings with related parties	(46,384)	(32,735)
Interest expense on lease liabilities	(3,146)	(2,703)
Foreign exchange losses on financing activities	(1,936)	(1,142)
<b>Total finance costs</b>	<b>(99,580)</b>	<b>(65,958)</b>

Within finance costs in £3.7m of previously capitalised financing costs which were written off as part of the refinancing.



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## Notes to the financial statements (continued)

### Note 7. Taxation

#### Accounting policy

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly taken to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted during the year, together with any adjustment to tax payable in respect of previous years.

	2023	2022
	£'000	£'000
<b>Current tax expense</b>		
UK - Corporate tax	2,576	2,179
Overseas - Corporate tax	3,835	3,824
Adjustment in respect of previous periods	(1,383)	(2,900)
	5,028	3,103
<b>Deferred tax (credit)/expense</b>		
Origination & reversal of temporary differences	(5,228)	(4,058)
Effect of changes in tax rates	(72)	92
Adjustment in respect of previous periods	(231)	275
	(5,531)	(3,691)
<b>Total income tax credit in income statement</b>	<b>(503)</b>	<b>(588)</b>

	2023	2022
	£'000	£'000
<b>Reconciliation of effective tax rate</b>		
Loss before taxation	(74,883)	(44,596)
Nominal tax charge at UK corporation tax rate of 20.5% (2022: 19%)	(15,348)	(8,473)
Fixed asset investment credit	-	(269)
Expenses not deductible for tax purposes	8,723	1,464
Income not taxable for tax purposes	-	(70)
Effect of overseas tax rates	(492)	306
Tax rate differences	(72)	92
Movement in deferred tax not recognised	3,167	5,292
Adjustment in respect of previous periods	(1,614)	(2,625)
Effect of Group relief	5,133	3,695
<b>Total income tax credit in income statement</b>	<b>(503)</b>	<b>(588)</b>



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## Notes to the financial statements *(continued)*

### Note 7. Taxation *(continued)*

The Company's central management and control is undertaken in the UK, consequently the company is considered to be a UK tax resident. As a result of this, the tax disclosures have been prepared on the basis of UK corporation tax rules and rates.

From 17 March 2020, the substantively enacted UK corporation tax rate was 19% as announced by the Government in the Spring Budget 2020. However, in the Finance Bill 2021, the UK Government announced an increase in the UK corporation tax rate to 25% with effect from 1 April 2023. This increased tax rate was substantively enacted on 24 May 2021. Closing deferred tax balances have been calculated using at this rate.

Deferred taxation balances are analysed in note 11.

### Note 8. Intangible assets

This note provides details of the non-physical assets used by the Group to generate revenues and profits. These assets include items such as goodwill, which represents the excess of the amount paid to acquire a business over the fair value of the identifiable net assets of that business at the acquisition date, and other intangible assets such as brands, customer relationships and computer software, which have predominantly been acquired as part of business combinations. These assets are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

This section also explains the accounting policies applied and the specific judgements and estimates made by the management in arriving at the carrying value of these assets.



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## Notes to the financial statements (continued)

### Note 8. Intangible assets (continued)

#### Accounting policy

Intangible assets acquired separately are initially measured at cost. Operating intangible assets are acquired in the ordinary course of business and typically include computer software. Non-operating intangible assets acquired in a business combination such as brands, patents and customer relationships with cost deemed to be their fair value at the date of acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is not amortised. Other intangible assets are amortised over their estimated useful economic lives. Estimated useful economic lives and amortisation rates are as follows:

Brand	-	5 years straight-line
Patents	-	5 years straight-line
Customer relationships	-	10 years straight-line
Computer software	-	3 - 5 years straight-line

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

#### Cash generating unit

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or a group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines businesses geographical areas).

#### Impairment

The carrying amounts of the Group's intangible assets, right of use assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangibles without a finite life, the recoverable amount is estimated at least annually.

An impairment charge is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Impairment charges recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to that CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

#### Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, estimated future cash flows are discounted to present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.



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## Notes to the financial statements (continued)

### Note 8. Intangible assets (continued)

	Goodwill	Patents and brand names	Customer relationships	Computer software	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 July 2021	455,356	19,379	294,242	8,678	777,655
Acquired through business combinations	37,232	368	22,064	2,186	61,850
Additions	-	2,754	-	-	2,754
Disposals and retirements	-	-	(81)	-	(81)
Exchange and other movements	(3,137)	(130)	(273)	(4)	(3,544)
<b>At 30 June 2022</b>	<b>489,451</b>	<b>22,371</b>	<b>315,952</b>	<b>10,860</b>	<b>838,634</b>
Acquired through business combinations	46,242	219	29,926	45	76,432
Additions	-	-	-	4,027	4,027
Exchange and other movements	(24,158)	(2,343)	(6,765)	(459)	(33,725)
<b>At 30 June 2023</b>	<b>511,535</b>	<b>20,247</b>	<b>339,113</b>	<b>14,473</b>	<b>885,368</b>
<b>Amortisation and impairment</b>					
At 1 July 2021	35,063	13,570	103,261	6,972	158,866
Amortisation charge for the year	-	4,054	30,254	170	34,478
Exchange and other movements	-	(10)	(265)	(51)	(326)
<b>At 30 June 2022</b>	<b>35,063</b>	<b>17,614</b>	<b>133,250</b>	<b>7,091</b>	<b>193,018</b>
Amortisation charge for the year	-	1,350	32,460	2,328	36,138
Exchange and other movements	-	(1,889)	(5,171)	(883)	(7,943)
<b>At 30 June 2023</b>	<b>35,063</b>	<b>17,075</b>	<b>160,539</b>	<b>8,536</b>	<b>221,213</b>
<b>Net book value</b>					
<b>At 30 June 2022</b>	<b>454,388</b>	<b>4,757</b>	<b>182,702</b>	<b>3,769</b>	<b>645,616</b>
<b>At 30 June 2023</b>	<b>476,472</b>	<b>3,172</b>	<b>178,574</b>	<b>5,937</b>	<b>664,155</b>

Goodwill on acquisitions of £46,242,000 includes £46,009,000 which arose on acquisitions in the year and £233,000 of hindsight period adjustments related to acquisitions in the prior year.



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## Notes to the financial statements (continued)

### Note 8. Intangible assets (continued)

#### Goodwill

As at 30 June 2023, the consolidated balance sheet included goodwill of £476.5 million (2022: £454.4 million). The Group is required to test its goodwill and intangible assets for impairment at least annually, or more frequently if indicators of impairment exist. The review of goodwill for indicators of impairment by management is performed at the operating segment level, being the lowest level of cash generating unit ('CGU') monitored for goodwill purposes. The table below shows the goodwill by CGU, post recognition of any impairment losses.

CGU	2023	2022	Pre-tax discount rate	
			2023	2022
%	£'000	£'000		%
Azets Europe	348,913	355,441	14.6	11.6
Azets UK	97,820	78,164	15.1	15.1
Blick Rothenberg	20,783	20,783	13.7	12.0
ROI	8,956	-	17.1	N/A
<b>Total</b>	<b>476,472</b>	<b>454,388</b>		

The recoverable amount of all CGUs has been based on value in use calculations. These calculations use cash flow projections included in the most recent budget for FY24 and the 5-year plan, which has been approved by the Board and reflects management's expectations of revenue growth and operating costs and margin for the core business in place at 30 June 2023, based on all information available to it. Where long-term growth rates for periods are not covered by the annual budget, management has used assumption relating to the services, industries and countries in which the relevant CGU operates.

For some recently acquired businesses, management expects to achieve growth over the next five years in excess of the long-term growth rates for the applicable country or region. In these circumstances, budgeted cash flows are extended, using specific growth assumptions and considering the specific business risks.

For the purpose of impairment testing, central costs were allocated to the CGUs on a proportion of revenue.

The growth rates to perpetuity beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that are significant to the total carrying amount of goodwill were: 2.7% (2022: 2.7%) for the UK CGUs based on the spot and the forecast yields for 30-year UK government bonds. In the Nordics CGU, a blend of appropriate risk-free rates was used between the range of 2.7% and 3.4% (2022: 2.7% and 3.4%) in each of the geographical regions.

