

Engage PIKCo Limited

Annual report and audited financial statements

For the period from 14 June 2022 to 31 December 2022



Registered Company No. 14171847 (England and Wales)

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CORPORATE INFORMATION

Directors

R J Barker
A J Johnson

Company Secretary

Corporation Service Company (UK) Limited

Independent Auditor

EisnerAmper Audit Limited
Chartered Accountants & Statutory Audit Firm
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Sandyford
Dublin
D18 CA22
Ireland

Registered Office

C/o Corporation Service Company (UK) Limited
5 Churchill Place
10th Floor
London
E14 5HU
United Kingdom

Registered Company Number

14171847

STRATEGIC REPORT

The directors present their Strategic Report on Engage PIKCo Limited (the "Company") and its subsidiaries (together with the "Group") for the period from incorporation on 14 June 2022 to 31 December 2022.

Incorporation

The Company was incorporated in the United Kingdom on 14 June 2022. The Company was incorporated to manage the acquisition of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all their Subsidiaries by the Astorg Group, a European private equity firm.

Principal Activity

The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research, and medical communications.

Review of the Business

On 13 July 2022, the Group acquired 100% interest in Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all their Subsidiaries for a total consideration of \$887.9 million. Amulet-Peloton Holdings Inc changed its name to OH-Peloton Holdings Inc on 13 July 2022 and is now a wholly owned subsidiary of Engage Bidco Limited.

On 6 September 2022, the Group acquired NM-CMG Holdings, LLC and all Subsidiaries for a total consideration of \$215.7 million. The Company is a wholly owned subsidiary of OH-Peloton Holdings, Inc.

The Group's Consolidated profit and loss statement is set out on page 12 and shows a loss before tax for the period ended 31 December 2022 of \$74,894,700 (after amortisation of intangible assets \$56,769,600).

The Consolidated Balance Sheet on page 14 and the Company's Balance Sheet on page 15 of the Financial Statements show the Group's and Company's financial position at the year end. Details of amounts due from and owed to other group companies are shown in note 14 and note 16 respectively.

The Group manages its operations on a centralised basis. The Group key performance indicators are listed on page 3 and believes that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business.

The Group did not receive or pay any dividends in the period ended 31 December 2022. The Company did not receive or pay any dividends for the period ended 31 December 2022.

Future Developments

On 31 January 2023, the Group acquired Acel Health a life science consultancy for a base consideration of \$145.0 million.

On 12 April 2023, Liberum Independent Medical Education Limited was sold to one of the directors of Liberum Independent Medical Education Limited for a consideration of \$287,320 (£150,000).

The directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

STRATEGIC REPORT (continued)**Key performance Indicators ('KPIs')****Financial KPIs:**

The Group monitors its financial performance using the following KPIs:

	2022
	\$000
Gross profit	99,066.6
EBITDA ¹	4,427.3
Adjusted EBITDA ²	4,427.3
EBITDA margin	4.5%
Adjusted EBITDA margin	4.5%
Staff Costs	60,810.7
Staff Cost Ratio	61.4%
Cash	30,323.8

¹ EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation.

² Adjusted EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation, Profit on disposal of subsidiaries and Profit on disposal of associated undertakings.

Non-Financial KPI:

The Group is also focused on developing its UK and international presence.

Principal Risks and Risk Management

In addition to the general economic and competitive risks affecting the business, the directors consider that the principal risks impacting the Group are industry risk, credit risk, interest rate risk, liquidity risk and foreign currency risk. The policies for managing these risks are reviewed and agreed annually by Astorg Group.

Industry risk: The Group competes for clients in a highly competitive industry. The Group manages this risk by providing added value services to its clients and by maintaining strong client relationships. The retention of key employees is considered to be a key priority.

Credit risk: The Group's principal financial assets are its cash balance, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The creditworthiness of customers is assessed and monitored on an ongoing basis. If necessary, credit insurance or payments in advance are sought. Receivables are reviewed regularly as part of financial management reviews. Where deemed necessary, finance managers will review any proposal for further commitments to a client where payments are outstanding.

Interest rate risk: Cash deposits and loan drawdowns are under wholly owned subsidiaries of Engage PIKCo Limited (note 12). Engage DebtCo Ltd is a UK borrower and holds a Delayed drawdown term loan and a term loan. Engage PIKCo Limited a UK borrower holds a PIK loan. Engage DebtCo S.á.r.l., the Luxembourg borrower holds a Delayed drawdown term loan and a term loan. The banking facilities are held either at variable rates of interest or at fixed rates for periods of no longer than 3 months. The interest incurred on the facility is borne by the company in which the loan is drawdown. The overall facility and its attached financial covenants are centrally monitored and managed by the management of Engage PIKCo Limited. The Group minimised its exposure to Interest rate risk by hedging, see note 20.

Liquidity Risk: The Group operates under banking facilities whereby Engage PIKCo Limited and Engage DebtCo Limited, a wholly owned subsidiary of Engage PIKCo Limited, are UK borrowers. The Group benefits from revolver loan facilities of \$32.0 million which is available until 13 July 2027 and committed facilities of £119.5 million and \$131.6 million which mature in July 2029. Engage PIKCo Limited benefits from a PIK facility of £80.7 million. Engage DebtCo S.á.r.l., is a Luxembourg borrower and it benefits from committed facilities of \$131.6 million until July 2029. All facilities are subject to banking covenants. The Groups parent company as well as other entities in the Group have given secured unlimited cross-guarantee in favour of its bankers. Cash flow movements are monitored to ensure that sufficient financial resources are available.

STRATEGIC REPORT (continued)

Foreign exchange risk: The Group operates globally, as explained in note 3 to the financial statements. Fluctuations in exchange rates between currencies, in which the Group operates, relative to pounds sterling, may cause fluctuations in its financial results. The main currency which impacts the Group's operations is Sterling and the Euro.

On negotiation of contracts and, where possible, client commitments are made in sterling to alleviate risk. Additionally, supply and delivery contracts are, where possible, agreed in the same currency to minimise foreign exchange losses on a particular project. Assessments of the impact of significant fluctuations in exchange rates of the main foreign currencies used by the Group are regularly performed and monitored centrally.

Fair values of financial assets and financial liabilities: At 31 December 2022 there was no material difference between the fair value of financial assets and financial liabilities and their book value. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Section 172 Statement

In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172 (1)(a) to (f).

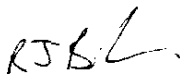
When making decisions throughout the period the directors have taken into consideration, and had regards to, the Company's shareholders, stakeholders, business relationships, reputation for high standards, the community and environment and the impact of the Board's decision making on the long-term success of the business.

The Company is a wholly owned subsidiary of Engage Luxco S.á.r.l. and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy and environmental and social responsibility set by the wider Engage Luxco S.á.r.l. group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the Engage Luxco S.á.r.l. group and are committed to driving further improvement in shareholder and stakeholder engagement.

Approval

The Strategic Report was approved by the Board of Directors on 17 May 2023 and signed on its behalf by:



R J Barker
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group for the period from incorporation on 14 June 2022 to 31 December 2022.

An overview of principal risks, uncertainties and any future developments has been discussed as part of the strategic report.

Incorporation

The Company was incorporated in the United Kingdom on 14 June 2022.

