MIND+MATTER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

MIND+MATTER LIMITED

COMPANY INFORMATION

DIRECTORS	Corrina Safeio Cliff McConkey
REGISTERED NUMBER	03005235
REGISTERED OFFICE	Ashfield House Resolution Road Ashby de la Zouch Leicestershire LE65 1HW
INDEPENDENT AUDITOR	Ernst & Young Chartered Accountants Harcourt Building Harcourt Street Dublin 2
BANKERS	NatWest 27 South Street Worthing West Sussex BN11 3AR

MIND+MATTER LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the 15 month period ended 31 December 2021.

Business Review

There were significant macro-economic factors which have de-stabilised the health marketplace, most significantly Covid-19 and the significant economic downturn as a result. Gross profit in the 15 month period is reported as £14.8m versus £10.7m in the 12 month prior year period.

The first quarter of the period was challenging, with an unpredicted lock-down impacting client budgets and ability to maintain production schedules on large-scale campaigns. The rest of the period recovered and the agency was focussed on a period of significant growth through success with new client business wins, improving the strength of the order book. This followed the operational integration of agencies Pegasus, Cambridge Biomarketing and Ashfield Digital & Creative in to a global agency re-branded as Mind+Matter. As a result, the Company changed its name from Pegasus Public Relations Limited to Mind+Matter Limited during the period. The business has also been impacted with what has been termed in the industry 'the great resignation', impacted staff turnover and the pace of recruitment has had an effect on the agency's ability to realise all revenue opportunities.

Principal risks and uncertainties

Pandemic risk – Overall, the Company has been materially unaffected by Covid-19 and the resultant economic downturn. The directors will continue to monitor and assess the potential and realised impacts of Covid-19.

Economic and Political risk - The Russian and Ukraine war is an unprecedented global event whose impacts and duration are not yet fully known. It is unknown how the effects of a prolonged war could impact the economic environment in which the Company operates.

Financial key performance indicators

The Company's operations expose it to a variety of financial risks that include interest rate risk and credit risk.

The Company has implemented a management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring the level of debt and related finance costs. Given the size of the Company, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of it's board. Group management within the Hunter Holdco 3 Limited consolidated group provide the required level of monitoring to the Company.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. As the majority of the Company's customers are well-known pharmaceutical companies, this is not considered to be a significant risk.

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy with reference to two key performance indicators. These are 'staff costs (before bonuses) as a percentage of gross profit' and 'operating profit as a percentage of gross profit'. Growth and these metrics are supported by monitoring new business from success in developing new accounts; staff utilisation and recoverability measures, representing optimisation of client payments for staff time; and cash conversion metrics, representing the performance of cash flow management.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.

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Corrina Safeio
Managing Director

Date: 29th SEPTEMBER 2022

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of the provision of public relations, marketing, digital and communication services. UDG Healthcare Limited (formerly UDG Healthcare plc) and previously the Company's ultimate parent undertaking, was acquired by Clayton, Dublier & Rice effective 16 August 2021.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £1,212,018 (2020: £647,523). The directors recommend the payment of a dividend of £1,200,000 (2020: £1,400,000).

DIRECTORS

The Directors who served during the period were:

Corrina Safeio
Cliff McConkey

No director held any disclosable interest in the Company.

POLITICAL DONATIONS

The Company made no political donations during the period *(2020: £Nil).*

GOING CONCERN

The Company continues to adopt the going concern basis in preparing its financial statements. Further information is outlined in note 2.3.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the period end.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

AUDITOR

The auditor, Ernst & Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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Corrina Safeio
Managing Director

Date: 29th SEPTEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 will continue in business.

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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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Corrina Safeio
Managing Director

Date: 29th SEPTEMBER 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIND+MATTER LIMITED

Opinion

We have audited the financial statements of Mind+Matter Limited (the 'company') for the period ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 FRC's Ethical Standards, 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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIND+MATTER LIMITED (Continued)

Other information

The other information comprises the information included in the strategic report and the directors' report. The directors are responsible for the other information.

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.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIND+MATTER LIMITED (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

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 entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety and employee matters;
- We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our enquiries through reading the minutes of board meetings, and we noted that there was no contradictory evidence;

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIND+MATTER LIMITED (Continued)

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

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiry of management, those charged with governance and others within the Company, as to whether they have knowledge of any actual or suspected fraud. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading minutes of board meetings to identify any non-compliance with laws and regulations and enquiries of management.

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 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.