The value-in-use has been compared to the carrying value for each CGU and no impairment is required nor has been charged in respect of the Azets Nordics, Azets UK, ROI or Blick Rothenberg CGUs.



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## Notes to the financial statements *(continued)*

### Note 8. Intangible assets *(continued)*

#### Sensitivity to changes in key assumptions

A sensitivity analysis has been performed in respect of the CGUs in order to review the impact of changes in key assumptions. The results of this sensitivity analysis indicate that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

### Note 9. Property, plant and equipment

#### Accounting policy

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment charges. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment sufficient to reduce them to estimated residual value. Estimated useful lives are generally deemed to be no longer than:

Leasehold improvements	10 years and/or over the period for lease straight line
Fixtures and fittings	3 – 8 years straight line
Motor vehicles and equipment	3 – 5 years straight line



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## Notes to the financial statements (continued)

### Note 9. Property, plant and equipment (continued)

	Motor vehicles & equipment	Leasehold improvements	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 July 2021	21,331	5,082	1,758	28,171
Acquired through business combinations	369	705	107	1,181
Additions	4,635	494	1,790	6,919
Disposals	(4,691)	(274)	(541)	(5,506)
Exchange and other movements	1,232	-	-	1,232
<b>At 30 June 2022</b>	<b>22,876</b>	<b>6,007</b>	<b>3,114</b>	<b>31,997</b>
Acquired through business combinations	391	-	17	408
Additions	3,262	1,344	1,541	6,147
Disposals	(884)	(488)	(206)	(1,578)
Exchange and other movements	(1,341)	-	-	(1,341)
<b>At 30 June 2023</b>	<b>24,304</b>	<b>6,863</b>	<b>4,466</b>	<b>35,633</b>
<b>Accumulated depreciation</b>				
At 1 July 2021	11,746	2,048	230	14,024
Depreciation charge for the year	4,706	554	835	6,095
Disposals	(4,532)	(252)	(540)	(5,324)
Exchange and other movements	450	-	-	450
<b>At 30 June 2022</b>	<b>12,370</b>	<b>2,350</b>	<b>525</b>	<b>15,245</b>
Depreciation charge for the year	4,925	572	1,143	6,640
Disposals	(178)	(342)	(206)	(726)
Exchange and other movements	(1,272)	-	-	(1,272)
<b>At 30 June 2023</b>	<b>15,845</b>	<b>2,580</b>	<b>1,462</b>	<b>19,887</b>
<b>Net book value</b>				
At 30 June 2022	10,506	3,657	2,589	16,752
<b>At 30 June 2023</b>	<b>8,459</b>	<b>4,283</b>	<b>3,004</b>	<b>15,746</b>



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## Notes to the financial statements (continued)

### Note 10. Investments in associates

#### Accounting policy

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments are initially measured at cost. Subsequently, the carrying amounts are adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition dates. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The income statement reflects the Group's share of the associate's profit or loss after tax and any non-controlling interests in the subsidiaries of the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the income statement within operating profit. The financial statements of the associates are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the income statement.

This note presents information about the Group's investment in its associates, which are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Group determines whether it has significant influence based on the voting and any other rights it holds as a result of its investment and also any contractual arrangements in place. Normally, if the Group holds over 20% of the voting rights of an entity without having control or joint control of that entity, the investment will be treated as an associate unless it can be clearly demonstrated that this is not the case.

The Group has 100% economic interest in its associates but does not have a controlling interest because it holds more than 20% but less than 50% of the voting rights. The remaining voting rights in both associates are held by a single individual. As a result of its economic interest, the Group equity accounts 100% of revenue, expenditure and net assets of those associates.

The Group's associates provide audit services to customers of the Group. Due to the nature of the relationship with the associates, the Group is considered to be acting as principal and the revenue from audit services is included within consolidated group revenue. Details of associates are listed in note 22.

Summarised financial information that represents the Group's share of the assets, liabilities and profit of associates is as follows:

	2023 £'000	2022 £'000
Non-current assets	5,583	5,597
Current assets	21,983	18,343
Current liabilities	(21,303)	(17,791)
<b>Net assets</b>	<b>6,263</b>	<b>6,149</b>
<b>Group's carrying amount of the investment</b>	<b>6,263</b>	<b>6,149</b>

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
<b>Revenue</b>	<b>82,341</b>	<b>66,988</b>
<b>Profit</b>	<b>126</b>	<b>117</b>
<b>Total other comprehensive profit</b>	<b>126</b>	<b>117</b>



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## Notes to the financial statements (continued)

### Note 11. Deferred tax assets and liabilities

#### Accounting policy

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred taxes are recognised in equity to the extent that they relate to equity transactions.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

	2023	2022
	£'000	£'000
<b>Net deferred tax liability</b>	<b>30,661</b>	<b>31,184</b>
The deferred taxation balance is attributed to the following:		
	2023	2022
	£'000	£'000
Fixed asset temporary differences	1,231	1,086
Intangible assets arising on consolidation	41,552	42,348
Losses	(109)	(56)
Interest restricted under Corporate Interest Restriction rules	(9,309)	(9,550)
Leases	(761)	(844)
Other temporary differences	(1,943)	(1,800)
<b>Provision at end of year</b>	<b>30,661</b>	<b>31,184</b>

In calculating the amount of deferred tax asset to be recognised, the Group has considered the extent to which the deferred tax asset may be offset against taxable profits arising on the reversal of the deferred tax liability currently existing within the Group.

The Group has a gross unrecognised deferred tax asset value of £54.2 million (2022: £80.0 million). This asset comprises: £54.0 million (2022: £66.1 million) of interest restricted under Corporate Interest Restriction rules; £0.2 million (2022: £0.1 million) of fixed asset temporary differences; £nil (2022: £0.9 million) of losses; and £nil (2022: £12.8 million) of provisions and other short term timing differences.



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## Notes to the financial statements (continued)

### Note 11. Deferred tax assets and liabilities (continued)

The Group holds the following unrecognised deferred tax assets (net of tax):	<b>2023</b>	2022
	<b>£'000</b>	£'000
Losses	-	(235)
Interest restricted under Corporate Interest restriction rules	<b>(13,508)</b>	(16,526)
Non-trade financial instruments	-	(9)
Fixed asset temporary differences	<b>(46)</b>	(29)
Short term timing differences	-	(3,190)
<b>Balance at end of year</b>	<b>(13,554)</b>	<b>(19,989)</b>

#### Movement in deferred tax during the current year

	At 1 July 2022	Recognised in profit or loss	On acquisition of subsidiaries	Other balance sheet movement	Exchange and other movements	At 30 June 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset temporary differences	1,086	241	23	-	(119)	1,231
Intangible assets arising on consolidation	42,348	(6,031)	5,115	-	120	41,552
Losses	(56)	(95)	-	-	42	(109)
Interest restricted under Corporate Interest Restriction rules	(9,550)	241	-	-	-	(9,309)
Leases	(844)	83	-	-	-	(761)
Short term timing differences	(1,800)	30	-	-	(173)	(1,943)
	<b>31,184</b>	<b>(5,531)</b>	<b>5,138</b>	<b>-</b>	<b>(130)</b>	<b>30,661</b>

#### Movement in deferred tax during the prior year

	At 1 July 2021	Recognised in profit or loss	On acquisition of subsidiaries	Other balance sheet movement	Foreign exchange movements	At 30 June 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset temporary differences	(183)	1,239	30	-	-	1,086
Intangible assets arising on consolidation	43,476	(5,617)	4,556	-	(67)	42,348
Losses	(1,104)	44	-	1,003	1	(56)
Interest restricted under Corporate Interest Restriction rules	(8,993)	(557)	-	-	-	(9,550)
Leases	(1,387)	543	-	-	-	(844)
Short term timing differences	(2,457)	657	-	-	-	(1,800)
	<b>29,352</b>	<b>(3,691)</b>	<b>4,586</b>	<b>1,003</b>	<b>(66)</b>	<b>31,184</b>

The other balance sheet movement in FY22 relates to tax losses contributed within Azets Europe. The balance of £1.0m offsets against the Group's corporation tax liability



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## Notes to the financial statements (continued)

### Note 12. Trade and other receivables

#### Accounting policy

##### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss. Allowances are made against trade receivables based on the Group's estimate of expected losses using the simplified method set out in IFRS 9 whereby lifetime expected credit loss is estimated using a provision matrix and is accounted for on initial recognition of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for expected future losses.