Principal activity

The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research and medical communications.

Results and Dividends

The Group's profit and loss statement is set out on page 12 and shows a loss before tax for the period ended 31 December 2022 of \$74.9 million (after amortisation of \$56.8 million).

The Group did not receive or pay any dividends in the period ended 31 December 2022. The Company did not receive or pay any dividends for the period ended 31 December 2022.

Directors

The directors of the Company throughout the period were:

R J Barker	- appointed 14 July 2022
A J Johnson	- appointed 9 January 2023
P Croft	- appointed 14 June 2022; resigned 14 July 2022
L K Kichenside	- appointed 14 June 2022; resigned 14 July 2022
D Mackney	- appointed 14 July 2022; resigned 16 December 2022

Directors' Interests

The Directors held no interests in the issued share capital of the Company either beneficially or otherwise at 31 December 2022 or at any other time during the period. The Directors have declared that they have no material interest during the period in any contract which is significant in relation to the Company's business.

Directors' Indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company. The Group has purchased and maintains directors' and officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its directors or officers in the execution of their duties, on behalf of the Company.

Going Concern

The financial statements have been prepared on the going concern basis.

The Group meets its day-to-day working capital requirements through its operating cashflows and its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. In preparing these forecasts management have taken into account the following key factors:

- the rate of growth of the US, UK, EU and International economies;
- the level of key client account activity and plans for the period;
- the level of committed and variable costs;
- new business targets compared to levels achieved in previous years; and
- debt facilities available, interest rates and required covenant compliance.

DIRECTORS' REPORT (continued)

The Directors have created detailed forecasts using an integrated income statement, balance sheet to produce a monthly cash flow, in order to understand the likely cash requirements of the business for the next 18 months. The Company has the ability to take mitigating actions if necessary, by potentially increasing the debt facility and/or reducing operating costs in line with any reductions to revenues experienced. After making enquiries, the Company has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. No events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern have been identified.

Political and charitable donations

During the period, the Group made contributions to local charities and community projects as part of the Group's commitment to the communities in which it operates. The Group did not make any political donations during the period.

Post balance sheet events

On 31 January 2023, the Group acquired Acel Health a life science consultancy for a base consideration of \$145.0 million.

On 12 April 2023, Liberum Independent Medical Education Limited was sold to one of the directors of Liberum Independent Medical Education Limited for a consideration of \$287,320 (£150,000).

As of 17 May 2023, no material structural changes of business events have occurred that might service to alter any of the disclosures contained in the Annual Report and Accounts.

Supplier payment policy and practice

The Group's policy on suppliers is that they will be paid in accordance with agreed terms and conditions of trade on a regular basis. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade payables at the period-end as a proportion of the amounts invoiced by suppliers during the period, was 30 days.

Disabled employees

It is the Group's policy to give full and proper consideration to applications from disabled people for employment where the job can be performed adequately by a disabled person.

Employee involvement

During the period, employees have been informed of developments through Company newsletters and notices. There were, in addition, formal meetings between management and employee representatives as part of the on-going process of communication.

Streamlined energy and carbon reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019.

The Groups global greenhouse gas emissions and energy consumption for the year ended 31 December are:

	2022
	tCO2e
Emissions from purchased goods	10,687
Business travel	2,584
Other	2,121
	<u>15,392</u>
 Average number of employees	 1,356
 Intensity ratio: Tonnes CO2e/average employees	 11.35

The Group have decided that Tonnes of CO₂e per number of FTE employees best represents their business intensity ratio.

The Groups global operations consumed 2,324,209 kWh of energy during the year through the combustion of gas, fuel and the purchase of electricity.

The Groups global operations consumed 13,073,690 kWh during business travel and commuting.

Methodology: Carbon emissions have been calculated in accordance with GHG protocol working in conjunction with a third-party sustainability consultancy. Consumption data has been collected from supplier invoices and third part invoice analysis. Activity has been converted into carbon emissions using relevant guidelines.

As part of the Group's overall sustainability strategy the Group aligned with EcoVadis an independent sustainability rating agency to perform annual sustainability reviews. The 2022 score received for overall sustainability was 46/100 putting Open Health as average in sector and 40/100 for environment. In 5 years our ambition is to improve to "advanced with an overall score over 65. In September 2022, OPEN Health committed to ambitious corporate climate action by signing up to the Science Based targets Initiative with a long term goal to reduce carbon emissions to net zero in 2050.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Independent auditors

EisnerAmper Audit Limited was appointed as the Group auditor on 28 November 2022. EisnerAmper Audit Limited have indicated their willingness to continue as auditors of the Group. The responsibilities of the auditor, EisnerAmper Audit Limited are set out in the Auditor's report.

Approval

The Directors' Report was approved by order of the board on 17 May 2023.



R J Barker
Director

STATEMENT OF 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/year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE PIKCO LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Engage PIKCo Limited ('the Company') and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including the significant accounting policies set out in Note 3. The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Group's and Company's assets, liabilities and financial position as at 31 December 2022, and of the loss of the Group for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- obtaining managements going concern assessment and evaluating the controls, method, underlying data and assumptions applied in making the assessment to determine if appropriate;
- reviewing disclosures made in the financial statements related to going concern and evaluated whether appropriate and in accordance with the applicable accounting standards.

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 the date 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE PIKCO LIMITED (continued)

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.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 the applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and 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 where 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE PIKCO LIMITED (continued)

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the Group and 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 Group and 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management to identify any instances of non-compliance with laws and regulations and performing procedures around actual and potential litigation or claims;
- Enquiring of Group Legal Counsel to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes from meetings of those charged with governance;
- Considering the Group's internal control environment and procedures in place to mitigate risks identified;
- Evaluating whether there was any evidence of management bias that represented a risk of material misstatements due to fraud;
- Auditing the risk of management override of controls. Our response to address this risk included:
 - reviewing the appropriateness of the journal entries and other adjustments made in the preparation of the financial statements;
 - completing procedures to review management's judgements and assumptions relating to significant estimates reflected in the financial statements; and
 - obtaining an understanding of the business rationale for significant or non-recurring transactions, if any, that we considered to be outside the normal course of business.
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE PIKCO LIMITED
(continued)

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.

