

## Adare International Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

*Registered number: 01610897*



## Adare International Limited

### Annual Report and financial statements

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## Adare International Limited

### Directors and other information

<b>Directors</b>	R J F MacMillan K Elgey M E Perez
<b>Registered office</b>	Eni House Basing View Basingstoke RG21 4YY
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor London EC4A 3HQ United Kingdom
<b>Bankers</b>	HSBC Bank plc City Branch 33 Park Row Leeds LS1 1LD
<b>Solicitors</b>	Osborne Clarke Halo Counterslip Bristol BS1 6AJ United Kingdom
<b>Registered number</b>	01610897

## Adare International Limited

### Strategic report

The Directors present their strategic report for the year ended 31 March 2023 ("the year") for Adare International Limited ("the Company").

The comparative period runs from 1 January 2021 to 31 March 2022 when the Company changed its accounting period from 31 December to 31 March following its acquisition by HH Global.

#### Principal activities

Adare International Limited is a British-headquartered provider of creative production and procurement services focused primarily in the European region.

#### Review of the business and key performance indicators

The primary financial indicators for the Company are Revenue and Adjusted EBITDA. Revenue is a key driver for growth of the Company and Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), an alternative performance measure and non-GAAP measure, is considered the most appropriate reflection of the profitability of the Company's trading activity. The Company's borrowing covenants are calculated with reference to Adjusted EBITDA and the metric is widely used by investors and other interested parties to evaluate the profitability of companies within the industry.

The calculation of Adjusted EBITDA adjusts Operating profit for the following:

- Depreciation and amortisation, in line with the definition of EBITDA.
- Profits on sale of overseas branches and subsidiaries (note 3).
- Exceptional items, these being material non-recurring or irregular charges which are not reflective of the Group's ongoing business performance (note 4).
- Foreign exchange movements on the basis that they are driven primarily by retranslation of intercompany loans that are again not reflective of the Group's ongoing business performance.

The business has performed strongly with Revenue of £227m in the year (15-month period to March 2022 ('2022'): £249m) and Adjusted EBITDA increasing to £11.8m (2022: £11.0m). This performance has been achieved by the growth from existing contracts, the addition of new business and cost reductions following the acquisition. Adjusted EBITDA margin (Adjusted EBITDA divided by Revenue) also increased to 5.2% in the period, up from 4.4% in 2022.

A reconciliation of Operating profit to Adjusted EBITDA is given in the table below:

£000	Year ended 31 March 2023	15 months to 31 March 2022
Operating profit	11,035	4,200
Depreciation & Amortisation	2,410	1,978
Other income (note 3)	(3,188)	-
Exceptional items (note 4)	-	5,113
Foreign exchange loss / (gain)	1,552	(325)
Adjusted EBITDA	11,809	10,966

## Adare International Limited

### Strategic report (continued)

#### Impact of conflict in Ukraine

Due to the impact and uncertainty brought about by the conflict in Ukraine, the decision was taken as at 31 March 2022 to fully impair intercompany receivable balances of £452,000 owing from subsidiaries in both Ukraine and Russia. During the year, £227,000 of the receivable balance has been recovered and the provision has been reduced by this amount.

#### Legal entity rationalisation programme

The integration of Adare branches into the HH Global Group (note 27) began during the year resulting in the closure of branches in Germany, France, Spain and Canada.

Adare Germany	1 December 2022
Adare France	1 January 2023
Adare Spain	31 March 2023
Adare Canada	31 March 2023

The Company also sold its investments in Panama, Costa Rica, Colombia and Italy to entities within the HH Global Group during the year.

Adare Panama	1 August 2022
Adare Costa Rica	1 August 2022
Adare Colombia	1 February 2023
Adare Italy	24 March 2023

Profits received on sale of branches and subsidiaries is disclosed in other income (note 3).

#### Principal risks and uncertainties and financial risk management

##### i) Principal risks and uncertainties

The Directors consider the principal risks and uncertainties facing the Company to be as follows. There are no changes from the assessments in the previous year.

##### *Loss of a key client*

The Company's core client base is spread across different countries and industry sectors. Despite this geographical and industry sector split, the loss of a major client is an operating risk. The Company seeks to mitigate this risk through maintaining close day-to-day client relationships and its ability to deliver ongoing creative procurement solutions.

##### *Data loss and risk of cyber attack*

The Company is susceptible to the risks associated with data loss or cyber-attack. The Company sets out to mitigate these risks through regular employee training and updates, data policy compliance review, threat analysis, internal and external data audits and vulnerability scanning.

##### *Macroeconomic risks*

In common with most businesses, the Company is susceptible to any downturn in economic conditions given the global nature of the business and the diverse economies in which it operates. The Directors are constantly assessing and taking action as appropriate in relation to key operating risks such as the conflict in Ukraine, any impact of COVID-19, changes to local and global economic conditions, changes to regulatory frameworks, the impact of inflation on prices and earnings (see below) and the impact of foreign exchange movements on profits.

## Adare International Limited

### Strategic report (continued)

#### *Inflationary risks*

The Company's primary exposure to inflation is on staff costs and the costs of goods and services sourced on behalf of our clients. The Company deploys a range of mechanisms to achieve competitive pricing from its supply chain and all spend is tightly managed via a formal approval process. The Directors also believe that the effect of inflation can be managed, as in many cases increased costs can be recovered from clients through various contract mechanisms.

The Company operates in one country which is considered to be hyperinflationary (Turkey) but with revenues of less than 3% of the Company total, the impact of hyperinflation does not have a material impact on the Company's financial position.

#### *Climate change risk*

Climate change is a potential threat to the Company's physical operations, supply chain and client base and could manifest itself in business interruption, lack of supply, increased costs and or reduced revenue. These risks are included within the HH Global Group's overall risk framework are monitored by a risk committee which is chaired by the HH Global Group's Chief Sustainability Officer. An annual sustainability report is also published on the HH Global website.