##### Work-in-progress

Work-in-progress ("WIP") is work performed, and not yet billed. The carrying values includes outlays incurred on behalf of clients and an appropriate portion of directly attributable costs and overheads on incomplete assignments. Revenue not billed to clients is included in amounts recoverable on contracts, within trade and other receivables. Payments on account in excess of the relevant amount of revenue are included in excess payments received on account within trade and other payables.

Revenue is generally recognised as contract activity progresses and in determining the amount of revenue to be recognised on incomplete contracts, it is necessary to estimate their stage of completion, the remaining time and cost to be incurred and the amount that will be paid for the services provided. These estimates are made on a contract by contract basis and a different assessment of any these factors would result in a change to the amount of revenue recognised. Revenue related to contingent fee arrangements is typically recognised when the appropriate milestones as set out in the contracts are met.

	2023	2022
	£'000	£'000
<b>Amounts expected to be recovered within one year</b>		
Trade receivables	108,967	100,702
Provision for expected credit loss	(5,051)	(5,072)
<b>Net trade receivables</b>	<b>103,916</b>	<b>95,630</b>
Unbilled receivables and work-in-progress	38,769	31,796
Receivables due from associates	14,382	11,320
Receivables due from related parties	6,600	12,000
Other receivables and prepayments	56,336	17,815
Income tax	5,933	6,974
Lease receivable	82	116
<b>Trade and other receivables</b>	<b>226,018</b>	<b>175,651</b>

Other receivables and prepayments include prepaid rent, IT licences, professional fees and other prepaid costs along with the insurance receivable related to claims under the Group's professional indemnity insurance. See note 16 for further details.



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## Notes to the financial statements (continued)

### Note 12. Trade and other receivables (continued)

<i>Ageing of receivables</i>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Not past due	<b>77,593</b>	71,714
0 - 3 months	<b>15,035</b>	14,027
Greater than 3 months	<b>16,339</b>	14,961
<b>Total trade receivables</b>	<b>108,967</b>	100,702

The movement on the Group's provision allowance for expected credit loss is as follows:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
At 1 July	<b>5,072</b>	5,563
Acquired through business combinations	<b>365</b>	392
Created	<b>1,350</b>	451
Utilised	<b>(988)</b>	(1,281)
Reversed/released	<b>(658)</b>	-
Effect of movement in foreign exchange	<b>(90)</b>	(53)
<b>At 30 June</b>	<b>5,051</b>	5,072

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade receivables (net of allowances) held by the Group at 30 June 2023 amounted to £103.9 million (2022: £95.6 million).

The average credit period taken on sales of services, including the full year's impact of acquisitions is 60 days (2022: 57 days).

Allowances for expected credit losses are made against trade and other receivables based on the Group's estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for expected future losses.

Trade receivables disclosed include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. Refer to note 19 for details on the Group's credit risk management.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. The other classes within trade and other receivables do not contain impaired assets.

<b>Note 13. Cash and cash equivalents</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>56,188</b>	39,469

Cash at bank and in hand generally earns interest at rates based on the daily bank deposit rate. The carrying amount of cash and cash equivalents approximates fair value. Included within the cash balance is restricted cash of £0.5 million (2022: £nil).



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## Notes to the financial statements (continued)

### Note 14. Borrowings

#### Accounting policy

Interest-bearing borrowings are initially recognised at fair value, net of transaction costs incurred. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liabilities in the balance sheet. Interest expense in this context includes initial transaction costs and any interest payable while the liability is outstanding.

	2023	2022
	£'000	£'000
<b>Current loans</b>		
Revolving facility	32,236	20,799
Loans with parent entities	637,723	461,918
<b>Total current loans</b>	<b>669,959</b>	<b>482,717</b>
<b>Non-current loans</b>		
Bank loans	413,595	499,784
<b>Total non-current loans</b>	<b>413,595</b>	<b>499,784</b>
<b>Secured loans</b>		
- GBP floating rate	227,237	303,069
- NOK floating rate	108,722	115,967
- EUR floating rate	60,376	50,109
- DKK floating rate	30,026	29,998
- SEK floating rate	19,470	21,440
<b>Total Secured loans</b>	<b>445,831</b>	<b>520,583</b>

#### Loans with parent entities

The Group enters into financing arrangements with parent entities via inter-company loans, which are deemed as subordinated debt under the Senior Facilities Agreement. These loans made on normal trading terms and are repayable on demand. Subsequent to the balance sheet date, the counterparties to these loans agreed to vary the terms of these borrowings such that they will not become repayable before March 2025.

#### Bank loans

At 30 June 2023, the Group had a number of committed facilities with a syndicate of commercial banks having undertaken a refinancing of the Group's borrowings during this year. These borrowings were secured by fixed and floating charges over the assets of a number of the Group's subsidiaries.

#### Original borrowings

On 25 November 2016, the Group secured the following banking facilities:

- DKK 183.7 million term loan;
- EUR 47.5 million term loan;
- NOK 913.2 million term loan;
- SEK 167.2 million term loan;
- £82 million term loan;
- NOK 800 million acquisition facility; and
- NOK 250 million revolving credit facility.



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## Notes to the financial statements (continued)

### Note 14. Borrowings (continued)

Interest was payable on the term loan and acquisition facility based on LIBOR plus a margin of 4.5% and LIBOR plus a margin of 4.5% on the revolving credit facility.

The Group subsequently extended the acquisition facilities from its existing banking arrangements as follows:

- On 22 November 2017 an additional acquisition facility of NOK 1.4 billion;
- On 20 June 2019 an additional acquisition facility NOK 500 million; and
- On 8 January 2022 additional financing of NOK 315 million.

All of the additional facilities were secured by fixed and floating charges over a number of the Group's subsidiaries and bore interest rate at a 4.50% margin above LIBOR.

On 11 October 2022, the necessary changes were made to the Finance Documents to reflect the discontinuation of LIBOR and the respective rate switch provision as the basis of the interest on the borrowings to reference SONIA.

The Revolving Credit Facility was due to mature in November 2022 and the remaining facilities in November 2023.

### New financing secured in the year ended 30 June 2023

In order to secure its long-term funding, the Group completed a refinancing of its facilities on 7 October 2022.

The new senior facilities include a £428,000,000 facility B ("**Facility B**"), a £112,054,005.40 acquisition facility (the "**Acquisition Facility**") and a £29,170,000 revolving facility (the "**Revolving Facility**"). The Group secured additional intercompany funding of £135 million on the same day.

Facility B is split into GBP 202,376,165, NOK 1,442,045,128, SEK 275,048,165, DKK 267,392,748 and EUR 60,051,663.

On 2 December 2022, the revolving credit facility was extended by £20,830,000 to give a total facility of £50 million.

The Revolving Facility is available for general corporate purposes. The Acquisition Facility is available to fund permitted acquisitions and deferred consideration payments.

Facility B was drawn down in full on 28 October 2022 and the existing bank loans were repaid in full on that date. Facility B and the Acquisition facility mature on 26 October 2029, and the Revolving Facility matures on 27 April 2029.

Facility B, the Acquisition Facility and the Revolving Facility bear interest at a rate of 6.5% above SONIA (0.75% floor), NIBOR (0.75% floor), STIBOR (0.25% floor), CIBOR (0.25% floor) or EURIBOR (zero floor), as applicable.

As at 30 June 2023, there were unamortised capitalised finance costs of £15.2 million (2022: £4.5 million). These loan arrangement costs are being written off over the period of the debt.

As at 30 June 2023, the Group had committed banking facilities of £573.0 million. Of these available facilities, £461.0 million was drawn, of which £33.7 million was the Revolving Credit Facility; £411.0 million term loans; and £16.3 million the acquisition facility. £112.0 million of the available facilities was undrawn.

In October 2023, the Group secured incremental debt facilities totalling £175m, including £95m Senior Debt, an additional acquisition facility of £60m and an extension to the RCF of £20m. The £95m Senior debt was drawn on 31 October 2023.

As at the date of signing this report, the Group had committed banking facilities of £748.0 million, of which £575.9 million was drawn and £172.1 million was undrawn.