Ernst & Young

Justin Sherwood (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin, Ireland

30 September 2022

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	**15 months ended 31 December 2021 £**	*12 months ended 30 September 2020 £*
Turnover	3	**18,965,898**	*13,674,445*
Cost of sales		**(4,146,942)**	*(2,976,922)*
Gross profit		**14,818,956**	*10,697,523*
Administrative expenses		**(13,336,661)**	*(9,868,836)*
Operating profit	4	**1,482,295**	*828,687*
Interest payable and expenses	8	**(21,160)**	*(24,237)*
Profit before tax		**1,461,135**	*804,450*
Tax on profit	9	**(249,117)**	*(156,927)*
Profit for the financial Period		**1,212,018**	*647,523*

There was no other comprehensive income for 2021 (2020:£NIL).

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		31 December 2021 £		30 September 2020 £
Fixed assets					
Tangible fixed assets	11		**151,127**		*106,767*
Right of use assets	12		**606,153**		*984,998*
			757,280		*1,091,765*
Current assets					
Debtors: amounts falling due within one year	13	**5,681,688**		*3,310,379*	
Cash at bank and in hand	14	**786,720**		*3,033,174*	
		6,468,408		*6,343,553*	
Creditors: amounts falling due within one year	15	**(4,888,186)**		*(4,823,671)*	
Net current assets			**1,580,222**		*1,519,882*
Total assets less current liabilities			**2,337,502**		*2,611,647*
Creditors: amounts falling due after more than one year	16		**(371,151)**		*(657,314)*
			1,966,351		*1,954,333*
Net assets			**1,966,351**		*1,954,333*
Capital and reserves					
Called up share capital	18		**126**		*126*
Share premium account	19		**310,596**		*310,596*
Other reserves	19		**110,430**		*110,430*
Profit and loss account	19		**1,545,199**		*1,533,181*
			1,966,351		*1,954,333*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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Corrina Safeio
Managing Director

Date: 29 th SEPTEMBER 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Called up share capital	Share premium	Other reserves	Profit & loss account	Total equity
	£	£	£	£	£
At 1 October 2020	**126**	**310,596**	**110,430**	**1,533,181**	**1,954,333**
Comprehensive income for the period					
Profit for the financial period	-	-	-	1,212,018	1,212,018
Total comprehensive income for the period	-	-	-	1,212,018	1,212,018
Dividends (Note 10)	-	-	-	(1,200,000)	(1,200,000)
Total contributions by and distributions to owners	-	-	-	(1,200,000)	(1,200,000)
At 31 December 2021	126	310,596	110,430	1,545,199	1,966,351

The notes on pages 14 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital	Share premium	Other reserves	Profit & loss account	Total equity
	£	£	£	£	£
Balance at 1 October 2019	126	310,596	66,123	2,285,658	2,662,503
Comprehensive income for the period					
Profit for the financial period	-	-	-	647,523	647,523
Total comprehensive income for the period	-	-	-	647,523	647,523
Dividends paid (Note 10)	-	-	-	(1,400,000)	(1,400,000)
Share-based payment expense	-	-	44,307	-	44,307
Total transactions with owners	-	-	44,307	(1,400,000)	(1,355,693)
Balance at 30 September 2020	126	310,596	110,430	1,533,181	1,954,333

The notes on pages 14 to 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. General information

Mind+Matter Limited (the "Company") is a limited company incorporated and domiciled in the UK. Its registered address is Ashfield House, Resolution Road, Ashby-De-La-Zouch, Leicestershire LE65 1HW.

During the financial period, the operating parent of the Company changed from UDG Healthcare plc to CD&R Artemis Holdco1 Limited, a Jersey incorporated company (see note 21). The Company has changed its year-end from 30 September to 31 December to align with the Group's financial reporting. This is the first financial reporting period adopting the new year-end date.

The financial statements are for the 15 month period ended 31 December 2021.

The Company's indirect parent company that prepares the consolidated financial statements is Hunter Holdco 3 Limited. Hunter Holdco 3 Limited is a company incorporated and domiciled in the United Kingdom. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. Copies of Hunter Holdco 3 Limited's financial year 2021 consolidated financial statements, which include the Company, are available from its registered office at 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

2. Accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's functional and presentational currency is GBP.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries of Hunter Holdco 3 Limited;
- Disclosures in respect of capital management;
- IFRS 15 disclosures in respect of disaggregation of revenue, contract balances and performance obligations;
- IFRS 2 Share based payments in respect of group settled share based payments;
- Disclosure of information about the Company's leases for which it is a lessee;
- Disclosure of a maturity analysis of leases under IFRS 16 paragraph 58; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in policy 2.2.