## **ii) Financial risk management**

The Company's activities expose it to a number of financial risks; the key items and the Company's related management objectives and policies are as follows:

#### *Liquidity and cash flow risk*

Liquidity risk arises from the Company's management of working capital and is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company largely finances its operations through working capital inflows and also has access to an Invoice Finance Facility (note 19). The Directors monitor forecast cash flows on a weekly basis and take appropriate action when additional funds are required.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company's policy in respect of credit risk requires appropriate credit checks on potential clients before contracts are signed and, thereafter, close management of outstanding debt and debtor ageing.

#### *Foreign exchange risk*

Foreign exchange risk arises when individual company branches enter into transactions denominated in a currency other than their functional currency. Additionally, the Company's performance can be affected by exchange rate movements in the functional currency in any of the Company's overseas branches. The Company mitigates against such risks by invoicing in local currency where possible.

#### *Interest rate risk*

Interest rate risk arises from the Company's exposure to the floating rate interest rate component of its short term borrowings. Interest rates are increasing significantly but, given the relatively low level of third party borrowings, the impact is not considered significant.

## **Future developments**

The Company is committed to investing in its technology infrastructure, staff, and innovation and sustainability programmes across the full scope of its activities, to enable it to add ever-greater value to its clients' activities.

## Adare International Limited Strategic report (continued)

Legal entity rationalisation activity will also continue in the forthcoming year to further drive operational efficiency.

On behalf of the board

DocuSigned by:  
  
1604320032394B1  
**Kristian Elgey**  
**Director**

23 August 2023

## **Adare International Limited**

### **Directors' report**

*The Directors present their report together with the audited financial statements for the year ended 31 March 2023. The requirements to disclose financial risk management objectives and policies and future developments in the Directors' report have been covered in the Strategic Report on pages 2 to 5.*

#### **Results and dividends**

*The Income Statement for the period ended 31 March 2023 is set out on page 16. The Directors do not recommend the payment of a final dividend and no interim dividend was paid during the year (2022: nil).*

#### **Events after the Balance Sheet date**

*There are no reportable events after the Balance Sheet date.*

#### **Branches outside the UK**

*The Company has branches in Austria, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Finland, Greece, Hungary, Jamaica, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Trinidad & Tobago and Turkey.*

#### **Going concern**

*A business overview and a review of future developments is provided in the Strategic report along with the Company's policies and processes for managing its financial risks. The Directors have considered the use of the going concern basis in the preparation of the financial statements and conclude that it is appropriate. See the accounting policies in note 1 for further details on going concern.*

#### **Employee engagement**

*The Company maintains a close relationship with its employees by a conscious policy of informing them of relevant events and the state of the business through discussions, meetings, notices and by consulting employees. Employee engagement is discussed further in the Strategic Report.*

#### **Employment of disabled persons**

*The Company is committed to a policy of recruitment and promotion based on aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. The Company's people policies and procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the people policies and procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered, where appropriate, along with all other reasonable adjustments for their disability.*

#### **Diversity and Equal Pay**

*Within the Company we foster a culture where all individual differences and diversity are encouraged. We champion equity, diversity and inclusion rights and opportunities for everyone and take a clear stance on all forms of discrimination.*

*Our commitment to employees is the assurance of fair treatment and reward, irrespective of gender. We do not discriminate and are free from bias, ensuring equal pay for equal value. We continue to apply best practice as part of our hiring processes and continue to build on our existing family friendly policies and flexible working requests in order to encourage a diverse set of candidates and employees for all our roles.*



## Adare International Limited

### Directors' report (continued)

#### Political donations

The Company did not make any political donations during the year (2022: nil).

#### Streamlined Energy and Carbon Reporting for UK operations

	Year ended 31 March 2023	15 months to 31 March 2022
Energy consumed (MWh)	517	986
Scope 1 carbon emissions (tCO <sub>2</sub> e) <sup>2</sup>	25	73
Scope 2 carbon emissions (tCO <sub>2</sub> e) <sup>2</sup>	89	138
Scope 3 carbon emissions (tCO <sub>2</sub> e) <sup>2</sup>	45	22
Scope 1 carbon emissions per employee (tCO <sub>2</sub> e) <sup>2</sup>	0.15	0.26
Scope 2 carbon emissions per employee (tCO <sub>2</sub> e) <sup>2</sup>	0.52	0.50
Scope 3 carbon emissions per employee (tCO <sub>2</sub> e) <sup>2</sup>	0.27	0.08

We report our greenhouse gas inventory using the Legal Sector Alliance protocol in accordance with BS EN ISO 14064-1:2019. The Legal Sector Alliance protocol uses emissions factors published by DEFRA in 2010. Our greenhouse gas report includes all activities where we have operational control.

#### Research and development

The Company did not incur any research and development costs during the year (2022: nil).

#### Directors

The Directors of the Company during the year and at the date of this report were as follows:

R J F MacMillan  
K Elgey  
M E Perez

#### Directors' insurance and indemnities

The Company maintains Directors' and officers' liability insurance which gives cover for legal actions brought against its Directors and officers. In accordance with section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial period and through to the date of this report.

## Adare International Limited

### Directors' report (continued)

#### Section 172 statement

The Directors are well aware of their duty under s.172 of The Companies Act 2006 to act in the way that *they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so to have regard, amongst other matters to:*

- The likely consequences of any decision in the long term;
- The interest of the Company's employees;
- The need to foster the Company's business relationships with its suppliers, clients and others;
- The impact of the Company's operations on the environment;
- The desirability of the Company maintaining a reputation for high ethical standards;
- The need to act fairly between stakeholders of the Company, balancing the respective interests of each.

The Directors fulfil this duty partly by delegating responsibility for the day-to-day decision-making to senior management, and consider, both individually and together, that they have acted in accordance with their duties under s.172 in the decisions taken during the period ended 31 March 2023.

