

Company registration number 03618979 (England and Wales)

LONE STAR EUROPE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

LONE STAR EUROPE ACQUISITIONS LIMITED

COMPANY INFORMATION

Directors	D Quintin J Gunn N H Beevers	(Appointed 29 November 2022)
Secretary	J Gunn	
Company number	03618979	
Registered office	12 Queen Anne Street London W1G 9LF	
Auditor	Gravita ABG LLP 30 City Road London EC1Y 2AB	

LONE STAR EUROPE ACQUISITIONS LIMITED

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LONE STAR EUROPE ACQUISITIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The group made a profit after tax of £8,828,077 (2021: £7,667,945) during the year ended 31st December 2022 and at that date had net assets of £57,864,158 (2021: £48,824,825) and liabilities of £6,395,287 (2021: £4,903,883).

The reason for the increase in profit is that the group closed more deals when compared to 2021. This is due in the main to timing differences on deal transactions and in what period they close. The results for the year end and the financial position of the group are considered satisfactory by the directors.

Principal risks and uncertainties

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the group's operations.

Due to the nature of the instruments used by the group there is no exposure to price risk. However success fees are dependent on the value of the Lone Star Funds.

The group's approach to managing the other risks applicable to the other financial instruments concerned is shown below:

Liquidity risk is monitored on an ongoing basis and positive cash reserves were held at the year end.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the funds due.

Note on COVID-19 Pandemic

Due to COVID-19 pandemic the year of 2022 has seen an impact to both private equity markets, asset pricing and the day to day operational working of the business. With regards to private equity markets, there has been a noticeable sharp increase in volatility, the Company is actively monitoring and continues to manage assets within the investment and risk parameters that have been established at the Fund level.

With regards to day to day operations, the Company and many of its key service providers have evoked business continuity procedures, including a high proportion of remote working, which from beginning of 2022 has eased considerable, to ensure the safety of staff and to enable the business to operate with minimal impact. The financial impact of the outbreak to the date of signing these accounts, has no material affect on business operations, apart from the adoption of differing working practices to ensure the business continues to operate at acceptable operating level. It follows, given the nature of this business, management have a positive outlook for future transactions.

LONE STAR EUROPE ACQUISITIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Directors note on Brexit:

During the year, the company had a working party of internal and external advisors maintain a corporate oversight on the impact of Brexit negotiations on the business. At the date of signing of these accounts the company has had no material effect in the post-Brexit environment and has adapted operations to maintain service standards such as alignment to new visa and customs regulations as appropriate.

Brexit business risks that the Market had identified included the following factors to be potential risks that may affect the business in a post Brexit environment:

- Macro-economic uncertainty or downturn in the UK economy
- Global political uncertainty
- Exchange rate volatility and the devaluation of sterling
- The availability of markets and market access rights
- Impact on strategy and operations
- Increases in import and labour costs
- The retention of skilled labour and recruitment concerns

The business currently maintains a UK (FCA) regulatory licence to provide regulated financial services in the UK. For European exposures it is able to comply by using approved routes and by applying for appropriate licences in other European jurisdictions.

Regulated Services

In summary, the affected regulated services for business relate to the activities of marketing and fundraising.

Advisory and origination services undertaken by Lone Star's European personnel are provided to other group entities and are therefore not provided to an EU-27 entity. Measures have been prepared to ensure that the group maintains a position that Lone Star's European entities do not contract with third parties for any investment purposes.

Promoting the success of the company

The Board of Directors of the Company recognizes its responsibility to maintain high standards of business conduction and to recognize the impact on all stakeholders when making business decisions including the long-term impact of these decisions. The Board meets as appropriate, to consider key business decisions.

The Board's analysis of how it has exercised its duty to promote the long-term success of the company is set out below.

Consequences of decision making in the longterm

- When making key business decisions, the Board consider the longer-term impact of these decisions on all stakeholders.
- Key business decisions normally include all factors where long-term financial impacts are considered.
- Consideration of longer-term business risks are addressed on regular deep dive meetings held quarterly and risk reports across the business interests.