EisnerAmper Audit Limited

Cian Collins (Senior Statutory Auditor)
For and on behalf of EisnerAmper Audit Limited, Statutory Auditor
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland

18 May 2023

Consolidated profit and loss account
For the period from 14 June 2022 to 31 December 2022

	Note	Period ended 31 December 2022 \$000
Turnover	5	128,586.0
Cost of sales		<u>(29,519.4)</u>
Gross profit		99,066.6
Administrative expenses		(151,839.4)
Operating loss	6	<u>(52,772.8)</u>
Loss before interest and taxation		(52,772.8)
Interest receivable and similar income	8	4.6
Interest payable and similar expenses	8	<u>(22,126.5)</u>
Loss on ordinary activities before taxation		(74,894.7)
Tax on loss on ordinary activities	9	(5,362.8)
Loss for the financial period		<u><u>(80,257.5)</u></u>

Consolidated statement of comprehensive income
For the period from 14 June 2022 to 31 December 2022

	Note	Period ended 31 December 2022 \$000
Loss for the financial period		(80,257.5)
Other comprehensive income/(expense)		
Hedge reserve		
Cash flow hedges – mark to market losses	21	(1,580.3)
Deferred tax income on financial instruments	21	395.1
Total movement to hedge reserve		<u>(1,185.2)</u>
Exchange differences on foreign currency translation of foreign operations		<u>5,404.2</u>
Total movement to foreign currency translation reserve		<u>5,404.2</u>
Other comprehensive profit for the period		<u>4,219.0</u>
Total comprehensive loss for the period		<u><u>(76,038.5)</u></u>

**Consolidated balance sheet
As at 31 December 2022**

	Note	Group As at 31 December 2022 \$000
Non-current assets		
Intangible assets	10	1,176,617.8
Tangible assets	11	3,996.8
Deferred tax asset	9	1,706.3
		<u>1,182,320.9</u>
Current assets		
Work in progress	13	1,249.1
Trade and other receivables	14	101,511.7
Cash and cash equivalents	15	30,323.8
		<u>133,084.6</u>
Current liabilities		
Trade and other payables	16	(73,145.8)
Bank loans	18	(6,000.0)
Corporation tax payable	9	(2,260.3)
Provisions for other liabilities	19	(8,387.6)
		<u>(89,793.7)</u>
Total assets less current liabilities		<u>1,225,611.8</u>
Non-current liabilities		
Derivatives	20	(1,580.3)
Bank loans	18	(496,161.2)
Provisions for other liabilities	19	(5,763.2)
Deferred tax liability	9	(16,208.3)
		<u>(519,713.0)</u>
Net assets		<u>705,898.8</u>
Capital and reserves		
Called-up share capital	21	-
Share premium accounts	21	781,937.3
Hedge reserve	21	(1,185.2)
Retained earnings		(80,257.5)
Foreign currency translation reserve		5,404.2
		<u>705,898.8</u>

The notes on pages 19 to 46 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2023.



R J Barker
Director
Registered Company Number 14171847

Company balance sheet
As at 31 December 2022

	Note	Company As at 31 December 2022 \$000
Non-current assets		
Subsidiary undertakings	12	850,384.9
		<u>850,384.9</u>
Current assets		
Trade and other receivables	14	26,658.0
Corporation tax recoverable		5.9
		<u>26,663.9</u>
Current liabilities		
Trade and other payables	16	(223.2)
		<u>(223.2)</u>
Total assets less current liabilities		876,825.6
Non-current liabilities		
Bank loans	18	(99,297.1)
Net assets		<u>777,528.5</u>
Capital and reserves		
Called-up share capital	21	-
Share premium accounts	21	781,937.3
Retained earnings		(3,662.0)
Foreign currency translation reserve		(746.8)
Total equity		<u>777,528.5</u>

The notes on pages 19 to 46 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2023.



R J Barker
Director
Registered Company Number 14171847

**Consolidated statement of changes in equity
As at 31 December 2022**

	Called-up share capital \$000	Share premium \$000	Hedge reserve \$000	Retained earnings \$000	Foreign currency translation reserve \$000	Total \$000
Balance at 14 June 2022	-	-	-	-	-	-
Loss for the period	-	-	-	(80,257.5)	-	(80,257.5)
Other comprehensive (loss)/income	-	-	(1,185.2)	-	5,404.2	4,219.0
Total comprehensive (loss)/income	-	-	(1,185.2)	(80,257.5)	5,404.2	(76,038.5)
Issue of share capital (note 21)	-	781,937.3	-	-	-	781,937.3
Balance at 31 December 2022	-	781,937.3	(1,185.2)	(80,257.5)	5,404.2	705,898.8

**Company statement of changes in equity
As at 31 December 2022**

	Called-up share capital \$000	Share premium \$000	Retained earnings \$000	Foreign currency translation reserve \$000	Total \$000
Balance at 14 June 2022	-	-	-	-	-
Loss for the period	-	-	(3,662.0)	-	(3,662.0)
Other comprehensive loss	-	-	-	(746.8)	(746.8)
Total comprehensive loss	-	-	(3,662.0)	(746.8)	(4,408.8)
Issue of share capital (note 21)	-	781,937.3	-	-	781,937.3
Balance at 31 December 2022	-	781,937.3	(3,662.0)	(746.8)	777,528.5

Consolidated statement of cash flows
For the period from 14 June 2022 to 31 December 2022

	Note	2022 \$000
Cash flow from operating activities	22	14,875.8
Taxation paid		(2,700.8)
Net cash generated from operating activities		<u>12,175.0</u>
Cash flow from investing activities		
Interest received		4.6
Purchase of tangible assets		(851.3)
Purchase of intangible assets		(1,130.3)
Settlement of deferred consideration		(690.2)
Net cash acquired with subsidiaries		22,286.1
Acquisition of subsidiaries		(117.0)
Net cash generated from investing activities		<u>19,501.9</u>
Cash flow from financing activities		
Interest paid		(7,513.5)
New borrowings – revolver		6,000.0
Net cash used in financing activities		<u>(1,513.5)</u>
Net increase in cash and cash equivalents		30,163.4
Cash and cash equivalents at the start of the period		-
Exchange losses on cash and cash equivalents		160.4
Cash and cash equivalents at the end of the period	15	<u>30,323.8</u>

For cash flow disclosure purposes the amounts relating to acquisitions are disclosed as follows:

	2022 \$000
Cash and cash equivalents acquired – Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries	20,379.0
Cash and cash equivalents acquired – NM-CMG Holdings, LLC and Subsidiaries	1,907.1
Net cash inflow	<u>22,286.1</u>

1. New borrowings is shown as Nil given the additional bank debt assumed for the purpose of funding the acquisitions was paid directly from the banking facility to the relevant counterparties hence no cash flow movement. The acquisitions were funded by a combination of capital contributions and assumption of bank debt, as set out in the note 10.

Notes to the consolidated financial statements

1 General information

The directors' present their report and the audited statutory financial statements of the Group for the period ended 31 December 2022.

Engage PIKCo Limited ('the Company') and its subsidiaries (together 'the Group') operate a number of healthcare communications agencies in the UK. The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research and medical communications.

The Company is a private Company limited by shares and was incorporated on 14 June 2022 in England. The registered number is Registered Company No. 14171847 (England and Wales). The address of its registered office is The Weighbridge, Brewery Courtyard, High Street, Marlow, Buckinghamshire, SL7 2FF, United Kingdom.

On 13 July 2022, the Group acquired 100% interest of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries, therefore 5.5 months of results for Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries are included in the results of Engage PIKCo Limited for the period ended 31 December 2022.

On 6 September 2022, the Group acquired 100% interest of NM-CMG Holdings, LLC and Subsidiaries, therefore 4 months of results for NM-CMG Holdings, LLC and Subsidiaries are included in the results of Engage PIKCo Limited for the period ended 31 December 2022.