#### Key stakeholders

The Directors consider that the following key stakeholder groups were of strategic importance to the Company's operations during the year.

##### *Our clients*

The Company is a Europe-wide provider of creative production and procurement services across a wide range of industry sectors. The Company is deeply embedded with its clients and drives high retention rates through:

- High levels of engagement with clients through dedicated account leadership and on-site teams;
- Delivery of high client satisfaction levels through use of operational metrics, people and technology;
- Long term contracts;
- Our supply chain capability.

The business relies on the careful selection and monitoring of its supply chain and is built on developing mutually beneficial partnerships, allowing it to secure leading market rates while providing suppliers with high-volume, profitable work from world-class clients. Our supply chain is proactively managed to ensure that we *provide leadership in ethical standards, sustainability and innovation and that we can meet new demands from our clients.*

##### *Our people*

Our people make up some of the top talent across our industry. They are passionate, experts in innovation and sustainability and are what makes the Company a highly trusted partner. The Company is committed to excellence in its people and, following the acquisition, is now involved in the various engagement mechanisms of the HH Global group. Further details can be found with the Strategic report of the consolidated financial statements of HH Global Finance Ltd (note 27).

##### *The environment*

The world is changing. Financial savings are important to both the Group and its clients, but we also need to take care of our planet and people. The Group's Environmental, Social and Governance (ESG) Program, Innovation with Purpose, helps balance economic and environmental impacts, in line with the United Nations Sustainable Development Goals.

## Adare International Limited

### Directors' report (continued)

The Group uses the following methodology to deliver on this:

- The Group's unique environmental calculator technology uses advanced data techniques aligned with global standards to provide data and insights into the environmental impact of client's marketing execution campaigns; this provides a sustainability baseline for clients.
- The Group then provides expert advice to clients to reduce the impact of future campaigns by introducing innovation, reengineering product specifications and optimising manufacturing and logistics processes.
- A strategic sustainability roadmap is then created with medium to long-term targets in alignment with our client's corporate ESG stated ambitions.

During the year the Group received Assurance from Bureau Veritas on both its environmental calculator methodology and its UK Scope 1 and 2 emissions reporting. In addition, its Net Zero Standard targets received formal approval from the Science Based Targets initiative (SBTi), becoming one of the first companies in the world to achieve this. Good progress is being made against published targets and further details can be found in the Group's "FY22 Annual Sustainability Report" at <https://ebooks.hhglobal.com/view/465383337/>

In the forthcoming year the Group is also considering adding a fifth UN Sustainable Development Goal (Goal 15), and associated commitments relating to Nature Positive pathways such as a deforestation free supply chain and water related targets.

#### Key strategic decisions and impact on stakeholders

The Board of Directors (the "Board") team consider that the following is representative of the key strategic decisions taken by the Company during the year.

#### Rationalisation of branches

Following the acquisition of the Company's parent Adare International Holdings Ltd in August 2021, the Board implemented a branch rationalisation program to integrate the acquired entities into the HH Global Group.

This program involves employees across many functions. Additional project management resource has been hired on a temporary basis to help alleviate the impact on existing staff and professional advisors have been employed to ensure all legal and financial aspects of the rationalisation are considered appropriately. Training of staff is made available to ensure that relevant policies, processes and systems are all understood. Careful consideration is also given to those employees made redundant as a result of integration to ensure that they are treated fairly.

Transition of clients to the HH Global Group's systems and processes is another key element of the program and communications are made to clients on an ongoing basis to ensure a smooth migration.

#### Auditor

Deloitte LLP have expressed their willingness to continue. Under the Companies Act 2006 section 487(2) and appropriate arrangements have been put in place for them to be deemed to be re-appointed as auditor in the absence of an Annual General Meeting.

*Each of the persons who is a director at the date of approval of this report confirms that:*

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and

## Adare International Limited

### Directors' report (continued)

- The Directors have taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Approval

This Directors' report was approved on behalf of the board on 23 August 2023.

DocuSigned by:  
  
48A437D032394B1  
Kristian Elgey  
Director

## Adare International Limited

### Statement of Directors' responsibilities in respect of the financial statements

#### Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.


Under company law, 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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 *Reduced Disclosure Framework* has 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.

The Directors 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 the United Kingdom governing the preparation and dissemination of Financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board

DocuSigned by:  
  
164432003239481

**Kristian Elgey**  
**Director**  
23 August 2023

## Adare International Limited

### Independent auditors' report to the members of Adare International Limited

#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of Adare International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the '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 relating 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

##### 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 our report, we do not express any form of assurance conclusion thereon.

## Adare International Limited

### Independent auditors' report to the members of Adare International Limited (continued)

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

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

#### **Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

## Adare International Limited

### Independent auditors' report to the members of Adare International Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included compliance with tax regulations in the jurisdictions in which the group operates.

We discussed among the audit engagement team including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address this is described below:

#### **Revenue recognition in respect of cut-off**

The procedures performed to address the risk included the following:

- obtaining an understanding of the relevant controls over revenue recognition, specifically cut-off; and
- performing detailed testing of a sample of revenue recognised before and after period end, tracing invoices through to proof of delivery to challenge whether revenue was properly recognised in the correct period in line with the Company's accounting policy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in house legal counsel and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## Adare International Limited

### Independent auditors' report to the members of Adare International Limited (continued)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the *directors' report*.