The Group is subject to a quarterly financial covenant test, which is a leverage ratio test. All covenants attached to borrowings were complied with in the current and prior year and the Group expects to pass all covenant hurdles in the future.



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## Notes to the financial statements (continued)

### Note 15. Trade and other payables

<b>Current trade and other payables</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	25,408	19,091
Accrued interest	7,847	7,035
Other taxes and social security payables	36,985	32,403
Employee benefit payables	44,073	33,266
Deferred income	5,548	4,688
Amounts due to associates	-	214
Other payables and accruals	69,788	29,764
Deferred consideration	5,444	2,788
<b>Total trade and other payables</b>	<b>195,093</b>	<b>129,249</b>
<b>Non-current trade and other payables</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non-current liabilities</b>		
Other payables	401	314
Deferred consideration	1,585	-
<b>Total other non-current liabilities</b>	<b>1,986</b>	<b>314</b>

Due to the short-term nature of the financial liabilities included in this note they are held at undiscounted cost and are repayable on demand. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Other payables reported within current payables primarily include claims settled prior to the approval of these accounts, professional fees and other transaction related costs, a bonus liability that is payable on exit and payables to former shareholders related to the acquisition of their shares. Non-current other payables relate to certain amounts due to former owners of acquired businesses.

### Note 16. Provisions

This note provides details of the provisions recognised by the Group, where a liability exists of uncertain timing or amount. The main estimates in this area relate to contingent consideration, dilapidation charges and claims.

This section also explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the value of these liabilities.

#### Accounting policy

Provisions are recognised when a present obligation (legal or constructive) as a result of past events exists, and it is probable that a settlement of that obligation will be paid, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation, at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).



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## Notes to the financial statements (continued)

### Note 16. Provisions (continued)

	Contingent consideration £'000	Dilapidation £'000	Claims £'000	Others £'000	Total £'000
At 1 July 2021	2,047	7,118	6,923	1,033	17,121
Acquisition of subsidiary	20,752	822	74	-	21,648
Change in estimate of fair value	(104)	-	-	-	(104)
Created	-	177	1,220	-	1,397
Utilised	(1,079)	(344)	(992)	-	(2,415)
Released	-	(177)	(2,678)	-	(2,855)
Exchange and other movements	1	-	-	-	1
<b>At 30 June 2022</b>	<b>21,617</b>	<b>7,596</b>	<b>4,547</b>	<b>1,033</b>	<b>34,793</b>
Acquisition of subsidiary	18,050	337	-	-	18,387
Created	1,161	-	2,620	-	3,781
Utilised	(8,327)	(191)	(851)	-	(9,369)
Released	(1,123)	(29)	(2,405)	(300)	(3,857)
Transfer to payables	(3,885)	(147)	-	-	(4,032)
Exchange and other movements	(587)	-	-	-	(587)
<b>At 30 June 2023</b>	<b>26,906</b>	<b>7,566</b>	<b>3,911</b>	<b>733</b>	<b>39,116</b>
<b>2023</b>					
<b>Current</b>	<b>18,753</b>	<b>365</b>	<b>3,911</b>	<b>733</b>	<b>23,762</b>
<b>Non-current</b>	<b>8,153</b>	<b>7,201</b>	<b>-</b>	<b>-</b>	<b>15,354</b>
	<b>26,906</b>	<b>7,566</b>	<b>3,911</b>	<b>733</b>	<b>39,116</b>
<b>2022</b>					
<b>Current</b>	<b>9,532</b>	<b>825</b>	<b>4,547</b>	<b>1,033</b>	<b>15,937</b>
<b>Non-current</b>	<b>12,085</b>	<b>6,771</b>	<b>-</b>	<b>-</b>	<b>18,856</b>
	<b>21,617</b>	<b>7,596</b>	<b>4,547</b>	<b>1,033</b>	<b>34,793</b>

#### Contingent consideration

Certain acquisitions include payments of contingent consideration to the previous owners of the businesses linked to post-acquisition financial performance. Provision is made based on the expected future payments based on expectations of post-acquisition performance. The payments will be made over the period to June 2025 based on the acquisition agreements.

During the year, £1.1 million was released representing the change in estimate of contingent consideration payable on one of the acquisitions made by the Nordics business in a prior year.

Refer to note 24 for more details on contingent consideration with respect to uncertainties about the amount or timing and the major assumptions made concerning future events.

#### Dilapidations

Relates to the dilapidation provision on the property leases within Azets UK and Blick Rothenberg. The expected timing of the majority of the resulting outflow of economic benefit is not expected within the next 5 years and dependent on the timing of lease agreement termination.

#### Claims

From time to time, the Group will provide business advisory services on a number of matters which exposes the Group to risks of future investigation and potential claims. Provisions have been recognised for certain known or reasonably likely legal claims or actions against the Group, these are expected to settle within the next 12 months.



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## Notes to the financial statements (continued)

### Note 16. Provisions (continued)

In nearly all cases, the known claims are covered by the Group's professional indemnity insurance. Once the insurer has accepted liability and panel solicitors have been appointed, an insurance receivable is recognised and reported within other receivables on the balance sheet. In the rare cases where a legal claim or action is made which is not covered by the groups PI insurance, then an appropriate provision will be made in the event that the directors believe that it is probable that a settlement of that obligation will be paid, and a reliable estimate can be made of the amount of the obligation.

#### Others

These provisions relate to PAYE and National Insurance payments on amounts paid to senior management employees. This stems from legacy payment arrangements in our UK regional platform that were phased out at the start of FY19, the Group has provided for any likely liability which is expected to settle in the next 12 months.

### Note 17. Share Capital

The movement in issued share capital during the year was as follows:

	Number	£
As at 1 July 2021, 30 June 2022 & 30 June 2023	150,101	1,501

#### Share based payment

During the year, a number of shares in Azets Topco Limited were awarded to selected senior employees under the Management Investment Plan ("the plan") at a cost to the employee of £2.95. Under the terms of this plan, the Group does not have any obligation to repurchase the awards for cash or other assets. The intention is that the employees will sell their shares to a third-party purchaser on a future sale of the Group, as such, the employees will have to remain in employment until a future exit event in order to realise any gain on their shares.

The number of shares awarded and outstanding under the plan was as follows:

	2023	2022
	Number	Number
Outstanding at 1 July	192,632	161,067
Awarded during the year	-	42,934
Lapsed	-	(11,369)
<b>Outstanding at 30 June</b>	<b>192,632</b>	<b>192,632</b>

The fair value of services received in return for shares awarded is measured by reference to the fair value of those shares. The fair value is measured at grant date and spread over the period during which the employees are expected to become unconditionally entitled to the shares, this period being reassessed on an annual basis. The amount recognised as an expense is adjusted for leavers who have lost the rights to their shares. The Monte Carlo pricing model was used to value the awards, the inputs (on a weighted average basis where appropriate) into the model were as follows:

	2023	2022
Issue price	N/A	£2.95
Expected share price volatility	N/A	27%
Expected term	N/A	0.9 years



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## Notes to the financial statements (continued)

### Note 18. Analysis of net debt

	As at 30 June 2022 £'000	Cash flow £'000	Non-cash items £'000	Exchange adjustments £'000	As at 30 June 2023 £'000
Bank loans	(520,583)	65,874	(7,546)	16,424	(445,831)
Loans from Group companies	(461,918)	(130,930)	(44,875)	-	(637,723)
	(982,501)	(65,056)	(52,421)	16,424	(1,083,554)
Cash at bank	39,469	18,362	-	(1,643)	56,188
Net debt excluding leases liabilities	(943,032)	(46,694)	(52,421)	14,781	(1,027,366)
Lease liabilities	(50,841)	18,804	(27,521)	1,497	(58,061)
Net debt including leases liabilities	(993,873)	(27,890)	(79,942)	16,278	(1,085,427)

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets is equal to their fair values. Cash at bank at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance position as shown above. The Group did not maintain any overdrafts during either FY23 or FY22.

#### Non-cash transactions

Non-cash items relate to interest that accrues on various unsecured loans from intermediate parents of the Group during the year, amortisation of capitalised finance fees and interest accretion, addition and disposal of lease liabilities.