2 Statement of compliance

The Group and individual financial statements of Engage PIKCo Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Significant accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Going concern

The Group meets its day-to-day working capital requirements through its operating cashflows and its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. In preparing these forecasts management have taken into account the following key factors:

- the rate of growth of the US, UK, EU and International economies;
- the level of key client account activity and plans for the period;
- the level of committed and variable costs;
- new business targets compared to levels achieved in previous years; and
- debt facilities available, interest rates and required covenant compliance.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

The Group has created detailed forecasts using an integrated income statement, balance sheet to produce a monthly cash flow, in order to understand the likely cash requirements of the business for the next 18 months. The Directors have the ability to take mitigating actions if necessary, by potentially increasing the debt facility and/or reducing operating costs in line with any reductions to revenues experienced. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS102

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Any subsidiary undertakings or associates sold or acquired during the period/year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency

Functional and presentation currency

The Group financial statements are presented in US dollars and rounded to the nearest \$0.1 thousand except where otherwise indicated.

The Company's functional currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating (losses)/gains'.

Translation

The trading results of Group undertakings are translated into US dollars at the average exchange rates for the period. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the period-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. Revenue is recognised in the income statement when the economic benefits arising from an arrangement are probable.

Revenue is largely derived from services performed subject to specific agreement. Revenue is recognised when the service is performed in accordance with the contractual arrangement through an assessment of the time incurred to date compared to the total hours required to complete the contract, and an assessment of the value delivered to the client compared to the total value of the contract. If the outcome of these can be assessed with reasonable certainty, revenue and related costs are recognised in the income statement. Losses are recognised as soon as they are foreseen.

Gross profit is revenue less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Contractual arrangements are reviewed to ascertain whether the Group acts as principal or agent with regards to third party costs. If the relationship is that of agent then the recharge of third party costs is not recognised through revenue or cost of sales.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Long-term contracts

Where the outcome of a long-term contract for services or goods can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

The stage of completion is determined through an assessment of the proportion of services that have been delivered compared to the total services required to complete the contract, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred, unless they relate to commission-based fees where the fees are not recognised at the time the costs are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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 tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Deferred consideration is recognised as a liability at fair value. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised as an increase to the interest that the Company holds in the underlying entity to which the deferred consideration relates. The amounts payable are dependent on future profits of the companies acquired. The timing of payments relating to deferred consideration is set out in the relevant Sale and Purchase Agreements.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- | | |
|------------------------------|-------------------|
| • Goodwill | 10 years |
| • Brand valuation | 1-10 years |
| • Backlog | 6 months - 2years |
| • Software development costs | 3-5 years |

Amortisation is included in 'administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

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

- | | |
|-------------------------------------|------------------------------|
| • Short leasehold property | over the period of the lease |
| • Short term leasehold improvements | 2 to 5 years |
| • Computer equipment | 3 years |
| • Fixtures, fittings and equipment | 4 years |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Investments – Company

Investment in subsidiary Company

Investment in a subsidiary Company is held at cost less accumulated impairment losses.

Investment in associate

Investment in an associate is held at cost less accumulated impairment losses.

Work in Progress

Work in progress ("WIP") is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the period/year end and directly attributable overhead costs.

Accrued income

Accrued Income relates to unbilled revenue in relation to fees due to the Group at the balance sheet date (as opposed to WIP which relates to reimbursable costs).

Cash and cash equivalents

Cash and cash equivalents includes 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. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Provisions and contingencies

Provisions

Provisions are recognised when the Group 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 of the obligation can be estimated reliably.

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 might be small.

In particular:

- restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

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 a finance cost.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss account.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss account.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at amortised cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss account for the period/year.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash comprises cash, overdrafts and cash held on short-term deposit (up to three months). Cash equivalents are cash deposits held on three months deposit. The deposits guarantee the loan note creditors. Interest accruing on the deposits are payable to the holders of the loan notes less any costs arising.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

Interest bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, 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 year of the revision and future years if the revision affects both current and future periods.

Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable assets on the acquisition of a business combination, management are required to make estimates when utilising the Group's valuation methodologies. These methodologies include the use of discounted cash flows, revenue and profit before tax multiples. Asset lives are estimated based on the nature of the intangible asset acquired and have been deemed to be between 6 months and ten years. Details of acquisitions made in the period are set out in note 10.

Notes to the consolidated financial statements (continued)**4 Critical accounting judgements and key sources of estimation uncertainty (continued)***Revenue and cost recognition on long-term contracts*

Revenue and costs are recognised on long term contracts, greater than one year, by reference to the stage of completion of activity under that contract as at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues and costs to recognise under these contracts. Management are satisfied that the amounts recognised in 2022 are appropriate and consistent with the terms of the contracts and the stage of work completed.

5 Turnover

Analysis of the Group's turnover by category:

	2022 \$000
Sales of services	<u>128,586.0</u>

Analysis of turnover by geography:

	2022 \$000
United Kingdom	29,522.2
Rest of Europe	20,054.3
United States of America	64,233.6
Rest of the World	14,775.9
	<u>128,586.0</u>

6 Operating loss

Operating loss is stated after charging:

	2022 \$000
Wages and salaries	53,214.3
Social security costs	5,095.6
Pension contributions	2,500.8
Total staff costs	<u>60,810.7</u>
Depreciation of tangible assets	430.5
Amortisation of intangible assets	56,769.6
Total depreciation and amortisation	<u>57,200.1</u>
Loss on disposal of tangible assets	4.4
Operating lease charges	1,414.3
Foreign exchange losses	<u>4,171.1</u>
	2022 \$000
Fees payable to the Company's auditor's for the audit of the Engage PIKCo Limited and the Group's consolidated financial statements	97.3
Fees payable to the Company's auditor for other services:	
Audit of the Company's subsidiaries	775.9
Total amount payable to the Company's auditor	<u>873.2</u>

Notes to the consolidated financial statements (continued)**7 Employees and directors****Group**

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

	2022
	Number
By activity	
Sales and distribution	1,159
Administrative staff	197
	<u>1,356</u>

Directors

No disclosure has been given for the aggregate remuneration of the directors of the parent company as their remuneration is included in the totals for the group as a whole.

Company

The Company had no employees during 2022.

8 Net interest expense

	2022
	\$000
Interest receivable and similar income	1.1
Other interest receivable	3.5
Total interest receivable and similar income	<u>4.6</u>
Interest payable and similar charges	(4.6)
Interest payable on overdrafts and bank loans	(22,121.9)
Total interest payable and similar charges	<u>(22,126.5)</u>
Net interest expense	<u>(22,121.9)</u>

9 Income tax**Tax expense included in loss**

	2022
	\$000
Current tax:	
UK Corporation tax for the period	1,675.3
Non-UK Corporation tax for the period	4,203.4
Total current tax	5,878.7
Deferred tax:	
Origination and reversal of timing differences	(386.1)
Adjustment in respect of prior periods	1.6
Impact of change in tax rate	(131.4)
Total deferred tax	(515.9)
Tax on loss	<u>5,362.8</u>
Deferred tax income on financial instruments	395.1
Total tax included in other comprehensive income	<u>395.1</u>

Notes to the consolidated financial statements (continued)**9 Income tax (continued)****Reconciliation of tax charge**

The charge of the period can be reconciled to the expense in the consolidated profit and loss account as follows:

	2022 \$000	%
Loss before tax	(74,894.7)	
Loss multiplied by the standard rate of tax in the UK of 19.0%	(14,230.0)	19.0
Effects of:		
Effect of tax rate change	5,629.6	(7.5)
Prior period adjustment	1,131.9	(1.5)
Expenses not deductible for tax purposes	12,831.3	(17.2)
Tax charge for the period	<u>5,362.8</u>	<u>(7.2)</u>

Tax rate changes

An increase in the mainstream rate of UK corporation tax from 19.0% to 25.0%, effective 1 April 2023, was enacted in 2021. As a result, the Group's UK deferred tax assets and liabilities have been valued using a 25.0% future tax rate, resulting in a \$131,400 expense to the income statement. The annual UK corporation tax rate for the period ended 31 December 2022 remained at 19.0%.