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

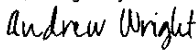
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or 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 accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

DocuSigned by:  
  
7012580DDC6F4DD

Andrew Wright  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
23 August 2023

## Adare International Limited

### Income Statement

for the year ended 31 March 2023

		Year ended 31 March 2023 £'000	15 months to 31 March 2022 £'000
	Note		
<b>Revenue</b>	2	<b>226,715</b>	248,828
Cost of sales		(186,085)	(209,090)
<b>Gross profit</b>		<b>40,630</b>	39,738
Operating expenses		(32,783)	(35,538)
Other income	3	3,188	-
<b>Operating profit</b>		<b>11,035</b>	4,200
Interest received	7	181	134
Finance costs	8	(1,908)	(734)
<b>Profit before income taxation</b>		<b>9,308</b>	3,600
Income tax credit (charge)	10	593	(832)
<b>Profit for the period from continuing operations</b>		<b>9,901</b>	2,768
<b>Profit for the period</b>		<b>9,901</b>	2,768

## Adare International Limited

### Statement of comprehensive income for the year ended 31 March 2023

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<b>Profit for the year</b>	<b>9,901</b>	2,768
<b>Other comprehensive income / (loss)</b>		
Exchange differences on translation of foreign operations	<b>1,367</b>	(857)
<b>Other comprehensive income / (loss)</b>	<b>1,367</b>	(857)
<b>Total comprehensive income for the year</b>	<b>11,268</b>	1,911

## Adare International Limited

### Balance Sheet As at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11a	511	388
Right-of-use assets	11b	886	2,330
Intangible assets	12	1,346	1,395
Deferred tax	21	1,694	31
Investment in subsidiaries	13	1,510	2,129
Intercompany loan receivable	14	17,842	17,842
		<b>23,789</b>	<b>24,115</b>
<b>Current assets</b>			
Inventories	15	666	313
Trade and other receivables	16	43,432	49,799
Cash and cash equivalents		5,306	7,248
		<b>49,404</b>	<b>57,360</b>
<b>Total assets</b>		<b>73,193</b>	<b>81,475</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Ordinary shares	26	1	1
Translation reserve		782	(585)
Retained earnings		19,908	10,007
<b>Total shareholders' equity</b>		<b>20,691</b>	<b>9,423</b>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Lease liabilities	11c	530	1,809
		<b>530</b>	<b>1,809</b>
<b>Current liabilities</b>			
Trade and other payables	17	44,087	63,989
Borrowings	19	6,565	4,900
Current income tax liabilities		885	488
Lease liabilities	11c	435	866
		<b>51,972</b>	<b>70,243</b>
<b>Total liabilities</b>		<b>52,502</b>	<b>72,052</b>
<b>Total equity and liabilities</b>		<b>73,193</b>	<b>81,475</b>

## Adare International Limited

### Balance Sheet

*As at 31 March 2023*

The financial statements on pages 16 to 44 were approved by the board of Directors on 23 August 2023 and signed on its behalf by

DocuSigned by:



Kristian Elgey

**Director**

Registered number 01610897

## Adare International Limited

### Statement of changes in equity for the year ended 31 March 2023

	Ordinary shares	Retained earnings	Translation reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2021	1	7,239	272	7,512
Other comprehensive loss for the period	-	-	(857)	(857)
Profit for the period	-	2,768	-	2,768
Total comprehensive income for the period	-	2,768	(857)	1,911
<b>Balance at 31 March 2022</b>	<b>1</b>	<b>10,007</b>	<b>(585)</b>	<b>9,423</b>
Balance at 1 April 2022	1	10,007	(585)	9,423
Other comprehensive income for the year	-	-	1,367	1,367
Profit for the year	-	9,901	-	9,901
Total comprehensive income for the year	-	9,901	1,367	11,268
<b>Balance at 31 March 2023</b>	<b>1</b>	<b>19,908</b>	<b>782</b>	<b>20,691</b>

# Adare International Limited

## Notes

### 1 Accounting policies

#### General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales, UK. The registered office address is Eni House, Basing View, Basingstoke, RG21 4YY.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1; 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report and the Directors' report.

The Company meets its day-to-day working capital requirements through cash generated by operations of its branches and an invoice finance facility with an external provider.

As part of the process for determining that it is appropriate to prepare the financial statements under the going concern convention the Directors considered the following factors:

- The net asset position of the Company
- The ability of the Company to continue to receive financial support, as required, from financing arrangements with external lenders;
- Forecast cash flows for the period from April 2023 to September 2024 (taking into account working capital movements and hence impact on net assets / liabilities), being the time period that the Directors considered the most appropriate to forecast ahead with reasonable certainty at this time.
- High level stress tests of these forecast numbers to take account of unforeseen impacts to trading activities, and the extent of mitigating factors available.

Having reviewed the Company's forecasts and after taking account of possible changes in trading performance, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months and to meet its liabilities as they fall due. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Foreign currency translation**

##### ***Functional and presentation currency***

Items included in the financial statements of each of the Company's branches are measured using the currency of the primary economic environment in which the branch operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's presentational currency.

On consolidation of the overseas branches, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and shown within reserves within the translation reserve.

##### ***Transactions and balances***

Foreign currency transactions are translated into the Company's functional currency of each branch using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'Operating expenses'.



# Adare International Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Property, plant and equipment

Land and buildings comprises mainly warehouses and offices. Land and buildings are shown at historic cost or fair value at the date of acquisition, less subsequent depreciation for buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land and buildings	10%
Plant, equipment, fixtures and fittings	8.3% to 33.3%

The carrying values of tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Leases and right of use assets

The Company leases various offices and warehouses. Rental contracts are typically made for fixed periods of six months to five years but may have extension options. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

All leases of property, plant and equipment are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### Intangible assets

##### Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to seven years.

Internally developed software is stated at historical cost for development activities less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is provided to write off the cost, less estimated residual values over the expected useful life of the software on a straight-line basis. It is calculated from the date it is first placed into service and generally over 5 years.

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

##### **Goodwill**

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is not subject to amortisation but is tested annually for impairment and is currently fully impaired.

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

##### **Impairment of tangible and intangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of the reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

##### **Cash and cash equivalents**

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

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

##### ***Investments***

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares, this element of the consideration is recognised at the fair value.

Investments denominated in foreign currency are translated at historical rates of exchange.