Interests of the companies employees

- The Directors have regular engagement through town hall type engagement and use this to address employee interests.
- The Company have in place a full suite of employment tools to safeguard the interests of all employees. Additionally, the Company have a regular suite of training programmes to ensure all employees have the skills required to perform their duties and develop their careers.
- Policies, procedures and risks surrounding the interests of the company's employees are published for all on the Company Intranet.

LONE STAR EUROPE ACQUISITIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business relationships with suppliers, customers and others

- The Directors have regular liaison with client and service providers. This includes actively responding to positive and negative feedback.
- The Directors ensure that actions are developed to address feedback from client. The Company facilitates regular payment runs to maximise the number of supplier invoices that are paid on time.
- Risks surrounding client and service providers are pro-actively addressed by the Business Continuity Team.

Impact on the community and the environment

- Every year, our staff are encouraged to fundraise for charity. By example, FY22, the main nominated charity was Help For Children and staff helped to raise £32,000 for the charity by supporting and participation in events.
- When considering projects, the Directors include an assessment of the impact on the environment and how this could be reduced.

Maintaining a reputation for high standards of business conduct

- The Principal Risks and Uncertainties cover several areas which could be potentially damaging to reputation.
- The Directors sponsor a culture of compliance and ensure there are policies, procures and training in all key areas of compliance.
- The health and safety of staff, clients, service providers and the community is of importance for the Directors. The Directors employ teams who are responsible for implementing policies, training, risk assessments and a suite of checks.

Acting fairly between

- The Directors ensure compliance with the Shareholders' Agreement.

On behalf of the board

J Gunn
Director

26 April 2023

LONE STAR EUROPE ACQUISITIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the group continued to be that of seeking investment opportunities and providing advisory services to its parent company.

Results and dividends

The results for the year are set out on page 10.

The directors do not recommend payment of a dividend (2021: £Nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Quintin

J Gunn

N H Beevers

(Appointed 29 November 2022)

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

LONE STAR EUROPE ACQUISITIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

J Gunn
Director

26 April 2023

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

Opinion

We have audited the financial statements of Lone Star Europe Acquisitions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 or the parent 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including, but not limited to, the Companies Act 2006, FCA legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- understanding the business model as part of the control and business environment;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations and;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Through these procedures, we did not identify any material actual or suspected incidents of fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence and enquiring with the company of actual and potential non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment by for example forgery, or intentional misrepresentation or through collusion. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

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.

Ian Hughes ACA (Senior Statutory Auditor)
For and on behalf of Gravita ABG LLP

26 April 2023

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	30,293,345	27,492,946
Cost of sales		(1,192,659)	(834,464)
Gross profit		29,100,686	26,658,482
Administrative expenses		(18,430,912)	(17,216,308)
Other operating income	3	291,801	-
Operating profit	4	10,961,575	9,442,174
Interest receivable and similar income		7,435	1,980
Interest payable and similar expenses		(113)	-
Profit before taxation		10,968,897	9,444,154
Tax on profit	8	(2,140,820)	(1,776,209)
Profit for the financial year		8,828,077	7,667,945
Other comprehensive income			
Currency translation differences		211,256	(239,654)
Total comprehensive income for the year		9,039,333	7,428,291

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	9		899,460		250,154
Current assets					
Debtors	12	57,126,830		50,699,451	
Cash at bank and in hand		6,233,155		2,779,103	
		<u>63,359,985</u>		<u>53,478,554</u>	
Creditors: amounts falling due within one year	13	<u>(6,395,287)</u>		<u>(4,903,883)</u>	
Net current assets			<u>56,964,698</u>		<u>48,574,671</u>
Total assets less current liabilities			<u>57,864,158</u>		<u>48,824,825</u>
Capital and reserves					
Called up share capital	15		35,002		35,002
Other reserves	16		(48,603)		(48,603)
Profit and loss reserves	16		<u>57,877,759</u>		<u>48,838,426</u>
Total equity			<u>57,864,158</u>		<u>48,824,825</u>

The financial statements were approved by the board of directors and authorised for issue on 26 April 2023 and are signed on its behalf by:

J Gunn
Director

LONE STAR EUROPE ACQUISITIONS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		881,850		217,513
Investments	10		146,909		138,454
			<u>1,028,759</u>		<u>355,967</u>
Current assets					
Debtors	12	52,435,181		47,208,892	
Cash at bank and in hand		5,150,900		1,713,174	
		<u>57,586,081</u>		<u>48,922,066</u>	
Creditors: amounts falling due within one year	13	(5,428,694)		(4,035,555)	
Net current assets			<u>52,157,387</u>		<u>44,886,511</u>
Total assets less current liabilities			<u><u>53,186,146</u></u>		<u><u>45,242,478</u></u>
Capital and reserves					
Called up share capital	15		35,002		35,002
Profit and loss reserves	16		53,151,144		45,207,476
Total equity			<u><u>53,186,146</u></u>		<u><u>45,242,478</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £7,943,668 (2021 - £7,542,053 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 April 2023 and are signed on its behalf by:

J Gunn
Director

Company Registration No. 03618979

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	35,002	(48,603)	41,410,135	41,396,534
Year ended 31 December 2021:				
Profit for the year	-	-	7,667,945	7,667,945
Other comprehensive income:				
Currency translation differences	-	-	(239,654)	(239,654)
Total comprehensive income for the year	-	-	7,428,291	7,428,291
Balance at 31 December 2021	35,002	(48,603)	48,838,426	48,824,825
Year ended 31 December 2022:				
Profit for the year	-	-	8,828,077	8,828,077
Other comprehensive income:				
Currency translation differences	-	-	211,256	211,256
Total comprehensive income for the year	-	-	9,039,333	9,039,333
Balance at 31 December 2022	35,002	(48,603)	57,877,759	57,864,158

LONE STAR EUROPE ACQUISITIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	35,002	37,665,423	37,700,425
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	7,542,053	7,542,053
Balance at 31 December 2021	35,002	45,207,476	45,242,478
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	7,943,668	7,943,668
Balance at 31 December 2022	35,002	53,151,144	53,186,146

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	22	6,124,858		1,532,765	
Interest paid		(113)		-	
Income taxes paid		(1,747,016)		(2,042,691)	
Net cash inflow/(outflow) from operating activities		<u>4,377,729</u>		<u>(509,926)</u>	
Investing activities					
Purchase of tangible fixed assets		(746,542)		(4,770)	
Proceeds from disposal of tangible fixed assets		3,794		8,088	
Repayment of loans		(399,620)		(26,798)	
Interest received		<u>7,435</u>		<u>1,980</u>	
Net cash used in investing activities		<u>(1,134,933)</u>		<u>(21,500)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>3,242,796</u>		<u>(531,426)</u>	
Cash and cash equivalents at beginning of year		2,779,103		3,550,183	
Effect of foreign exchange rates		<u>211,256</u>		<u>(239,654)</u>	
Cash and cash equivalents at end of year		<u><u>6,233,155</u></u>		<u><u>2,779,103</u></u>	

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Lone Star Europe Acquisitions Limited is a private limited company domiciled and incorporated in England and Wales. The registered office and principal place of business is 12 Queen Anne Street, London, W1G 9LF.

The Group consists of Lone Star Europe Acquisitions Limited and its subsidiaries as detailed in Note 11.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Lone Star Europe Acquisitions Limited and its subsidiaries. All financial statements are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents the amounts receivable for management fees and success fees net of VAT and is recognised to the extent that it is probable that the economic benefits will flow to the group and it can be reliably measured.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10 years straight line
Fixtures, fittings & equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

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.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and comprise cash in hand.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including creditors 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Exchange differences arising on translation of subsidiary companies on consolidation, are recognised in other comprehensive income and accumulated in equity.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

There are no judgements or estimates which have had a significant effect on the amounts recognised in the financial statements.

3 Turnover and other revenue

The total turnover of the group for the year has been derived from its principal activity wholly undertaken outside the United Kingdom.