Deferred tax

	Deferred Tax Asset \$000	Deferred Tax Liability \$000	Total \$000
As at 14 June 2022	-	-	-
Charge in the period	164.3	351.6	515.9
Acquired	1,300.2	(16,710.0)	15,409.8
Arising on financial instruments reported in costs of hedging reserve	406.2	-	406.2
Exchange differences	(164.3)	150.1	(14.3)
As at 31 December 2022	<u>1,706.3</u>	<u>(16,208.3)</u>	<u>(14,502.0)</u>

The recognition of the deferred tax assets set out above requires management to use judgements in determining the likely timing and level of future suitable taxable profits. The Group assesses its liabilities and contingencies for all tax periods open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst the Group believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

Notes to the consolidated financial statements (continued)

10 Intangible assets

Group	Goodwill \$000	Brands \$000	Backlog \$000	Software development costs and licenses \$000	Total \$000
Cost					
At 14 June 2022	-	-	-	-	-
Acquired	1,159,887.6	61,200.8	6,200.0	3,251.0	1,230,539.4
Additions	-	19.3	-	1,111.0	1,130.3
Disposals	-	-	-	(259.5)	(259.5)
Foreign exchange translation adjustment	1,635.8	138.4	-	49.6	1,823.8
At 31 December 2022	1,161,523.4	61,358.5	6,200.0	4,152.1	1,233,234.0
Amortisation					
At 14 June 2022	-	-	-	-	-
Charge for the period	48,880.4	3,099.8	4,325.0	464.4	56,769.6
Disposals	-	-	-	(259.5)	(259.5)
Foreign exchange translation adjustment	-	68.3	-	37.8	106.1
At 31 December 2022	48,880.4	3,168.1	4,325.0	242.7	56,616.2
Net book value					
At 14 June 2022	-	-	-	-	-
At 31 December 2022	1,112,643.0	58,190.4	1,875.0	3,909.4	1,176,617.8

Goodwill

On 13 July 2022, the Group acquired 100% interest of Amulet-Peloton Holdings Inc, Peloton Echelon Holdings II LLC and all their subsidiaries for a total consideration of \$887.9 million.

On 6 September 2022, the Group acquired 100% interest of NM-CMG Holdings LLC and all subsidiaries for a total consideration of \$215.7 million.

Management have estimated the useful life of the goodwill to be 10 years.

Goodwill acquired in a business combination is allocated at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised.

The following tables summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Notes to the consolidated financial statements (continued)**10 Intangible assets (continued)****Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries**

Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Book values \$000	Adjustments \$000	Provisional fair values \$000
Intangible assets	202,102.3	(136,850.5)	65,251.8
Property, plant and equipment	3,350.3	-	3,350.3
Cash and cash equivalents	20,379.0	-	20,379.0
Work in progress	2,747.2	-	2,747.2
Trade and other receivables	74,755.3	-	74,755.3
Trade and other payables	(181,097.2)	2,329.1	(178,768.1)
Corporation tax recoverable	1,050.8	-	1,050.8
Provisions	(10,200.6)	-	(10,200.6)
Deferred tax assets/(liabilities)	(997.3)	(13,780.4)	(14,777.7)
Total identifiable net assets	112,089.8	(148,301.8)	(36,212.0)
Goodwill			924,080.9
Total consideration at 13 July 2022			<u>887,868.9</u>

The adjustments arising on acquisition were in respect of a fair value adjustments of intangible assets, deferred revenue and the deferred tax effect of these adjustments. The book value of intangible assets includes acquired goodwill of \$193.6 million and the provision of \$65.3 million only includes separately identifiable assets being brand, backlog, deferred revenue and the deferred tax effect of these adjustments.

A liability of \$7.0 million was incurred relating to deferred consideration on the sale of Peloton Echelon Holdings II LLC and has been included in the book value of liabilities assumed.

The total consideration of the acquisition was financed by capital contributions and the assumption of bank debt, which included directly attributable costs of \$19.5 million. Deferred consideration of \$4.5 million is due in March 2023 and \$2.5 million is due on in March 2024.

The turnover from Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries included in the consolidated income statement for the period ended 31 December 2022 was \$241.3 million. Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries also contributed loss of \$26.0 million over the same period.

Notes to the consolidated financial statements (continued)**10 Intangible assets (continued)****NM-CMG Holdings, LLC and Subsidiaries**

Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Book values \$000	Adjustments \$000	Provisional fair values \$000
Intangible assets	60,370.0	(54,970.0)	5,400.0
Property, plant and equipment	186.5	-	186.5
Cash and cash equivalents	1,907.1	-	1,907.1
Trade and other receivables	17,722.7	-	17,722.7
Trade and other payables	(45,692.5)	1,048.8	(44,643.7)
Provisions	(43.4)	-	(43.4)
Deferred tax assets/(liabilities)	455.7	(1,087.8)	(632.1)
Total identifiable net assets	34,906.1	(55,009.0)	(20,102.9)
Goodwill			235,806.7
Total consideration at 5 September 2022			<u>215,703.8</u>

The adjustments arising on acquisition were in respect of a fair value adjustments of intangible assets, deferred revenue and the deferred tax effect of these adjustments. The book value of intangible assets includes acquired goodwill of \$54.2 million and the provision of \$5.4 million only includes separately identifiable assets being brand, backlog, software developments assets, deferred revenue and the deferred tax effect of these adjustments.

The total consideration of the acquisition was financed by capital contributions and the assumption of bank debt, which included directly attributable costs of \$7.5 million.

The turnover from the NM-CMG Holdings, LLC and its subsidiaries included in the consolidated income statement for the period ended 31 December 2022 was \$26.5 million. NM-CMG Holdings, LLC and its subsidiaries also contributed profit of \$1.6 million over the same period.

Brands

The useful life of the Open Health Group Brand is based on the historical use of the brand, its reputation within the market and the expectations in relation to future performance of the brand going forward.

During 2022, the Group acquired the brands of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries and NM-CMG Holdings, LLC and Subsidiaries. The useful life of these brands has been estimated by an external valuation Company to be between 1 year and 10 years. On 25 April 2023, the brands acquired with NM-CMG Holdings, LLC were rebranded and now know as OPEN Health.

Additions during 2022 consist of costs associated with obtaining Trade Marks.

Backlog

Backlog represents revenue that has been contracted with its clients, but not yet recognised because the underlying services had not yet been rendered as of the Valuation Date. During 2022, the Group acquired the backlog of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries and NM-CMG Holdings, LLC and Subsidiaries. The useful life of the Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries backlog has been estimated by an external valuation Company to be 5 months. The useful life of the NM-CMG Holdings, LLC and Subsidiaries backlogs has been estimated to be 16 months.