2. Accounting policies (continued)

2.2 Accounting estimates and judgements

The Company's main accounting policies affecting its results and financial position are set out on pages 14 to 23. Judgements and assumptions have been made by management applying the Company's accounting policies in certain areas. Such estimates and judgements are based on historical experience and other factors, including explanation of future events which are believed to be reasonable. Actual results may differ from estimates calculated using these judgements and assumptions.

2.3 Going concern

The financial statements have been prepared on the going concern basis. After making due enquiries, including consideration of the impact of Covid-19 pandemic, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised for identified contracts with customers. Revenue comprises the fair value of the consideration receivable for goods and services sold to third party customers in the ordinary course of business. It excludes sales-based taxes and is net of allowances for volume-based rebates and early settlement discounts.

It is the Company's policy and customary business practice to receive a valid order from the customer in which each parties' rights and payment terms are established. The Company assesses revenue contracts to determine the transaction price and performance obligations to be delivered to customers under contract. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling price. The Company's contracts with customers generally include a single performance obligation and do not contain multiple performance obligations or bundled pricing arrangements.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Accumulated experience is used to estimate and provide for discounts and rebates, using the most likely amount estimation method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. In some of the Company's revenue contracts, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company recognises revenue as the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Where the contractual performance obligations are satisfied over time and revenue is recognised over time, the Company recognises revenue by reference to the estimated stage of completion of the performance obligations. The primary method of estimating stage of completion of over time revenue contracts is the input method of cost incurred to date over the estimated total cost to complete the revenue contract. Estimates of revenues, costs and stage of completion during the performance of a contract are revised where circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Where performance obligations are satisfied at a point in time, revenue is recognised when the risks and rewards of ownership have transferred to the customer. This is at the point where the product is delivered to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

2. Accounting policies (continued)

2.5 Classification of financial instruments issued by the Company

As per IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.6 Leases

All leases are accounted for by recognising a right of use asset and lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Such leases are accounted for on a straight line expense basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period in which they relate.
Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before the commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is determined to be shorter than the lease term.

When the estimate of the term of any lease is revised, for example due to reassessing the probability of exercising an extension or termination option, the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a

2. Accounting policies (continued)

2.6 Leases (continued)

revised discount rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, except in this case the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount equal to the standalone price for the additional right of use assets obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

2.7 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

2. Accounting policies (continued)

2.8 Share based payments

The Company was previously part of the UDG Healthcare Limited (formerly UDG Healthcare Plc) Long Term Incentive Plan (LTIP) which was established during 2010. Under the LTIP scheme share options may be granted to management which may entitle them to purchase shares in UDG Healthcare Limited so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. Share options granted under the LTIP would vest on the fifth anniversary of the grant date, if TSR performance and aggregate cash flow performance targets were achieved.

In accordance with the terms of the LTIP, share options awarded were exercisable at the nominal value of the underlying share as at the date of grant.

On 16 August 2021, the Company's former ultimate parent undertaking, UDG Healthcare Limited, was acquired by Clayton, Dubilier & Rice Holdings, LLC. As a result of the acquisition, all share options granted under the LTIP were exercised.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the term of the lease
Plant and machinery	- 25% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.10 Non derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments.

2.11 Intra group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company 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 such times as it becomes probable that the Company will be required to make a payment under the guarantee.

2. Accounting policies (continued)

2.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event that had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2. Accounting policies (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Valuation of investments

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3. Revenue

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Rendering of services	**18,965,898**	*13,674,445*

As permitted by Company Law, the geographical market where the turnover arose has not been disclosed, as in the opinion of the directors, the disclosure of such information would be seriously prejudical to the interests of the Company.

Contract Liabilities

Contract liabilities arise when sales are made but not transferred to the income statement. Income is released to the income statement when the service is delivered or to match a cost of sale incurred.

	2021 £	2020 £
At 1 October 2020	**1,678, 936**	1,643,075
Additions	**19,642,818**	13,710,306
Released to the Income Statement	**(18,965,898)**	(13,674,445)
At 31 December 2021	**2,355,856**	1,678,936

4. Operating Profit

Included in profit are the following:

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Depreciation of tangible fixed assets (Note 11)	**51,204**	*104,003*
Depreciation of right of use assets (Note 12)	**378,845**	*303,076*
Expense for leases of low value assets	**9,228**	*7,312*
Exchange differences	**-**	*24,649*

5. Auditor's remuneration

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**20,541**	*14,000*

6. Employees

Staff costs, including directors' remuneration, were as follows:

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Wages and salaries	**8,242,753**	*5,761,851*
Social security costs	**948,563**	*644,368*
Cost of defined contribution scheme	**348,794**	*224,264*
	9,540,110	*6,630,483*

The average monthly number of employees, including the directors, during the period was as follows:

	15 months ended 31 December 2021 No.	*12 months ended 30 September 2020 No.*
Marketing, selling and distribution	**120**	*100*
Administration	**14**	*14*
	134	*114*

7. Directors' remuneration

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Directors' emoluments	**186,574**	*226,351*
Directors pension costs	**20,254**	*1,850*
	206,828	*228,201*

During the period retirement benefits were accruing to NIL directors *(2020: NIL)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £186,574 *(2020: £226,351)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,254 *(2020: £1,850)*.