An analysis of the group's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Fee income	30,293,345	27,492,946

	2022 £	2021 £
Other revenue		
Interest income	7,435	1,980
Management recharge to other related parties	291,801	-

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(5,509,633)	(1,063,807)
Depreciation of owned tangible fixed assets	93,442	95,163
Operating lease charges	560,334	550,847

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	34,000	34,000

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration (Continued)

For other services

All other non-audit services	14,500	14,000
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6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
General staff	26	25	22	21

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	17,226,490	13,184,901	15,088,055	11,312,808
Social security costs	2,400,918	1,700,640	2,309,550	1,641,194
Pension costs	119,851	91,580	119,851	91,580
	19,747,259	14,977,121	17,517,456	13,045,582

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	3,570,705	2,821,156
Company pension contributions to defined contribution schemes	24,267	12,000
	3,594,972	2,833,156

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	2,704,915	2,507,625

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	2,140,820	1,794,543
Adjustments in respect of prior periods	-	(18,334)
Total current tax	<u>2,140,820</u>	<u>1,776,209</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>10,968,897</u>	<u>9,444,154</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,084,090	1,794,389
Tax effect of expenses that are not deductible in determining taxable profit	5,383	2,552
Adjustments in respect of prior years	-	(18,334)
Permanent capital allowances in excess/(less) of depreciation	(23,950)	4,418
Effect of overseas tax rates	<u>75,297</u>	<u>(6,816)</u>
Taxation charge	<u>2,140,820</u>	<u>1,776,209</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets

Group	Land and buildings Leasehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2022	528,073	894,327	1,422,400
Additions	609,100	137,442	746,542
Disposals	-	(8,537)	(8,537)
At 31 December 2022	1,137,173	1,023,232	2,160,405
Depreciation and impairment			
At 1 January 2022	355,133	817,113	1,172,246
Depreciation charged in the year	52,808	40,634	93,442
Eliminated in respect of disposals	-	(4,743)	(4,743)
At 31 December 2022	407,941	853,004	1,260,945
Carrying amount			
At 31 December 2022	729,232	170,228	899,460
At 31 December 2021	172,940	77,214	250,154
Company			
	Land and buildings Leasehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2022	408,759	410,666	819,425
Additions	609,100	132,407	741,507
At 31 December 2022	1,017,859	543,073	1,560,932
Depreciation and impairment			
At 1 January 2022	235,819	366,093	601,912
Depreciation charged in the year	52,808	24,362	77,170
At 31 December 2022	288,627	390,455	679,082
Carrying amount			
At 31 December 2022	729,232	152,618	881,850
At 31 December 2021	172,940	44,573	217,513

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	11	-	-	146,909	138,454

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2022	138,454
Foreign exchange movement	8,455
At 31 December 2022	146,909

Carrying amount

At 31 December 2022	146,909
At 31 December 2021	138,454

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Lone Star France Acquisitions SARL	1	Ordinary	100.00
Lone Star Germany Acquisitions GmbH	2	Ordinary	100.00
Lone Star Spain Acquisitions S.L.U.	3	Ordinary	100.00
Lone Star Netherlands Acquisitions B.V.	4	Ordinary	100.00
L Star Portugal Acquisitions SA	5	Ordinary	100.00
Lone Star Switzerland Acquisitions GmbH	6	Ordinary	100.00
Lone Star Europe Advisors Ltd	7	Ordinary	100.00

Registered Office addresses:

- 5 Rue de Castiglione - 20 rue du Mont-Thabor - 75001 Paris, France.
- Hamburger Allee 14, 60486 Frankfurt am Main, Germany.
- la Avenida de Aragon, 330, PE Las Mercedes, Edificio 5, Planta 3, Madrid, Spain.
- Strawinskylaan 615, 1077 XX Amsterdam, Netherlands.
- Av. Joao II no. 46, 4A, 1990-095, Lisboa, Portugal.
- c/o TMF Services SA, Talstresse 83, 8001 Zurich, Switzerland.
- c12 Queen Anne Street, London, W1G 9LF.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	62,358	23,026	62,358	23,026
Corporation tax recoverable	219,697	335,322	169,160	153,554
Amounts owed by group undertakings	55,370,813	49,157,887	50,827,381	45,940,834
Other debtors	1,044,191	839,161	966,275	748,125
Prepayments and accrued income	429,771	344,055	410,007	343,353
	<u>57,126,830</u>	<u>50,699,451</u>	<u>52,435,181</u>	<u>47,208,892</u>

Included within amounts owed by group undertakings are trade receivable balances that are unsecured, interest free and repayable on demand.