### Note 19. Financial instruments

This note shows details of the fair value and carrying value of long-term borrowings, trade and other payables, lease liabilities, trade and other receivables, cash at bank and derivative financial instruments. These items are all classified as "financial instruments" under accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In order to assist users of these financial statements in assessing any risks relating to financial instruments, this note also shows the ageing of these items and analyses their sensitivity to changes in key inputs, such as interest rates and foreign exchange rates. An explanation of the Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk is set out in the financial risk management section at the end of this note.

#### Accounting policy

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Group has transferred those rights and either has also transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but no longer has control of the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments are initially recognised at cost and subsequently measured at fair value. Changes in fair value are included within financing costs in the income statement.

#### Carrying amounts and fair values of financial assets and liabilities

Most of the Group's financial instruments are carried at amortised cost in the Consolidated Balance Sheet. For certain other financial instruments, specifically trade and other receivables and payables, the carrying amounts approximate to fair value due to the immediate or short-term nature of these financial instruments. The fair value of the interest-bearing loans is considered to be approximate to the carrying value. Derivative financial instruments are remeasured to fair value at each balance sheet date.



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**Notes to the financial statements (continued)**

**Note 19. Financial Instruments (continued)**

	2023 £'000	2022 £'000
<b>Financial Assets</b>		
Cash and bank balances	56,188	39,469
Derivative financial instruments	1,185	-
Trade and other receivables	226,018	175,651
<b>Total financial assets</b>	<b>283,391</b>	<b>215,120</b>
<b>Financial liabilities</b>		
<b>Current</b>		
Trade and other payables	195,093	129,249
Contingent consideration	18,753	9,532
Lease liabilities	13,909	12,657
Revolving credit facility	32,236	20,799
Other loans with intermediate parents	637,723	461,918
<b>Non-current</b>		
Trade and other payables	1,986	314
Contingent consideration	8,153	12,085
Lease liabilities	44,152	38,184
Bank loans	413,595	499,784
<b>Total financial liabilities</b>	<b>1,365,600</b>	<b>1,184,522</b>

The maturity profile of the undiscounted contractual amounts of the Group's bank loans and non-current financial liabilities was as follows:

	2023				
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Contracted amount	Carrying amount
	£'000	£'000	£'000	£'000	£'000
Bank loans	85,402	202,184	554,258	841,844	445,830
Trade and other payables	-	1,986	-	1,986	1,986
Lease liabilities	-	42,112	7,818	49,930	44,152
Contingent consideration	-	8,153	-	8,153	8,153
<b>Total bank loans and non-current financial liabilities</b>	<b>85,402</b>	<b>254,435</b>	<b>562,076</b>	<b>901,913</b>	<b>500,121</b>
	2022				
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Contracted amount	Carrying amount
	£'000	£'000	£'000	£'000	£'000
Bank loans	49,662	515,777	-	565,439	520,583
Trade and other payables	-	314	-	314	314
Lease liabilities	-	33,311	10,605	43,916	38,184
Contingent consideration	-	12,085	-	12,085	12,085
<b>Total bank loans and non-current financial liabilities</b>	<b>49,662</b>	<b>561,487</b>	<b>10,605</b>	<b>621,754</b>	<b>571,166</b>



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## Notes to the financial statements (continued)

### Note 19. Financial instruments (continued)

#### Borrowing facilities

The Group's borrowing facilities and other loans are disclosed in note 14.

#### Interest rate swaps

As part of the October 2022 refinancing, the Group entered into interest rate swaps, which expired in October 2023. During the year, new interest rate swaps were taken out to hedge until October 2026. The Group uses interest rate swaps to minimise its exposure to interest rate movements on its bank borrowings. The Group has contracts in place that fix interest payments on variable rate debt. The fair value gain has been recognised in finance cost classified as fair value adjustment to derivative.

#### b) Fair value hierarchy

##### Accounting policy

The group determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group classifies these financial instruments using a fair value hierarchy that reflects the relative significance of both objective evidence and subjective judgements on the inputs used in making the fair value measurements.

Trade and other receivables excluding prepayments and accrued income are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of cash and trade and other payables excluding tax and social security approximates fair value.

The fair value of secured loans approximates to their carrying amounts as they reflect the floating rates, and these are level 1. The fair value of unsecured loans disclosed in note 14 approximates to their carrying amounts.



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## Notes to the financial statements (continued)

### Note 19. Financial instruments (continued)

#### c) Financial risk identification and management

The Group is exposed to the following financial risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

#### Market Risk

Market risk is the risk of movements in the fair value of future cash flows of a financial instrument or forecast transaction as underlying market prices change. The Group is exposed to changes in interest rates and foreign exchange rates.

##### (i) Interest rate risk

Interest rate risk arises on floating rate borrowings, as changes in floating interest rates affect the fair value of these financial instruments and cash flows on interest receivable or payable.

The Group exposure to interest rate risk relates primarily to obligations on debt facilities, which are based on a fixed margin and SONIA.

At 30 June 2023, 89% (2022: 47%) of the Group's total borrowings were at fixed rates. The Group does not have significant sensitivities to the impact of interest rates on floating rate borrowings as it has interest rate swaps in place to fix the interest rates on the refinanced bank debt until October 2026. The total outstanding debt is not fully covered by the interest rate swap and therefore the sensitivity to a reasonable possible change (+/- 1.0%) in the relevant base rates would equate to a £1.6 million (2022: +/- 1.0% £5.1 million) post tax profit or loss exposure over the next 12 months.

##### (ii) Foreign exchange risk

The Group is exposed to changes in foreign exchange rates as it presents its financial statements in pounds Sterling but the operations in the Nordic region and Republic of Ireland have a functional currency other than Sterling. Changes in foreign currency exchange rates impact the translation into sterling of both the income statement and net assets of these foreign operations.

Where appropriate, the Group finances its operations by borrowing locally in the functional currency of its operations. This reduces net asset values reported in functional currencies other than Sterling, thereby reducing the economic exposure to fluctuations in foreign currency exchange rates on translation.

The Group does not actively hedge the translation impact of foreign exchange rate movements on the income statement (other than via the partial economic hedge arising from the servicing costs on non-sterling borrowings).

At the balance sheet date, the sensitivity to a reasonable possible change (+/- 10%) in the NOK exchange rates would equate to a £0.7 million (2022: £0.9 million) post tax profit or loss exposure in relation to the NOK for the unhedged forecast foreign currency exposures over the next 12 months.

#### Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group's businesses are exposed to counterparty credit risk when dealing with customers and arises principally from the Group's receivables from customers. The Group has low operational credit risk due to the transactions being principally of a high volume and low value. There is no significant concentration of credit risk since the risk is spread over a large number of unrelated counterparties and customers.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for expected future losses.



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## Notes to the financial statements (continued)

### Note 19. Financial instruments (continued)

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 30 June 2023. The Group considers its maximum exposure to credit risk to be:

	2023 £'000	2022 £'000
Cash and cash equivalents	56,188	39,469
Trade and other receivables	226,018	175,651
	<b>282,206</b>	215,120

Group cash balances are held with strong investment-grade banks or financial institutions.

The credit risk on liquid funds is considered to be low, as the Group Board assesses and approves all significant investments with approved counterparties to minimise the risk of loss.

In addition, the Group is exposed to the credit risk in relation to financial guarantees given to external suppliers by the Group. The Group's maximum exposure in this respect is the maximum amount the Group will have to pay if guarantees are called on (see note 21 for details of guarantees).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. The Group evaluates and continuously monitors the amount of liquid funds needed for business operations and ensures that the Group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The Group also has access to committed facilities to assist with short-term funding requirements.

Available headroom is monitored via the use of cash flow forecasts prepared by each business, which are reviewed at least quarterly, or more often, as required. Actual results are compared to budget and forecast each period and variances are investigated and explained, with particular focus on working capital.

Details of the Group's borrowing facilities are given note 14.

### Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group is presented in the balance sheet. The statement of changes in equity provides details on the equity structure and note 14 provides details of borrowings and available facilities. Short and medium-term funding requirements are provided by a variety of committed loan facilities with a single syndicate of lenders and a range of maturities. Longer term funding is sourced from the same facilities.

The Group is not subject to any externally imposed capital requirements.

The Group does not have any target gearing ratios and operationally, management focuses on debt optimisation to meet financial covenants. The Group is subject to quarterly leverage ratio tests under its financial covenants.