##### ***Equity instruments***

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### ***Fair value measurement***

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### ***Retained earnings***

The retained earnings account represents cumulative profits and losses net of distributions to owners.

##### ***Translation reserve***

The translation reserve represents the cumulative impact of exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate during the period.

##### ***Borrowings costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income

or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for any deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

## Adare International Limited

### Notes (continued)

#### 1 Accounting policies (continued)

##### **Pension costs**

Contributions were made by the Company to the individual money purchase pension plans of certain employees during the period. Contributions by the Company to these plans were charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Holiday pay**

A liability is recognised in respect of any unused holiday pay entitlement which has accrued at the balance sheet date and is available to be carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

##### **Provisions**

Provisions for dilapidations, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

##### **Revenue**

Revenue primarily represents the value of creative production and procurement services provided to external clients. Revenue is recognised net of value added tax and any discounts allowed, in the period in which goods are delivered or the service is provided.

##### **Exceptional items**

Items that are non-recurring, or irregular, and material in size or non-operating in nature are presented as exceptional items in the income statement (note 4). The Directors are of the opinion that separate presentation of exceptional items provides helpful information about the Company's underlying business performance.

##### **Interest**

Interest receivable and payable are recognised in the income statement in the period in which they arise.

##### **Invoice Finance Interest**

Invoice finance interest is recognised in the income statement in the period in which it arises. It reflects the rate of interest, the amount drawn and the length of time the credit is extended.

## Adare International Limited

### Notes (continued)

#### **1 Accounting policies (continued)**

##### **Dilapidations**

Where required, a provision is made for the total expected cost of restoring occupied properties to a specified condition at the end of the lease period. A provision is made at the commencement of the lease and the related cost is shown as a tangible fixed asset which is depreciated over the life of the lease.

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not believe there are any critical judgements that the Directors have made in the process of applying the Company's accounting policies that have a material effect on the amounts recognised in the financial statements.



## Adare International Limited

### Notes (continued)

#### 2 Revenue

All revenue relates to creative production and procurement services.

A geographical analysis of revenue by destination is given below:

	<b>Year ended 31 March 2023 £'000</b>	<b>15 months ended 31 March 2022 £'000</b>
United Kingdom	<b>40,032</b>	43,041
Rest of Europe	<b>183,118</b>	202,485
Rest of World	<b>3,565</b>	3,302
<b>Total</b>	<b>226,715</b>	<b>248,828</b>

#### 3 Other income

During the year the Company received other income as follows:

	<b>Year ended 31 March 2023 £'000</b>	<b>15 months ended 31 March 2022 £'000</b>
Profit on sale of overseas branches and subsidiaries	<b>3,188</b>	-
<b>Total</b>	<b>3,188</b>	-

As part of a legal entity rationalisation programme, the Company sold the trade and assets of its branches in Germany, France, Spain and Canada as well as its investments in Panama, Costa Rica, Colombia and Italy to HH Global Group entities. These disposals were undertaken at market value resulting in profits for the Company resulting in profits for the Company.

#### 4 Exceptional items

During the prior period the Company incurred net non-recurring expenditure as follows:

	<b>Year ended 31 March 2023 £'000</b>	<b>15 months ended 31 March 2022 £'000</b>
Restructuring costs	-	3,948
Other exceptional costs	-	1,165
<b>Total</b>	<b>-</b>	<b>5,113</b>

Restructuring costs in the prior period related to staff rationalisation programmes following the acquisition.

Other exceptional costs included impairment of capitalised systems costs which are no longer considered to have value post-acquisition and provisions against receivable balances due from subsidiary entities in Russia and Ukraine.

## Adare International Limited

### Notes (continued)

#### 5 Employee information

The average monthly number of persons (including executive Directors) employed during the period was:

	Year ended 31 March 2023 Number	Period ended 31 March 2022 Number
Production and technical support	413	485
Administration	64	107
Total	477	592

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Wages and salaries	17,835	23,862
Social security costs	2,699	3,602
Other pension costs (note 22)	573	664
Total	21,107	28,128

#### 6 Directors' remuneration

Directors' remuneration for the year was borne by another company in the HH Global Group (note 27).

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
The remuneration paid to Directors was:		
Wages and salaries	-	2,944
Payments to defined contribution pension scheme	-	61
Compensation for loss of office	-	830
Total	-	3,835

Fees and other emoluments (excluding retirement benefit contributions) include amounts paid to the highest paid director of:

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Wages and salaries	-	1,211
Compensation for loss of office	-	281
Total	-	1,492

## Adare International Limited

### Notes (continued)

#### 7 Interest received

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Interest received on loans to group undertakings	181	134
Total	181	134

#### 8 Finance costs

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Bank interest	548	65
Invoice finance interest	1,246	543
Lease interest (note 11 (c))	114	126
Total	1,908	734

#### 9 Operating profit

This is arrived at after charging/(crediting) the following items:

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Depreciation:		
Owned assets	1,289	204
Right-of-use assets	851	1,210
Amortisation of acquired intangible assets	270	564
Auditor's remuneration:		
Audit of the financial statements of the Company	210	150
Loss/(gain) on disposal of right-of-use assets	620	(72)
Foreign exchange losses/(gains)	1,552	(325)

## Adare International Limited

### Notes (continued)

<b>10 Income tax charge</b>	<b>Year ended 31 March 2023 £'000</b>	<b>Period ended 31 March 2022 £'000</b>
<b>(a) Analysis of charge in the year</b>		
<i>Current tax:</i>		
UK corporation tax charge for the year	-	377
Adjustments in respect of prior years	(135)	(12)
Overseas tax	1,205	308
	<hr/>	<hr/>
Total current tax	1,070	673
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(1,384)	144
Adjustments in respect of prior year	(279)	15
Impact of change in tax rates	-	-
	<hr/>	<hr/>
Total deferred tax	(1,663)	159
	<hr/>	<hr/>
Income tax (credit)/ charge	(593)	832
	<hr/>	<hr/>

#### (b) Factors affecting tax charge in period

In May 2021 the previously announced increase in the UK corporate tax rate from 19% to 25% was substantively enacted and became effective on 1 April 2023. This was not changed following the September 2022 Mini Budget.