Software development costs

Software development costs comprises work performed on development of software applications for clients whilst ownership of these software applications remains with the Group. The useful life of software development is based on management's estimate of the length of time before the software will become obsolete due to technological advances and therefore require updating.

Notes to the consolidated financial statements (continued)**10 Intangible assets (continued)**

The individual intangible assets, excluding goodwill, which are material to the financial statements, are:

	2022	2022
	\$000	Remaining amortisation period (years)
Brand valuations	58,190.4	1-10
Backlog	1,875.0	1
Software development costs	3,909.4	3-5
	<u>63,974.8</u>	

Company

The Company had no intangible assets at 31 December 2022.

11 Tangible assets

	Leasehold property	Fixtures and fittings	Computer equipment	Total
	\$000	\$000	\$000	\$000
Cost				
At 14 June 2022	-	-	-	-
Acquired	1,430.5	248.3	1,858.1	3,536.9
Additions	3.3	1.1	846.9	851.3
Disposals	-	-	(91.6)	(91.6)
Foreign exchange translation adjustment	26.2	2.1	68.5	98.8
As at 31 December 2022	<u>1,460.0</u>	<u>251.5</u>	<u>2,681.9</u>	<u>4,393.4</u>
Depreciation				
At 14 June 2022	-	-	-	-
Charge for the period	250.5	45.5	134.5	430.5
Disposals	-	-	(87.2)	(87.2)
Foreign exchange translation adjustment	16.7	1.8	34.8	53.3
As at 31 December 2022	<u>267.2</u>	<u>47.3</u>	<u>82.1</u>	<u>396.6</u>
Net book value				
At 31 December 2022	<u>1,192.8</u>	<u>204.2</u>	<u>2,599.8</u>	<u>3,996.8</u>
At 14 June 2022	-	-	-	-

As at 31 December 2022, the Group did not enter into any contractual commitments.

Company

The Company had no tangible assets at 31 December 2022.

Notes to the consolidated financial statements (continued)

12 Subsidiaries

The Group parent Company, Engage PIKCo Limited, is incorporated in the UK and has a number of wholly owned subsidiaries. Details of the Company's principal undertakings at 31 December 2022, which are all registered and operating in Great Britain, unless indicated otherwise, are set out below. Shares held by an intermediate holding Company are indicated with an asterisk (*):

Subsidiary undertaking	Company Number	Interest
Engage Midco Limited	14173807	100%
Engage Debtco S.a.r.l. ⁹		100%*
Engage Debtco Limited	14177197	100%*
Engage Bidco Limited	14134266	100%*
OH-Peloton Holdings Inc. (formerly Amulet-Peloton Holdings Inc.) ¹⁰	6723982	100%*
OH CorpSub Inc. ¹⁰	6877260	100%*
NM-CMG Blocker, Inc	7460025	100%*
Monroe Capital CM Blocker, LLC	6176767	100%*
SBOF IV NM-CMG Blocker, LLC	6195623	100%*
SBOF IV (F) NM-CMG Blocker, LLC	6195585	100%*
SBOF IV (EU) NM-CMG Blocker, LLC	6195492	100%*
Siguler Guff NM-CMG Blocker, LLC	7124796	100%*
OH-CMG Holdings, LLC ¹⁰	7433848	100%*
NM-CMG Intermediate Holdings, LLC	6161292	100%*
The CM Group, LLC	6161030	100%*
NM-Scientific Commercialization, Inc	7522089	100%*
Scientific Commercialization LLC	6183529	100%*
Decile.Ten, LLC	6282947	100%*
Index Medical Communications, LLC	6282494	100%*
Peloton Echelon Holdings II LLC ¹⁰	6728525	100%*
Open Health Group Holdings LLC ¹⁰	6728538	100%*
Peloton Echelon LLC ¹⁰	6728540	100%*
Pharmerit International LP ¹⁰		100%*
Pharmerit GP LLC ¹⁰		100%*
Pharmerit Co-op Holding Company LLC ¹⁰		100%*
Pharmerit India Private Limited ¹¹		100%*
Pharmerit Cooperatief UA ⁸		100%*
Pharmerit Ltd ^{1,7}	06184878	100%*
Pharmerit GmbH ¹²		100%*
Pharmerit Asia Pacific LLC ¹⁰		100%*
Pharmerit Medical and Pharmaceutical Consulting (Shanghai) Co Ltd ¹³		100%*
Peloton Advantage LLC ¹⁰	0600229329	100%*
Echelon Brand Communications LLC ¹⁰	0600411224	100%*
OH PE US Holdco Inc. ¹⁰	7168301	100%*
Open Health Inc. ¹⁰	5936456	100%*
Choice Healthcare Solutions US Inc. ¹⁰	4679116	100%*
OH PE Holdings Limited ¹	11677880	100%*
14 Curzon Street 1 Limited ^{1,4}	07467580	100%*
14 Curzon Street 2 Limited ^{1,4}	10113647	100%*
Open Health Communications LLP ^{1,4}	OC360224	100%*
OHC London Holdings Limited ^{1,4}	07568978	100%*
Open Health Canada Corporation ¹³	1000265038	100%*
Ark Comms.Agency Limited	12106640	100%*
Ark.Agency Limited	11315455	100%*
Spirit Medical Communications Group Limited ^{1,5}	05581186	100%*
Choice Healthcare Solutions Limited ^{1,4}	04072985	100%*
Succinct Communications Limited ^{1,4}	03849470	100%*
Succinct Communications Limited (Ireland Branch) ⁷	909814	100%*
Liberum Independent Medical Education Limited ^{1,4}	10276499	100%*
Liberum IME B.V. ⁷		100%*
Open Health Advertising Limited (formerly Reynolds MacKenzie Limited) ^{1,4}	05249856	100%*

Notes to the consolidated financial statements (continued)

12 Subsidiaries (continued)

Open Health Patient Engagement Limited (formerly Earth Works Digital Limited) ⁴	07916761	100%*
Harvey Walsh Limited ⁴	04575510	100%*
PH Associates Limited ⁴	03832368	100%*
Open VIE Limited ⁴	11854835	100%*
LEC Communications Limited ^{1, 4}	03140767	100%*
Open LEC Limited ^{1, 4}	02779179	100%*
OHC US Holdings Limited ^{1, 4}	09910114	100%*
OH Investors Limited ^{1, 4}	10856731	100%*
Open VP Holdings Limited ^{1, 4}	07913835	100%*
Accretio Limited ^{1, 4}	09280023	100%*

¹ This Company has taken advantage of the S479a exemption from audit.

² Engage PIKCo Limited gives a statutory guarantee, under S479c of all the outstanding liabilities to which the subsidiary Company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full.

³ Registered and operating in the Republic of Ireland. An application to strike-off Open Heath Communications (Ireland) Limited was made on 11 December 2020 and was completely struck-off from the register of companies on 11 March 2021.

⁴ The registered address for the subsidiaries listed above and registered in the UK is c/o Corporation Service Company (UK) Limited, 5 Churchill Place, 10th Floor, London, E14 5HU, United Kingdom.

⁵ The registered address for the subsidiary listed above and registered in the UK is Kingston House Towers Business Park, Wilmslow Road, Didsbury, Manchester, M20 2LX, United Kingdom.