8. Interest payable and similar expenses

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Interest on lease liabilities	**21,160**	*24,237*
	21,160	*24,237*

9. Taxation

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Corporation tax		
Current tax on profits for the period	**251,815**	*173,162*
Adjustment in respect of previous period	**(136)**	*(1,530)*
Total current tax	**251,679**	*171,632*
Deferred tax		
Origination and reversal of timing differences	**7,780**	*(8,272)*
Impact of change in UK tax rate	**(11,835)**	*(4,173)*
Adjustment in respect of prior periods	**1,493**	*(2,260)*
Total deferred tax	**(2,562)**	*(14,705)*
Taxation on profit	**249,117**	*156,927*

All current tax and deferred has been recognised in the profit and loss account.

Reconciliation of effective tax rate

The tax assessed for the period is based on the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Profit before tax	**1,461,135**	*804,450*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**277,616**	*152,845*
Effects of:		
Non-tax deductible expenses	**(18,021)**	*12,045*
Remeasurement of deferred tax - change in UK tax rate	**(11,835)**	*(4,173)*
Adjustments to tax charge in respect of prior periods	**1,357**	*(3,790)*
Total tax charge for the Period/year	**249,117**	*156,927*

9. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This is substantively enacted by the balance sheet date and its effects are included in these financial statements.

10. Dividends

	15 months ended 31 December 2021 **£**	*12 months ended 30 September 2020* *£*
Dividends paid	**1,200,000**	*1,400,000*

The dividend of £1,200,000 representing £95.24 per share (2020: £1,400,000 representing £111.11 per share) was paid to UDG Healthcare (UK) Holdings Limited.

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Other fixed assets £	Total £
Cost					
At 1 October 2020	**301,259**	**196,655**	**15,480**	**473,063**	**986,457**
Additions	**6,599**	**16,253**	**-**	**77,761**	**100,613**
Disposals	**(14,844)**	**(17,003)**	**(15,480)**	**(138,453)**	**(185,780)**
At 31 December 2021	**293,014**	**195,905**	**-**	**412,371**	**901,290**
Depreciation					
At 1 October 2020	**288,054**	**181,558**	**15,480**	**394,598**	**879,690**
Charge for the Period on owned assets	**7,817**	**10,612**	**-**	**32,775**	**51,204**
Disposals	**(12,688)**	**(15,400)**	**(15,480)**	**(137,163)**	**(180,731)**
At 31 December 2021	**283,183**	**176,770**	**-**	**290,210**	**750,163**
Net book value					
At 31 December 2021	**9,831**	**19,135**	**-**	**122,161**	**151,127**
At 30 September 2020	*13,205*	*15,097*	*-*	*78,465*	*106,767*

12. Right of use assets

	Land and buildings £
Cost	
At 1 October 2020	**1,288,074**
Additions	-
At 31 December 2021	**1,288,074**
Amortisation	
At 1 October 2020	**(303,076)**
Charge for the period (Note 4)	(378,845)
At 31 December 2021	**(681,921)**
Net book value	
At 31 December 2021	606,153
At 30 September 2020	984,998

NOTES TO THE FINANCIAL STATEMENTS
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13. Debtors: amounts falling due within one year

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Trade debtors	**2,027,666**	*2,209,314*
Amounts owed by group undertakings	**2,404,523**	*32,476*
Other debtors	**27,155**	*10,729*
Prepayments and accrued income	**340,112**	*297,633*
Amounts recoverable on long term contracts	**830,964**	*712,307*
Tax recoverable	**786**	*-*
Deferred Taxation	**50,482**	*47,920*
	5,681,688	*3,310,379*

Amounts owed by group undertakings are interest free and payable on demand.

14. Cash and cash equivalents

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Cash and cash equivalents	**786,720**	*3,033,174*

15. Creditors: Amounts falling due within one year

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Trade creditors	**582,995**	*211,729*
Amounts owed to group undertakings	**293,565**	*593,862*
Corporation tax	**251,815**	*118,433*
Other taxation and social security	**413,218**	*1,059,814*
Lease liabilities	**289,568**	*281,247*
Other creditors	**50,421**	*263,788*
Accruals and deferred income	**3,006,604**	*2,294,798*
	4,888,186	*4,823,671*

Amounts owed to group undertakings are repayable on demand.