The tax assessed for the period is lower (2022: higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	<b>Year ended 31 March 2023 £'000</b>	<b>Period ended 31 March 2022 £'000</b>
Profit/(loss) on ordinary activities before tax	9,308	3,600
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 19% (2022: 19%)	1,769	684
<i>Effects of:</i>		
Higher (lower) tax rate on overseas earnings	371	20
Expenses not deductible for tax purposes	275	559
Adjustment to current tax in respect of prior years	99	(11)
Other tax adjustments, reliefs and transfers	207	32
Deferred tax not recognised	(2,216)	(465)
Non-taxable income	(563)	(2)
Effect on change in tax rates	120	-
Adjustment to deferred tax charge in respect of prior years	(655)	15
	<hr/>	<hr/>
Income tax (credit) charge for the year	(593)	832
	<hr/>	<hr/>

# Adare International Limited

## Notes (continued)

### 11 (a) Property, plant and equipment

	Land and buildings	Plant, equipment, fixtures and fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2021	273	1,376	1,649
Additions	-	159	159
Translation	-	(6)	(6)
<b>At 31 March 2022</b>	<b>273</b>	<b>1,529</b>	<b>1,802</b>
At 1 April 2022	273	1,529	1,802
Additions	1,302	106	1,408
<b>At 31 March 2023</b>	<b>1,575</b>	<b>1,635</b>	<b>3,210</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	262	950	1,212
Charge for the period	11	193	204
Translation	-	(2)	(2)
<b>At 31 March 2022</b>	<b>273</b>	<b>1,141</b>	<b>1,414</b>
At 1 April 2022	273	1,141	1,414
Charge for the year	1,142	147	1,289
Translation	-	(4)	(4)
<b>At 31 March 2023</b>	<b>1,415</b>	<b>1,284</b>	<b>2,699</b>
<b>Net book value</b>			
At 31 March 2022	-	388	388
<b>At 31 March 2023</b>	<b>160</b>	<b>351</b>	<b>511</b>

## Adare International Limited

### Notes (continued)

#### 11 (b) Right-of-use assets

	<b>Buildings £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 January 2021	3,375	3,375
Additions	2,227	2,227
Disposals	(1,088)	(1,088)
Translation	(90)	(90)
<b>At 31 March 2022</b>	<b>4,424</b>	<b>4,424</b>
At 1 April 2022	4,424	4,424
Disposals	(2,563)	(2,563)
Translation	41	41
<b>At 31 March 2023</b>	<b>1,902</b>	<b>1,902</b>
<b>Accumulated depreciation</b>		
At 1 January 2021	1,586	1,586
Charge for the period	1,210	1,210
Disposals	(835)	(835)
Translation	133	133
<b>At 31 March 2022</b>	<b>2,094</b>	<b>2,094</b>
At 1 April 2022	2,094	2,094
Charge for the year	851	851
Disposals	(1,943)	(1,943)
Translation	14	14
<b>At 31 March 2023</b>	<b>1,016</b>	<b>1,016</b>
Net book value		
At 31 March 2022	2,330	2,330
<b>At 31 March 2023</b>	<b>886</b>	<b>886</b>

## Adare International Limited

### Notes (continued)

#### 11 (c) Lease liabilities

	<b>31 March 2023 £'000</b>	<b>31 March 2022 £'000</b>
Current	<b>435</b>	866
Non-current	<b>530</b>	1,809
<b>Total</b>	<b>965</b>	<b>2,675</b>

(i) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	<b>Year ended 31 March 2023 £'000</b>	<b>Year ended 31 March 2022 £'000</b>
<b>Depreciation charge on right-of-use assets</b>		
Buildings	<b>851</b>	1,210
<b>Total</b>	<b>851</b>	<b>1,210</b>
Interest expense	<b>114</b>	126
Expense relating to short-term leases	<b>533</b>	67
Expense relating to leases of low-value assets	<b>38</b>	23

## Adare International Limited

### Notes (continued)

#### 12 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	5,571	202	5,773
Additions	843	-	843
Impairment	(581)	(202)	(783)
<b>At 31 March 2022</b>	<b>5,833</b>	<b>-</b>	<b>5,833</b>
At 1 April 2022	5,833	-	5,833
Additions	221	-	221
<b>At 31 March 2023</b>	<b>6,054</b>	<b>-</b>	<b>6,054</b>
<b>Accumulated amortisation</b>			
At 1 January 2021	3,874	-	3,874
Charge for the period	564	-	564
<b>At 31 March 2022</b>	<b>4,438</b>	<b>-</b>	<b>4,438</b>
At 1 April 2022	4,438	-	4,438
Charge for the year	270	-	270
<b>At 31 March 2023</b>	<b>4,708</b>	<b>-</b>	<b>4,708</b>
Net book value			
At 31 March 2022	1,395	-	1,395
<b>At 31 March 2023</b>	<b>1,346</b>	<b>-</b>	<b>1,346</b>

#### 13 Investment in subsidiaries

	31 March 2023 £'000	31 March 2022 £'000
Interests in subsidiary companies	<b>1,510</b>	2,129
Shares in subsidiary companies at cost:		
At start of the period	<b>2,129</b>	1,906
Additions	<b>620</b>	223
Disposals	<b>(1,239)</b>	-
At end of the period	<b>1,510</b>	2,129

The Company purchased shares in HH Print Management Spain S.L. as part of the integration of Spanish Adare branch into the HH Global Group and sold investments in Panama, Cost Rica, Colombia and Italy to other entities within the HH Global Group.