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## Notes to the financial statements (continued)

### Note 20. Leases

#### Accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold improvements	10 years
Fixtures and fittings	3 – 8 years
Motor vehicles and equipment	3 – 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. See note 4 for further details.

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are presented separately on the face of the balance sheet.

#### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



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## Notes to the financial statements (continued)

### Note 20. Leases (continued)

#### Group as a lessee

The Group has lease contracts for various items of property, vehicles and equipment used in its operations. Leases of property generally have lease terms between 5 and 15 years, while motor vehicles and equipment generally have lease terms between 3 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of property with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings £'000	Motor vehicles & equipment £'000	Total £'000
As at 1 July 2021	48,303	2,046	50,349
Acquired through business acquisition	2,010	-	2,010
Additions	6,892	449	7,341
Depreciation expense	(12,282)	(841)	(13,123)
Impairment charge	(1,173)	-	(1,173)
Disposals	(2,901)	(25)	(2,926)
Transfer to lease receivables	(269)	-	(269)
Exchange and other movements	118	(4)	114
<b>As at 30 June 2022</b>	<b>40,698</b>	<b>1,625</b>	<b>42,323</b>
Acquired through business acquisition	<b>2,698</b>	<b>78</b>	<b>2,776</b>
Additions	<b>24,094</b>	<b>283</b>	<b>24,377</b>
Depreciation expense	<b>(13,567)</b>	<b>(807)</b>	<b>(14,374)</b>
Impairment charge	<b>(234)</b>	<b>-</b>	<b>(234)</b>
Disposals	<b>(2,207)</b>	<b>(18)</b>	<b>(2,225)</b>
Exchange and other movements	<b>(1,205)</b>	<b>14</b>	<b>(1,191)</b>
<b>As at 30 June 2023</b>	<b>50,277</b>	<b>1,175</b>	<b>51,452</b>

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the year:

	2023 £'000	2022 £'000
<b>As at 1 July</b>	<b>50,841</b>	<b>60,316</b>
Acquired through business acquisition	<b>2,776</b>	<b>2,010</b>
Additions	<b>24,377</b>	<b>7,341</b>
Accretion of interest	<b>3,146</b>	<b>2,703</b>
Payments	<b>(18,804)</b>	<b>(17,894)</b>
Disposals	<b>(2,777)</b>	<b>(2,645)</b>
Exchange and other movements	<b>(1,498)</b>	<b>(990)</b>
<b>As at 30 June</b>	<b>58,061</b>	<b>50,841</b>
Current liability (note 19)	<b>13,909</b>	<b>12,657</b>
Non-current liability (note 19)	<b>44,152</b>	<b>38,184</b>



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## Notes to the financial statements (continued)

### Note 20. Leases (Continued)

The maturity analysis of lease liabilities is disclosed in note 19.

The following amounts are recognised in profit or loss:

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	14,374	13,123
Interest expense on lease liabilities	3,146	2,703
Impairment charge of right-of-use assets	234	1,173
Loss on disposal	-	306
Expense relating to short-term leases (included in other operating costs)	973	742
Expense relating to leases of low-value assets (included in other operating costs)	263	644
<b>Total amount recognised in profit or loss</b>	<b>18,990</b>	<b>18,691</b>

The Group had total cash outflows for leases (excluding short-term leases and leases of low value) of £18.8 million for the year ended 30 June 2023 (2022: £17.9 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of £24.4 million for the year ended 30 June 2023 (2022: £7.3 million). See note 4 for additional details on the impairments. The future cash outflows relating to leases that have not yet commenced are disclosed in note 21.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see section "Critical accounting estimates and judgements" on page 21).

Set out below are the undiscounted potential future rental payments:

Maturity analysis	2023 £'000	2022 £'000
Within one year	16,444	15,211
In two to five years	42,112	35,277
In over 5 years	7,818	9,099
Total undiscounted liabilities	66,374	59,587
Future Finance Charges	(8,313)	(8,746)
Lease liabilities in the financial statements	58,061	50,841



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## Notes to the financial statements *(continued)*

### Note 21. Commitments and contingent liabilities

#### a) Guarantees and related matters

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until it becomes probable that the company will be required to make a payment under the guarantee. As at 30 June 2023, the company provided guarantees of £7.7 million (2022: £9.8 million) in respect of liabilities of third parties in the ordinary course of business. These related to guarantees on building leases and for deferred consideration payments.

#### b) Commitments

The Group had one lease contract that had not yet commenced as at 30 June 2023 (2022: none). The future lease payments for this non-cancellable lease contract are £0.02 million within one year (2022: £1.5 million), £0.2 million within five years (2022: £5.8 million) and £nil thereafter (2022: £nil).

#### c) Contingent liabilities

From time to time, the Group will provide business advisory services on a number of matters which exposes the Group to risks of future investigation and potential claims.

We have recognised provisions for certain known or reasonably likely legal claims or actions against the Group where it is probable that a settlement of that claim or action will be paid, and a reliable estimate can be made of the amount of the related claim or action. None of the actual legal claims or actions which are known and for which a provision has not been established are currently expected to have a material adverse impact of the Group's financial position, results of operations or cash flows.

Each of the platforms acquired by the Group on formation had previously traded for many years prior and as such, there are potential residual risks from this period. At the date of financial statements and up to the date of signing of these financial statements, no material regulatory investigations had been established but they remain a potential regulatory risk to the Group. The risk management framework established by the Group seeks to mitigate the likelihood of any such incidents occurring post formation of the Group.

### Note 22. Group entities

The largest Group in which the results of the Company are consolidated is that headed by Azets Topco Limited, which is incorporated in Jersey.

A number of limited partnerships, which are managed by Hg Pooled Management Limited (held through a nominee company), held a significant interest in the ordinary shares of the ultimate parent company as at 30 June 2023. The Directors believe there is no ultimate controlling party as none of the limited partners in the limited partnerships managed by Hg Pool Management Limited or any other investor in the company's ultimate parent company has an ownership of more than 20% of the issued share capital of the ultimate parent company.



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## Notes to the financial statements (continued)

### Note 22. Group entities (continued)

#### Subsidiary undertakings

A list of the Group's subsidiaries as at 30 June 2023 is given below. The entire share capital of subsidiaries is held within the Group except where the Group's ownership percentages are shown. All subsidiaries are consolidated in the Group's financial statements.

Jersey	% effective holding if not 100%
Azets BA Bidco Limited	
Azets BA Holdco Limited	
Azets BR Bidco Limited	
Azets UK Holdco Limited	
Kar Romania Bidco Limited	
<b>United Kingdom</b>	
Cogidocs Holdings Limited	
Azets Document Solutions Limited	
Blick Rothenberg Limited	
Blick Rothenberg Global Business Services Limited	
NBB Associates Limited	
TaxFax Limited	
Blick Rothenberg Audit LLP	
Azets (Ashby) Limited	
Azets (Bicester) Limited	
Azets (Cannock) Limited	
Azets (Cheltenham) Limited	
Azets Corporate Finance Limited	
Azets Corporate Services Limited	
Azets (Coventry) Limited	
Azets (Dursley) Limited	
Azets Holdings Limited	
Azets (Jesmond) Limited	
Azets (Leamington) Limited	
Azets (MCC) Limited	
Azets (North East) Limited	
Azets (Oswestry) Limited (dissolved on 29 August 2023)	
Azets (Tamworth) Limited	



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## Notes to the financial statements *(continued)*

### Note 22. Group entities *(continued)*

Azets Technology Solutions Limited	
Azets (TP) Limited	
Azets (Walsall) Limited	
Azets (West Country) Limited	
Azets (Wolverhampton) Limited	
Azets (Yarm) Limited	
Azets (BDM) Limited	
Azets (B&A) Limited	
Azets (CD) Limited	
Azets Debt Solutions Limited	
Azets (CDSW) Limited	
Azets (CHBS) Limited	
Azets (CHG) Limited	
Azets (Holywell) Limited	
Azets Property Holding Company Limited	
Azets (Barnstaple) Limited	
Azets (Peterborough) Limited	
Azets Payroll & HR Limited	
Azets (TR) Limited	
Titanium Trustees Limited	
Azets Financial Planning Limited	
Azets Probate Services Limited	5%
Roffe Swayne Limited	
Azets Ireland Holdco Limited	
Heptad Ireland Holdings Limited	
Gorilla Holdings Limited	
Gorilla Accounting Limited	
Naylor Wintersgill Limited	
Azets Sandisons Limited	
Azets Inspire Ventures & Investments Ltd	
Azets Inspire Professional Services Limited	
Azets G & E Professional Services Limited	
Azets Garbutt & Elliott LLP	
Azets Garbutt & Elliott Audit Limited	
Azets Tait Walker Management Limited	
Don't Fret About Debt Limited	
Azets Wealth Management Limited	