13 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts owed to group undertakings	-	296,347	2,145	-
Corporation tax payable	278,179	-	-	-
Other taxation and social security	5,325,808	4,216,491	4,759,924	3,716,262
Other creditors	408,176	76,728	367,319	58,900
Accruals and deferred income	383,124	314,317	299,306	260,393
	<u>6,395,287</u>	<u>4,903,883</u>	<u>5,428,694</u>	<u>4,035,555</u>

14 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>119,851</u>	<u>91,580</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

15 Share capital

Group and company	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>35,002</u>	<u>35,002</u>	<u>35,002</u>	<u>35,002</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Reserves

Other reserves

Other reserves represent a merger reserve.

Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income for the year and prior periods less dividends paid.

17 Operating lease commitments

Lessee

Operating lease payments represent rentals payable for office premises.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	703,777	588,647	495,180	420,000
Between two and five years	952,905	964,708	486,080	455,000
In over five years	889,630	-	889,630	-
	<u>2,546,312</u>	<u>1,553,355</u>	<u>1,870,890</u>	<u>875,000</u>

18 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>534,874</u>	<u>-</u>	<u>534,874</u>	<u>-</u>

19 Events after the reporting date

On the 24th January 2023, subsidiary, Lone Star Europe Advisors Limited was dissolved via voluntary strike off.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Related party transactions

Remuneration of key management personnel

All directors of the company and management of the subsidiaries who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is as follows:

	2022 £	2021 £
Aggregate compensation	1,217,749	-

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Group				
Entities with control, joint control or significant influence over the group	30,293,345	27,460,678	1,170,707	680,391
Other related parties	-	32,268	714,468	353,943

Company

Entities with control, joint control or significant influence over the company	26,117,034	25,193,893	1,013,772	584,139
Entities over which the company has control, joint control or significant influence	-	-	39,082	-
Other related parties	-	-	478,949	160,584

	2022 £	2021 £
Group		
Other related parties	291,801	-

Company

Other related parties	291,801	-
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The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Other related parties	124,886	64,911

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Related party transactions (Continued)

Company

Entities over which the company has control, joint control or significant influence

2,145 -

Other related parties

583 46,554

The following amounts were outstanding at the reporting end date:

Amounts due from related parties

2022 **2021**
Balance **Balance**
£ **£**

Group

Entities with control, joint control or significant influence over the group

55,370,813 48,861,540

Key management personnel

15,644 186,123

Other related parties

148,920 54,507

Company

Entities with control, joint control or significant influence over the company

50,824,494 45,942,764

Entities over which the company has control, joint control or significant influence

2,887 -

Key management personnel

15,644 186,123

Other related parties

62,290 23,026

21 Controlling party

The intermediate parent company is Lone Star Global Acquisitions Limited, a company registered in Bermuda.

The ultimate parent company is LSGA Holdings Limited, a company registered in Bermuda. LSGA Holdings Limited is the largest group for which consolidated accounts, including Lone Star Europe Acquisitions Limited and its subsidiaries, are prepared.

22 Cash generated from group operations

2022 **2021**
£ **£**

Profit for the year after tax

8,828,077 7,667,945

Adjustments for:

Taxation charged

2,140,820 1,776,209

Finance costs

113 -

Investment income

(7,435) (1,980)

Depreciation and impairment of tangible fixed assets

93,442 95,163

Movements in working capital:

Increase in debtors

(6,143,384) (8,247,030)

Increase in creditors

1,213,225 242,458

Cash generated from operations

6,124,858 1,532,765

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Analysis of changes in net debt - group

	2022
	£
Opening net funds	
Cash and cash equivalents	2,779,103
Changes in net debt arising from:	
Cash flows of the entity	3,242,796
Changes in market value and exchange rates	211,256
	<hr/>
Closing net funds as analysed below	6,233,155
	<hr/> <hr/>
Closing net funds	
Cash and cash equivalents	6,233,155
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This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.