Full details of the subsidiaries of the Company can be found in note 25.



## Adare International Limited

### Notes (continued)

#### 14 Intercompany loan receivable

	<b>31 March 2023 £'000</b>	31 March 2022 £'000
Intercompany loan receivable	<u>17,842</u>	<u>17,842</u>

Although intercompany loan receivables balances are repayable on demand, there is no intention to settle certain balances within 12 months therefore the intercompany loans have been classified as non-current assets.

#### 15 Inventories

	<b>31 March 2023 £'000</b>	31 March 2022 £'000
Finished goods and work in progress	<u>666</u>	<u>313</u>

In the opinion of the Directors, the replacement cost of stocks at 31 March 2023 is not materially different to the carrying value as stated above.

#### 16 Trade and other receivables

	<b>31 March 2023 £'000</b>	31 March 2022 £'000
Trade receivables	<b>23,140</b>	39,408
Less provision for impairment	<b>(146)</b>	(25)
Trade receivables net	<u><b>22,994</b></u>	<u>39,383</u>
Other receivables	<b>85</b>	863
Prepayments and accrued income	<b>4,564</b>	4,112
Amounts receivable from group companies	<b>15,789</b>	5,441
	<u><b>43,432</b></u>	<u>49,799</u>

The amounts due from group companies are unsecured, repayable on demand and carry a market rate of interest.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## Adare International Limited

### Notes (continued)

#### 16 Trade and other receivables (continued)

On that basis, the movement of the Company's provision for impairment of trade receivables is as follows:

	2023 £'000	2022 £'000
At start of period	25	55
Increase/(decrease) in provision	121	(30)
At end of period	<u>146</u>	<u>25</u>

The creation and release of provision for impaired receivables have been included in cost of sales in the income statement.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

#### 17 Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Trade payables	14,810	48,041
Other tax and social security	632	2,094
Other creditors	82	104
Accruals and deferred income	12,593	13,750
Amounts payable to group companies	14,668	-
Dilapidation provision (note 20)	<u>1,302</u>	<u>-</u>
	<u>44,087</u>	<u>63,989</u>

#### 18 Financial instruments

##### Financial instruments by category

	31 March 2023 £'000	31 March 2022 £'000
<b>Financial assets as per balance sheet</b>		
Trade and other receivables excluding prepayments and overseas tax	38,868	45,687
Cash and cash equivalents	<u>5,306</u>	<u>7,248</u>
	<u>44,174</u>	<u>52,935</u>
	31 March 2023 £'000	31 March 2022 £'000
<b>Financial liabilities as per balance sheet</b>		
Borrowings	6,565	4,900
Trade and other payables excluding accruals and deferred income	<u>30,192</u>	<u>50,239</u>
	<u>36,757</u>	<u>55,139</u>

All financial instruments are measured at amortised cost.

## Adare International Limited

### Notes (continued)

#### 19 Borrowings

	31 March 2023 £'000	31 March 2022 £'000
<b>Current:</b>		
Invoice finance facility	6,565	4,900
	<u>6,565</u>	<u>4,900</u>

The Company is party to a multi-currency receivables finance facility totalling £14,000,000 provided by HSBC. Interest is charged at 2.20% above the Bank of England base rate. As at March 2023 £6,565,000 was drawn down. The facility continues until terminated by either party. Borrowings are secured against assets of the business.

#### 20 Dilapidation provisions

	31 March 2023 £'000	31 March 2022 £'000
Balance at start of year	-	-
Provided during the year	1,302	-
<b>Balance at end of year</b>	<u>1,302</u>	<u>-</u>

Dilapidation provisions relate to the total expected costs of restoring occupied properties to a specified condition at the end of the lease period.

#### 21 Deferred tax assets

The movement in deferred tax assets during the year is as follows:

	Short-term timing differences £'000	Total £'000
At start of the year	31	31
Deferred tax charge in the year	1,663	1,663
<b>At end of the year</b>	<u>1,694</u>	<u>1,694</u>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company has an unrecognised deferred tax asset of £Nil (2022: £1,720,000) relating to carried forward losses and other timing differences.

#### 22 Pensions

The Company made contributions of £573,000 (2022: £664,000) to the individual money purchase pension plans of certain employees of the Company during the year. The assets of these plans were held separately from those of the Company in independently administered funds. As at the year end, contributions totalling £128,000 (2022: £112,000) remained payable.

#### 23 Contingent liabilities

As at the balance sheet date, there were no contingent liabilities.

## Adare International Limited

### Notes (continued)

#### 24 Commitments

##### *Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>31 March 2023 £'000</b>	31 March 2022 £'000
No later than one year	<b>72</b>	48
	<b>72</b>	48

#### 25 Subsidiary undertakings

At 31 March 2023, the Company had direct shareholding in the ordinary shares of the following subsidiary undertakings:

<b>Country</b>	<b>Name</b>	<b>Ownership</b>	<b>Registered Office</b>
Argentina	Adare International S.R.L	95%	A
Bolivia	AdareIB Servicios SA	98%	B
Brazil	Adare Brasil Servicos de Marketing LTDA	99%	C
Chile	Adare International Chile SPA	100%	D
Ecuador	Adare International Del Ecuador SA	99%	E
El Salvador	Adare International El Salvador, S.A. de C.V	99%	F
Guatemala	Adare Guatemala International, Sociedad Anonima	99%	G
Honduras	Adare Honduras S.A. de C.V	99%	H
Macedonia	Adare DOOEL Skopje	100%	I
Mexico	Adare International Mexico, S. DE R.L. DE C.V.	99%	J
Moldova	Adare Int LLC	100%	K
Nicaragua	Adare International SAS (Nicaragua) Sociedad Anonima	99%	L
Paraguay	Adare International Paraguay S.A.	99%	M
Peru	Adare International S.R.L	99%	N
Russia	Adare International LLC	100%	O
Spain	HH Print Management Spain, S.L. Sociedad unipersonal	26.3%	P
Switzerland	Adare International Switzerland GmbH	100%	Q
UK	Access Plus Marketing Services Limited	100%	R
	Access Plus Marketing Logistics Limited	100%	R
Ukraine	Adare Ukraine LLC	100%	S
Uruguay	Adare Uruguay S.A.	100%	T

With the exception of the UK subsidiaries that are non-trading, the principal activity of all the other entities is the provision of print management, promotional goods and logistics services.