### Republic of Ireland

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Azets Ireland Holdings Limited
Azets HB Limited
Azets AB Limited
Azets AK Limited
Azets GH Unlimited Company

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## Notes to the financial statements (continued)

### Note 22. Group entities (continued)

#### Norway

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Azets AS  
Azets Norway Holding AS  
Azets People AS  
Azets People Management AS  
Azets Insight AS  
Azets Document Solutions AS  
Azets Treasury AS  
Kar Norway Holdco AS  
Azets Legeregnskap AS  
Saga Regnskap Tønsberg AS  
Saga Regnskap Hønefoss AS  
Saga Entreprenør Regnskap AS  
Saga Consult AS  
Sørum økonomi AS  
Duit AS  
Karabin AS  
Karabin Impello AS  
Karabin Sans AS  
Karabin Impello AS  
Karabingruppen AS

#### Denmark

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Azets Denmark Holdco ApS  
Azets Denmark Holding ApS  
Azets Insight A/S  
Azets Insight III ApS  
Azets Labs A/S  
Azets Employee Public A/S  
Azets ATB ApS  
Azets Perspektiv A/S  
Azets Solutions ApS

#### Estonia

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Azets Estonia Holding OÜ  
Azets Insight OÜ

#### Finland

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Azets Finland Holdings Oy  
Azets Insight OY  
Azets Document Solutions OY  
Isännöinti Luotsi Oy



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## Notes to the financial statements (continued)

### Note 22. Group entities (continued)

#### Sweden

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Azets Sweden Holding AB  
Azets Insight AB  
Azets Document Solutions AB  
IDUR Information AB  
Azets Software AB  
Azets Solutions AB

#### Romania

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Azets Document Solutions SRL  
Azets Insight SRL  
Azets AS Holding SRL

#### USA

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Blick Rothenberg Inc

#### Associates

A list of the Group's associates as at 30 June 2023 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

Name	Country	% effective holding if not 100%
Blick Rothenberg Holdco Limited	United Kingdom	49.0%
Azets Audit Services Limited	United Kingdom	49.0%
Azets Audit Services Ireland Limited	Republic of Ireland	49.0%

The principal activity of these associates is the provision of audit services.



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## Note 23. Related parties

The Group has a related party relationship with its associates, key management personnel and Hg Pool Management Limited. Key management personnel include the directors of the Company and the directors of its parent and subsidiary undertakings.

Related party transactions entered into by the Company in the course ordinary trading have been contracted on an arm's length basis unless otherwise noted in the table below. Material transactions and year end balances with related parties were as follows:

	Sub note	2023 £'000	2022 £'000
Charges from Hg Pooled Management Limited in respect of services provided for the Group	1	70	146
Charges to associates in respect of services provided by the Group on normal trading terms	2	82,341	66,988
Rental payments	3	1,237	590
Amounts due to associates	4	-	214
Amounts due from associates	4	14,382	11,320
Amounts due to Group companies	5	637,723	461,918
Amounts due to related parties	6	5,822	-
Amounts due from related parties	6	6,600	12,000
Short term employee benefits to key management personnel	7	4,201	4,409

1. During the year ended 30 June 2023, Hg Pooled Management Limited recharged the Group for recurring management fees and director's fees.
2. During the year ended 30 June 2023, the Group recharged employee and other direct costs related to services provided to its associates during the year.
3. During the year ended 30 June 2023, the Group made rental payments of £1.2 million in respect of properties occupied by group companies in which management and shareholders had an ownership interest. There were no amounts outstanding in respect of these arrangements at 30 June 2023.
4. As at 30 June 2023, the Group is owed £0.6 million (2022: owes £0.2 million) by Blick Rothenberg Holdco Limited and is owed £13.8 million (2022: £11.3 million) by Azets Audit Services Limited.
5. As at 30 June 2023, the Group owes £637.7 million (2022: £461.9 million) to its immediate parent entity, Azets Group Limited.
6. As at 30 June 2023, the Group was owed £12.0 million (2022: £12.0 million) by one of the former directors. This loan is interest free and has no fixed repayment date. During the year, this loan was impaired by £5.4 million and now has a carrying value of £6.6 million. In line with the terms of this loan agreement, there is a bonus payable to the former director of £5.8 million.
7. The Group paid £4.2 million (2022: £4.4 million) in short term employee benefits to key management personnel during the year. There were no other employment benefits.



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## Notes to the financial statements (continued)

### Note 24. Acquisitions

#### Accounting policy

##### Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. Provisional fair values are finalised within 12 months of the acquisition date. This may involve judgement to determine these values.

##### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets and liabilities acquired (including separately identified intangible assets), net of non-controlling interests. Non-controlling interests are measured at the proportionate share of the net identifiable assets acquired.

##### Contingent considerations

Contingent consideration which represents future anticipated payments to vendors (earnout agreements) are initially recorded at fair value which is the present value of the expected cash outflows of the obligations and are classified as a liability. The obligations are dependent on the future financial performance of the interests acquired (typically over a one to three-year period following the year of acquisition) and assume the operating companies improve profits in line with directors' estimates. Management derives their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

Subsequent changes in contingent consideration other than those changes relating to the finalisation of provisional fair values is recognised in the income statement.

### 2023

During the year, the Group acquired three business in the UK; four businesses in the Nordics and two business in the Republic of Ireland. Total consideration was £75.5 million, comprising £54.6 million in cash; £2.9 million deferred consideration; and contingent consideration of £18.0 million. 100% of all of these businesses were acquired with the Nordics & UK acquisitions being joined onto the existing businesses and the Republic of Ireland acquisitions opening up a new territory to the business.

The acquisitions contributed aggregate revenues of £9.5 million and a profit before tax of £1.7 million for the period between the dates of acquisition and 30 June 2023. Aggregate contributions to revenue and adjusted profit before tax, had the acquisitions occurred at the beginning of the period and for pro-forma full year, are not disclosed as appropriate financial information, prepared under IFRS, is not available.

### 2022

During the year, the Group acquired three business in the UK and four businesses in the Nordics. Total consideration was £64.7 million, comprising £44.0 million in cash, and contingent consideration of £20.7 million. 100% of all of these businesses were acquired and they were joined onto the existing businesses in Azets Nordics and Azets UK.

The acquisitions contributed aggregate revenues of £17.9 million and a profit before tax of £3.7 million for the period between the dates of acquisition and 30 June 2023. Aggregate contributions to revenue and adjusted profit before tax, had the acquisitions occurred at the beginning of the period and for pro-forma full year, are not disclosed as appropriate financial information, prepared under IFRS, is not available.