16. Creditors: Amounts falling due after more than one year

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Lease liabilities	**371,151**	*657,314*
	371,151	*657,314*

	£	**£**
At 1 October 2020	**938,561**	*1,213,324*
Cash Payments	**(299,002)**	*(299,000)*
Accretion of interest (Note 8)	**21,160**	*24,237*
At 31 December 2021	**660,719**	*938,559*
Lease Liabilities due within one year (Note 15)	**289,568**	*281,247*
Lease liabilities due after more than one year (Note 16)	**371,151**	*657,314*
Total lease liabilities	**660,719**	*938,561*

17. Deferred taxation

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
At beginning of period/year	**47,920**	*33,215*
Charged to profit or loss	**2,562**	*14,705*
At end of period/year	**50,482**	*47,920*

The deferred tax asset is made up as follows:

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
Tangible fixed assets	**41,764**	*39,865*
Short term timing differences	**8,718**	*8,055*
	50,482	*47,920*

18. Capital and reserves

	15 months ended 31 December 2021 £	*12 months ended 30 September 2020 £*
12,600 *(2020 - 12,600)* Ordinary shares of £ 0.01 each	**126**	*126*

19. Reserves

Share premium account

The share premium account has arisen from previous issues of shares.

Other reserves

The capital contribution reserve represents capital contributions from UDG Healthcare Limited (previously UDG Healthcare plc) in relation to share based payment charges.

Profit and loss account

The profit and loss account represent retained earnings after provision for payment of tax and dividends.

20. Contingent liabilities

The Company has guaranteed certain bank loans and other loan facilities of Hunter Holdco 3 Ltd and subsidiaries (the Group). At 31 December 2021, the total amount of group borrowings and facilities guaranteed amounted to £1,646m (2020: £nil).

21. Ultimate parent company and parent company of larger group

The Company's immediate parent entity is UDG Healthcare (UK) Holdings Limited.

On 16 August 2021, UDG Healthcare plc, was acquired by Irish entity, Nenelite Limited, a newly incorporated company, established for the purposes of implementing the acquisition, being an affiliate of private equity firm, Clayton, Dubilier & Rice (CD&R). Following the acquisition, UDG Healthcare plc subsequently delisted from the Main Market of the London Stock Exchange, reregistered as a private limited company and changed its name to UDG Healthcare Limited.

During the financial period, the operating parent of the Company changed from UDG Healthcare plc to CD&R Artemis Holdco 1 Limited, a Jersey incorporated company.
CD&R Artemis Holdco 1 Limited is indirectly owned by:
• Clayton, Dubilier & Rice Fund X, L.P.; Clayton, Dubilier & Rice Fund X-A, L.P.; and CD&R Advisor Fund X, L.P., (collectively, Fund X); and
• Clayton, Dubilier & Rice Fund XI, L.P.; Clayton, Dubilier & Rice Fund XI-A, L.P.; CD&R Advisor Fund XI, L.P. (collectively, Cayman Fund XI Partnerships) and Clayton, Dubilier & Rice XI (Scotland), L.P. (Scotland Fund XI Partnership), (Cayman Fund XI Partnerships and Scotland Fund XI Partnership collectively, Fund XI).
The ultimate controlling party of Fund X and Fund XI is Clayton, Dubilier & Rice Holdings LLC (Cayman Islands).

As at 31 December 2021:
• Hunter Holdco 3 Limited was the parent undertaking of the smallest group of financial year 2021 consolidated financial statements. Copies of Hunter Holdco 3 Limited's financial year 2021 consolidated financial statements, which include the Company, are available from its registered office at 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.
• CD&R Royal S.a.r.l (Luxembourg), being the immediate parent company of CD&R Artemis Holdco 1 Limited throughout financial year 2021, was the parent undertaking of the largest group of financial year 2021 consolidated financial statements. Copies of CD&R Royal S.a.r.l's FY21 consolidated financial statements, which include the Company, are available from its registered office at CD&R Royal S.a.r.l, 15 Boulevard F.W. Raiffeisen, Luxembourg L-2411.
Following a group restructuring that took place in 2022, the operating parent company of the Company changed further, from CD&R Artemis Holdco 1 Limited, to a newly incorporated Jersey company, CD&R Artemis Holdco 0.5 Limited.

22. Post balance sheet events

There were no subsequent events to period end and up to the date of approval of the financial statements, that require disclosure in, or adjustment to, these financial statements.

23. Approval of financial statements

The Board of Directors approved these financial statements for issue on .

29th September 2022