## Adare International Limited

### Notes (continued)

#### 25 Subsidiary undertakings (continued)

##### Country of incorporation and registered offices:

A – Subsidiary incorporated and operating in Argentina with registered offices of AV. Corrientes 327 Piso:30, CABA Buenos Aires, C1043 AAQ, Argentina.

B – Subsidiary incorporated and operating in Bolivia with registered offices of Calle Guembe, No. 2015, Esquina Avenue, Beni, Santa Cruz, Bolivia

C – Subsidiary incorporated and operating in Brazil with registered offices of Edificio Corporate Plaza, Rua Alexandre Dumas, 2100, Conjunto 61, São Paulo, SP – CEP 04717-913, Brasil .

D – Subsidiary incorporated and operating in Chile with registered offices of 1954, Oficina 1801 - 7500521, Providencia, Santiago, Chile .

E – Subsidiary incorporated and operating in Ecuador with registered offices of Calle Republica del salvador N35-146, Intersección Suecia Edificio Prisma Norte piso 3, Pichincha- Quito, Ecuador.

F – Subsidiary incorporated and operating in El Salvador with registered offices of Av. Masferrer Nte. Pasaje Sn Luis, N. 8, Col. Escalon, San Salvador, El Salvador.

G - Subsidiary incorporated and operating in Guatemala with registered offices of C/o Grant Thornton, 3 Avenida 12-38 Zona 10 Edificio el Paseo Plaza Nivel, 7 Oficina, 702 Guatemala, Guatemala.

H – Subsidiary incorporated and operating in Honduras with registered offices of C/o Grant Thornton Honduras, Bo. Los Andes 7 calle "A" 13 y 14 ave, Edificio Medrano Irias, San Pedro Sula, Honduras.

I - Subsidiary incorporated and operating in Macedonia with registered offices of Str. Sv. Kiril I Metodij no 52b-1/18 Skopje, Centar

J – Subsidiary incorporated and operating in Mexico with registered offices of Londres 40, Piso 3, Colonia Juárez, Zip code 06600 Cuauhtémoc (CDMX) - México.

K – Subsidiary incorporated and operating in Moldova with registered offices of C/o Grant Thornton, 69 Grigore Ureche Street, Chisinau, MD-2005, Moldova.

L - Subsidiary incorporated and operating in Nicaragua with registered offices of C/o Grant Thornton Hernández & Asociados, Rotonda El Güegüense, 2 cuadras al oeste, 1 cuadra al sur Reparto Bolonia, Nicaragua.

M - Subsidiary incorporated and operating in Paraguay with registered offices of C/o Olmedo Abogados, Av. Peru No 534, Asunción, Paraguay.

N – Subsidiary incorporated and operating in Peru with registered offices of Departamento Lima, Distrito Lima, Zona Urb, Jardin Via Calle Coronel Andres Reyes Nro 360 Interior 201B, Peru.

O – Subsidiary incorporated and operating in Russia with registered offices of Attic floor, office 10, Building 2, House 7, Pereulok Zvonarskiy, 107031, Moscow, Russia.

P – Subsidiary incorporated and operating in Spain with registered offices of Calle Pau Claris 165, Planta 6, 08037 Barcelona, Spain.

## Adare International Limited

### Notes (continued)

#### 25 Subsidiary undertakings (*continued*)

Q – Subsidiary incorporated and operating in Switzerland with registered offices of C/o Grant Thornton Advisory AG, Claridenstrasse 35, P.O. Box, CH-8027, Zurich.

R – Subsidiaries incorporated and operating in UK with registered offices of Grove House, Guildford Road, Fetcham, Leatherhead, United Kingdom, KT22 9DF.

S – Subsidiary incorporated and operating in Ukraine with registered offices of C/o Grant Thornton LLC, Sichovkyh Striltsiv Street, 6004050 Kyiv, Ukraine.

T – Subsidiary incorporated and operating in Uruguay with registered offices of C/o Grant Thornton Uruguay, Colonia 810, P.10, Montevideo.

#### Branches:

The Company has branches in Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Greece, Hungary, Jamaica, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Trinidad & Tobago and Turkey.

#### 26 Ordinary shares

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<i>Authorised, issued and fully paid:</i>		
1,000 (2022: 1,000) ordinary shares of £1 (2022: £1) each	<u>1</u>	<u>1</u>

#### 27 Ultimate parent and controlling party

The Company's ultimate parent undertaking is HH Global Enterprise Network Ltd, a company registered in Jersey, company number 130404, and the largest group ('the HH Global Group') for which the results of the Company are consolidated. The registered office of HH Global Enterprise Network Ltd is 44 Esplanade, St Helier, Jersey, JE4 9WG.

No shareholders have a controlling interest in HH Global Enterprise Network Ltd and therefore in the opinion of the Directors, there is no ultimate controlling party.

The parent of the smallest group for which the results of the Company are consolidated is HH Global Finance Ltd. Copies of the consolidated financial statements of HH Global Finance Ltd are available from Companies House. The registered office of HH Global Finance Ltd is in the United Kingdom, at Grove House, Guildford Road, Leatherhead, Surrey, KT22 9DF.

The Company's immediate parent undertaking is Continuous Stationery Ltd, a company with the registered address of Grove House, Guildford Road, Fetcham, Leatherhead, KT22 9DF, United Kingdom. Continuous Stationery Ltd is exempt from preparing consolidated financial statements.