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## Notes to the financial statements (continued)

### Note 24. Acquisitions (continued)

2023

The provisional fair value of net assets acquired, and cash consideration paid in respect of the acquisition of businesses for the year ended 30 June 2023 are as follows:

	Azets UK £'000	Azets Nordics £'000	Republic of Ireland £'000	Total £'000
<b>Identifiable assets and liabilities</b>				
Intangible assets	14,740	9,609	5,840	30,189
Property, plant and equipment	125	88	195	408
Right of use assets	878	668	1,230	2,776
Other non-current assets	-	63	-	63
WIP	657	-	529	1,186
Trade receivables	1,225	1,098	2,816	5,139
Other debtors and prepayments	532	181	368	1,081
Cash and cash equivalents	1,983	952	289	3,224
Trade payables	(214)	(83)	(103)	(400)
Other payables	(955)	(564)	(1,330)	(2,849)
Borrowings	-	-	(1,130)	(1,130)
Lease liabilities	(878)	(668)	(1,230)	(2,776)
Provisions	(337)	-	-	(337)
Other non-current liabilities	-	(1,214)	-	(1,214)
Deferred tax liabilities	(3,708)	(677)	(730)	(5,115)
Current tax payable	(616)	(99)	-	(715)
<b>Net identifiable assets and liabilities</b>	<b>13,432</b>	<b>9,354</b>	<b>6,744</b>	<b>29,530</b>
Goodwill	19,338	17,711	8,960	46,009
<b>Total consideration</b>	<b>32,770</b>	<b>27,065</b>	<b>15,704</b>	<b>75,539</b>
<b>Satisfied by</b>				
Cash consideration	27,070	16,756	10,771	54,597
Deferred Consideration	1,400	1,492	-	2,892
Contingent consideration	4,300	8,817	4,933	18,050
	32,770	27,065	15,704	75,539
<b>Net cash</b>				
Cash consideration	27,070	16,756	10,771	54,597
Cash and cash equivalents acquired	(1,983)	(952)	(289)	(3,224)
Borrowings assumed	-	-	1,130	1,130
	25,087	15,804	11,612	52,503



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## Notes to the financial statements (continued)

### Note 24. Acquisitions (continued)

2022

The provisional fair value of net assets acquired, and cash consideration paid in respect of the acquisition of businesses for the year ended 30 June 2022 are as follows:

	Azets UK £'000	Azets Nordics £'000	Total £'000
<b>Identifiable assets and liabilities</b>			
Intangible assets	14,852	9,766	24,618
Property, plant and equipment	1,026	155	1,181
Right of use assets	1,829	181	2,010
WIP	2,342	-	2,342
Trade receivables	4,152	2,650	6,802
Other debtors and prepayments	1,295	446	1,741
Cash and cash equivalents	2,947	1,950	4,897
Trade payables	(780)	(470)	(1,250)
Other payables	(2,525)	(3,581)	(6,106)
Borrowings	-	(305)	(305)
Lease liabilities	(1,829)	(181)	(2,010)
Provisions	(896)	-	(896)
Deferred tax liabilities	(3,630)	(956)	(4,586)
Current tax payable	(659)	(267)	(926)
<b>Net identifiable assets and liabilities</b>	<b>18,124</b>	<b>9,388</b>	<b>27,512</b>
Goodwill	18,050	19,182	37,232
<b>Total consideration</b>	<b>36,174</b>	<b>28,570</b>	<b>64,744</b>
<b>Satisfied by</b>			
Cash consideration	18,724	25,268	43,992
Contingent consideration	17,450	3,302	20,752
	<b>36,174</b>	<b>28,570</b>	<b>64,744</b>
<b>Net cash</b>			
Cash consideration	18,724	25,268	43,992
Cash and cash equivalents acquired	(2,947)	(1,950)	(4,897)
Borrowings assumed	-	305	305
	<b>15,777</b>	<b>23,623</b>	<b>39,400</b>



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## Notes to the financial statements *(continued)*

### Note 24. Acquisitions *(continued)*

#### Contingent consideration

Contingent consideration relates to additional payments that will be made if certain targets are met by the acquired businesses in the one-year period following the acquisition. The valuation of contingent consideration is based on management's best estimates of the future financial performance of the investee.

In FY23, eight of the acquisitions included an element of contingent consideration. Five of the acquisitions have contingent consideration clauses that are capped at a fixed amount. The range of possible liability payments on these acquisitions was nil and £6.0 million on acquisition and the carrying amount at 30 June 2023 was £24.4 million. For the remaining three acquisitions, the level of contingent consideration is uncapped, the provision on acquisition and at 30 June 2023 was based on management's best expectation of what will be achieved but, if post-acquisition performance exceeds this expectation, then the contingent consideration ultimately paid will be higher. £2.5 million was provided at 30 June 2023 in respect of these acquisitions.

In FY22, each of the acquisitions included an element of contingent consideration. Five of the acquisitions have contingent consideration clauses that are capped at a fixed amount. The range of possible liability payments on these acquisitions was £nil and £16.0 million on acquisition and the carrying amount at 30 June 2022 was £11.0 million. For the remaining two acquisitions, the level of contingent consideration is uncapped, the provision on acquisition and at 30 June 2022 was based on management's best expectation of what will be achieved but, if post-acquisition performance exceeds this expectation, then the contingent consideration ultimately paid will be higher. £9.7 million was provided at 30 June 2022 in respect of these acquisitions.

#### Deferred consideration

Of the deferred consideration on the balance sheet at 30 June 2023, £5.4 million is expected to be settled within the next financial year and £1.6 million within the following financial year.

£11.1 million (2022: £10.5 million) of deferred and contingent was paid during the year related to acquisitions in prior years.

#### Goodwill

Goodwill arose in the acquisitions disclosed above because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of revenue growth, future market development and from the value of the assembled workforce of the target acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.



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## Notes to the financial statements (continued)

### Note 24. Acquisitions (continued)

#### Acquisition related costs

The total acquisition related costs for the year ended 30 June 2023 were £1.6 million (2022: £2.1 million) this relates to the legal and professional costs associated with acquisitions, along with costs of retaining the senior management team post-acquisition. These costs were recognised in profit and loss and were presented within exceptional items.

	2023 £'000	2022 £'000
Azets Nordics	365	703
Azets UK	60	1,391
Head office	1,216	-
<b>Total acquisition related costs</b>	<b>1,641</b>	<b>2,094</b>

### Note 25. Post balance sheet events

On 31 October 2023, the Group acquired 100% of the share capital Thorell Revision AB. The deal includes the 100% owned subsidiary, Thorell Revision i Linköping AB's accounting and payroll services for small and medium-sized companies, the services linked to franchise companies and real estate companies, as well as connected employees and customers.

Due to the proximity of the acquisition to the finalisation of these financial statements, management has not completed its assessment of the fair values of the assets and liabilities acquired. However, neither the fair values of the assets and liabilities, including the associated goodwill, nor the forecast contribution to profit before tax are expected to be material relative to the Group's current financial position, results of operations or cash flows.

On 31 October 2023, PAI Partners, a pre-eminent private equity firm, joined the business as a new investor. PAI now holds an equal and co-controlling stake in Azets alongside current owners Hg, a leading investor in European and transatlantic software and services businesses.

The structure of the new investment involved, 100% of the share capital of Azets Topco Limited (the existing Company heading the Group) being acquired by Lynx Topco Limited, a company registered in Jersey and the Group securing the following additional banking facilities: £95m Senior Debt, an additional £60m acquisition facility and a £20m extension to the RCF. As part of the acquisition structuring, the incremental Senior Debt was drawn down.



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## Unaudited information

### Non-statutory measures - EBITDAE

Earnings before interest, taxation, depreciation, amortisation and impairment and exceptional items (commonly referred to as "EBITDAE") is the measure the Group assesses its operational performance. This measure is presented to the Chief Operating Decision maker, the Group Board, as part the Monthly Board meetings. In order to allow a meaningful comparison to the prior year, EBITDAE is also stated before the impact of IFRS 16.

A reconciliation of the Group's statutory loss to EBITDAE is as follows:

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
<b>Loss for the year</b>	<b>(74,380)</b>	<b>(44,008)</b>
<i>Add back:</i>		
<b>Finance income</b>	<b>(2,027)</b>	<b>(1,355)</b>
<b>Finance costs (including exceptional items)</b>	<b>99,580</b>	<b>65,958</b>
<b>Taxation</b>	<b>(503)</b>	<b>(588)</b>
<b>Depreciation of property, plant &amp; equipment</b>	<b>6,640</b>	<b>6,095</b>
<b>Depreciation of right of use asset</b>	<b>14,374</b>	<b>13,123</b>
<b>Amortisation</b>	<b>36,138</b>	<b>34,478</b>
<b>Impairments</b>	<b>5,634</b>	<b>1,173</b>
<b>EBITDA</b>	<b>85,456</b>	<b>74,876</b>
<b>Exceptional items included within EBITDA</b>	<b>29,273</b>	<b>14,703</b>
<b>EBITDAE on IFRS 16 basis</b>	<b>114,729</b>	<b>89,579</b>
<b>Impact of IFRS 16</b>	<b>(15,809)</b>	<b>(15,164)</b>
<b>EBITDAE</b>	<b>98,920</b>	<b>74,415</b>