⁶ The registered address for the subsidiaries listed above and registered in the UK is Wellington House, 273-275 High Street, London Colney, St Albans, Hertfordshire, AL2 1HA, United Kingdom.

⁷ The registered address for the subsidiary listed above is First Floor, Penrose 1, Penrose Dock, T23 Kw81, Ireland.

⁸ Incorporated in the Netherlands.

⁹ Incorporated in Luxembourg.

¹⁰ Incorporated in USA.

¹¹ Incorporated in India.

¹² Incorporated in Germany.

¹³ Incorporated in China.

¹⁴ Incorporated in Canada.

* Held directly by Subsidiary undertaking of Engage PIKCo Limited, the percentage is the actual holdings, not the effective holdings.

Company	2022 \$000
Investments in subsidiary undertakings at Cost	
At 14 June	-
Additions	850,384.9
At 31 December	<u>850,384.9</u>

During the period 6 ordinary shares with a nominal value of £1 each and 6 preference shares with a nominal value of £0.01 were issued by Engage MidCo Limited for a premium of \$850,384,886. The subscription price paid was \$850,384,893. The purpose of the investment was for the purchase of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries and NM-CMG Holdings, LLC and Subsidiaries.

Notes to the consolidated financial statements (continued)**13 Work in progress**

Group	2022 \$000
Work in progress	<u>1,249.1</u>

Work in progress ("WIP") is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the period end and directly attributable overhead costs.

Company

The Company had no Work in progress at 31 December 2022.

14 Trade and other receivables

	Group 2022 \$000	Company 2022 \$000
Trade receivables	68,398.1	-
Amounts owned by parent undertaking	1,010.6	26,656.2
Other receivables	639.3	-
Prepayments	6,076.3	1.8
Accrued income	<u>25,387.4</u>	<u>-</u>
	<u>101,511.7</u>	<u>26,658.0</u>

Amounts owed by the company to other Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. The amounts due from Group undertakings include intercompany current accounts and intercompany loan balances, some of which are subject to interest. Interest is charged at SONIA plus 0.5% margin for USD intercompany loans. Interest is charged at SOFR plus 0.5% margin for GBP intercompany loans.

15 Cash and cash equivalents

Group	2022 \$000
Cash at bank and in hand	<u>30,323.8</u>

Cash and cash equivalents includes 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. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Company

The Company has no cash and cash equivalents at 31 December 2022.

Notes to the consolidated financial statements (continued)**16 Trade and other payables**

	Group 2022 \$000	Company 2022 \$000
Trade payables	6,378.9	-
Other taxes and social security	2,993.8	-
Amounts owed to Group undertakings	-	140.8
Other payables	614.0	-
Accruals	26,128.1	82.4
Deferred income	37,031.0	-
	<u>73,145.8</u>	<u>223.2</u>

Amounts owed by the company to other Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. The amounts due to Group undertakings include intercompany current accounts and intercompany loan balances, some of which are subject to interest. Interest is charged at SONIA plus 0.5% margin for USD intercompany loans. Interest is charged at SOFR plus 0.5% margin for GBP intercompany loans.

17 Post-employment benefits**Group**

The Group provides a defined contribution schemes for its employees in the United Kingdom. The assets of the scheme are held separately from those of the Group and the scheme is independently administered.

The amount recognised as an expense for the defined contribution scheme was:

	2022 \$000
Current period contributions	<u>2,500.8</u>

Company

The Company did not make any pension contributions.

18 Loans and other borrowings

		Group 2022 \$000	Company 2022 \$000
Amount due within one year			
Revolving credit facility ¹	13 July 2027	<u>6,000.0</u>	<u>-</u>
Amounts due in more than one year			
PIK GBP Term Loan	SONIA plus 9.5% 13 July 2030	73,358.4	73,358.4
PIK GBP Term Loan	SONIA plus 9.5% 13 July 2030	25,938.7	25,938.7
Delayed Draw Term Loan (DDTL)	SOFR plus 5.9% 13 July 2029	63,732.9	-
Term Loan	SOFR plus 5.9% 13 July 2029	193,271.7	-
Term Loan	SONIA plus 6.25% 13 July 2029	103,923.5	-
Delayed Draw Term Loan (DDTL)	SONIA plus 6.25% 13 July 2029	35,936.0	-
		<u>496,161.2</u>	<u>99,297.1</u>
		<u>502,161.2</u>	<u>99,297.1</u>

1. The revolving credit facility enables the Group to withdraw money, use it to fund the business and repay it again when it is not needed. The \$6.0 million was repaid in 2023. The facility is available until 2027.

Notes to the consolidated financial statements (continued)**19 Provision for other liabilities**

Group	Deferred consideration \$000	Dilapidations \$000	Other \$000	Total \$000
At 14 June 2022	-	-	-	-
Acquired	7,661.4	439.3	2,143.3	10,244.0
Additional provisions during the period	-	-	5,769.8	5,769.8
Utilised during the period	(690.2)	-	(1,190.9)	(1,881.1)
Foreign exchange adjustment	23.5	2.5	(7.9)	18.1
At 31 December 2022	<u>6,994.7</u>	<u>441.8</u>	<u>6,714.3</u>	<u>14,150.8</u>
Included in current liabilities				8,387.6
Included in non-current liabilities				5,763.2
				<u>14,150.8</u>

Deferred consideration

Deferred consideration acquired of \$666,700 (£558,200) related to the acquisition of Spirit Medical Communications Limited in July 2021 by OHC London Holdings Limited. This was settled in October 2022.

Deferred consideration of \$6,994,700 related to the acquisition of Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all Subsidiaries. \$4,531,000 was settled in March 2023 and \$2,463,700 is due to be settled in March 2024.

Dilapidations

Provisions for dilapidations represents amounts set aside in respect of property leases based on management's best estimate. It is expected that this liability could become payable over the next twelve months should an agreement be reached with the landlord.

Other

The other provisions include an amount of \$515,000 for restructuring costs, \$1,317,600 relating to retention bonuses and \$4,881,800 relating to vacant space. The exact amount and timing of cash outflows are between January 2023 and November 2027.

Company

The Company did not have provisions for other liabilities at 31 December 2022.

Notes to the consolidated financial statements (continued)**20 Financial instruments**

The Group and Company has the following financial instruments:

	Note	Group 2022 \$000	Company 2022 \$000
Financial assets			
Financial assets at fair value through profit or loss		-	-
Trade receivables	14	68,397.9	-
Amounts owed by group undertakings	14	1,010.6	26,656.2
Other receivables	14	639.3	-
		<u>70,047.8</u>	<u>26,656.2</u>

The Group and Company does not have any financial assets available for sale.

	Note	Group 2022 \$000	Company 2022 \$000
Financial liabilities			
Financial liabilities at fair value through profit or loss	16	-	-
Loans	18	502,161.2	99,297.1
Trade payables	16	6,378.9	-
Amounts owed by group undertakings	16	-	140.8
Other payables	16	3,607.8	-
Accruals	16	26,128.1	82.4
Provisions	19	14,150.8	-
Derivative financial liabilities at fair value through profit or loss	21	1,580.3	-
		<u>554,007.1</u>	<u>99,520.3</u>

Derivative financial instruments – Interest rate swaps

In October 2022, the Group entered into 3 interest rate swaps to reduce volatility in interest expense resulting from the interest payments on borrowings.

1. Engage DebtCo Limited entered into an interest rate swap to receive interest at a floating rate of 3-month GBP SONIA and pay interest at a fixed rate of 5.25%. The swap was based on a notional amount of £60.0 million and matures in October 2024.

2. Engage DebtCo Limited entered into an interest rate swap to receive interest at a floating rate of 3-month USD SOFR CME Term and pay interest at a fixed rate of 4.75%. The swap was based on a notional amount of \$132.0 million and matures in October 2024.

3. Engage DebtCo Limited entered into an interest rate swap to receive interest at a floating rate of 3-month GBP SONIA and pay interest at a fixed rate of 4.60%. The swap was based on a notional amount of £30.0 million and matures in October 2024.

Notes to the consolidated financial statements (continued)**20 Financial instruments (continued)**

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	2022 \$000
Non-current liabilities	
Interest rate swaps – cash flow hedges	(1,185.2)
Total non-current derivative financial instrument liabilities	<u>(1,185.2)</u>

21 Share capital and other reserves

Ordinary shares of £1 each Allotted and fully paid	Number	\$000
As at 14 June 2022	-	-
Share capital issued during the period	<u>5</u>	<u>-</u>
As at 31 December 2022	<u>5</u>	<u>-</u>
 Preference shares of £0.01 each Allotted and fully paid	 Number	 \$000
As at 14 June 2022	-	-
Share capital issued during the period	<u>6</u>	<u>-</u>
As at 31 December 2022	<u>6</u>	<u>-</u>

The Company was incorporated on 14 June 2022 and issued share capital of 1 share with a nominal value of £1.

On 13 July 2022 1 ordinary share with a nominal value of £1 was issued to Engage Luxco S.á.r.l. for a premium of \$642,954,954. The subscription price paid was \$642,954,955. Also on 13 July 2022, 1 ordinary share with a nominal value of £1 was issued to Engage Luxco S.á.r.l. for a premium of £934,185. The subscription price paid was £934,186.

On 13 July 2022 6 preference shares with a nominal value of £0.01 were issued to Engage Luxco S.á.r.l. for a premium of £5,672,444. The subscription price paid was £5,672,444.

On 6 September 2022, 2 ordinary shares with a nominal value of £1 were issued to Engage Luxco S.á.r.l. for a premium of \$131,132,392. The subscription price paid was \$131,132,394.

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

There is a single class of preference shares. There are no restrictions on the distribution of capital and the repayment of capital.

Share premium balance increased by \$781,937,342 and the balance as at 31 December 2022 was \$781,937,342.

Hedging reserve

	\$000
At 14 June 2022	-
Cash flow hedges – mark to market losses	(1,580.3)
Deferred tax expense on financial instruments (see note 9)	<u>395.1</u>
At 31 December 2022	<u>(1,185.2)</u>

The hedging reserve is used to record transactions arising from the Group's cash flow hedging arrangement.

Notes to the consolidated financial statements (continued)

22 Notes to the cash flow statement

	Note	2022 \$000
Loss for the financial period		(80,257.5)
Adjustments for:		
Tax on loss	9	5,362.8
Net interest expense	8	22,121.9
Operating loss		(52,772.8)
Amortisation of intangible assets	10	56,769.6
Depreciation of tangible assets	11	430.5
Loss on write off of tangible assets		4.4
Increase in provisions		(2,481.2)
Working capital movements:		
Decrease in work in progress		1,558.0
Increase in receivables		(7,818.9)
Increase in payables		19,186.2
Cash flow from operating activities		<u>14,875.8</u>

Analysis of changes in net debt

	At 14 June 2022	Acquired	Cash flows	Non-cash changes	At 31 December 2022
	\$000	\$000	\$000	\$000	\$000
Cash at bank and in hand	-	22,286.1	7,916.1	121.6	30,323.8
Bank loans	-	(499,722.7)	(6,000.0)	3,561.5	(502,161.2)
Total	-	(477,436.6)	1,916.1	3,683.1	(471,837.4)

Non-cash movement represent foreign exchange translation adjustments, the amortisation of new bank loan issue costs and debt assumed to acquire Amulet-Peloton Holdings, Inc., Peloton Echelon Holdings II LLC and all subsidiaries and NM-CMG Holdings, LLC and all Subsidiaries.

Notes to the consolidated financial statements (continued)**23 Operating lease arrangements****Group**

Land and buildings
2022
\$000

Operating leases payments recognised as an expense in the period	<u>1,414.3</u>
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At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and buildings
2022
\$000

– within one year	3,884.5
– in the second to fifth years inclusive	11,249.9
– after five years	<u>1,970.4</u>
	<u>17,104.8</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 3 years.

Company

The Company does not have any operating leases at 31 December 2022.

24 Contingent liabilities

There are no contingent liabilities as at 31 December 2022.

The Group operates under banking facilities whereby Engage PIKCo Limited and Engage DebtCo Limited, a wholly owned subsidiary of Engage PIKCo Limited, are UK borrowers. The Group benefits from revolver loan facilities of \$32.0 million which is available until 13 July 2027 and committed facilities of £119.5 million and \$131.6 million which mature in July 2029. Engage PIKCo Limited benefits from a PIK facility of £80.7 million. Engage DebtCo S.à.r.l., is a Luxembourg borrower and it benefits from committed facilities of \$131.6 million until July 2029. All facilities are subject to banking covenants. The Groups parent company as well as other entities in the Group have given secured unlimited cross-guarantee in favour of its bankers. Cash flow movements are monitored to ensure that sufficient financial resources are available

Notes to the consolidated financial statements (continued)

25 Related party transactions

Balance and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Engage PIKCo Limited Group.

On 13 July 2022, the Group acquired Amulet-Peloton Holdings Inc., Peloton Echelon Holdings II LLC and its subsidiaries.

Engage Luxco S.à.r.l. is the Group's immediate parent undertaking.

Services provided to related parties were made at the Company's usual list price, less average discounts. Purchases were made at market price discounted to reflect the quantity of services purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

Remuneration of key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities for the group. The total compensation paid to key management personnel for services provided to the group for the period to 31 December 2022 was \$2.4 million.

26 Ultimate parent Company and controlling party

The Group's immediate parent undertaking and its immediate controlling party is Engage Luxco S.à.r.l., incorporated in Luxembourg.

The ultimate parent Company is A8 Invest 3 TF S.à.r.l. incorporated in Luxembourg.

The Group for which the Group financial statements are prepared and of which the Group is a member is Engage Luxco S.à.r.l., incorporated in Luxembourg, with its registered office being at 412 Route D'Esch, L1471, Grand Duchy of Luxembourg, Luxembourg.

27 Events after the reporting period

On 31 January 2023, the Group acquired Acsel Health a life science consultancy for a base consideration of \$145.0 million.

On 12 April 2023, Liberum Independent Medical Education Limited was sold to one of the directors of Liberum Independent Medical Education Limited for a consideration of \$287,320 (£150,000).

As of 17 May 2023, no other material structural changes or business events have occurred that might change any of the disclosures contained in the 2022 financial statements.