

# **ERM International Services Limited**

## **Annual Report and Financial Statements**

For the year ended 31 March 2021

Registered No: 03771741



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## Corporate Information

### Directors

Stuart Keeling  
Tim Strawn

### Auditor

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

### Banker

Barclays Bank PLC  
54 Lombard Street  
London  
EC3V 9EX

### Registered office

2<sup>nd</sup> Floor,  
Exchequer Court,  
33 St Mary Axe,  
London,  
England,  
EC3A 8AA

## Directors' report

A financial and operational review for the Company for the financial year 2021 from 1 April 2020 to 31 March 2021 is set out below under the small company exemption.

### Principal activity and review of the business

The principal activities of the Company during the year were the provision of environmental consulting services. Results from the company's branches in Sweden and Mozambique form the financial statements of ERM International Services Limited. These are the overseas branches of the company as defined in s1046(3) of the Companies Act 2006. There is likely to be no change to the Company's activities in future periods. In light of the ongoing COVID-19 crisis and the potential effect it may have on company operations, an assessment of impact on both current and future performance has been undertaken. This is mentioned within the *Principal risks and uncertainties*. The Company is an operating company for the purposes of holding the overseas branch activities in Sweden and Mozambique. This is reliant on the Group operations for continued support.

### Results and dividends

The loss for the financial year ended 31 March 2021 amounted to 9,727,195 SEK (2020: loss of 11,442,870 SEK). The Directors do not recommend payment of a dividend (2020: nil SEK).

The Company has net current liabilities of 45,084,444 SEK at 31 March 2021 (2020: net current liabilities of 35,357,249 SEK).

### Principal risks and uncertainties

The key risks to which the Company is exposed are reviewed regularly by senior management and the Board. The principal risks that the Company faces relate to:

#### Going Concern and the Impact of COVID-19

In undertaking their assessment of going concern for the Company, the Directors have considered the future prospects of the Company. The Company is dependent on the parent company of the ERM group for providing additional financial support. The Company has obtained a letter of support from the Group stating that they will provide any additional financial support to the Company. Liquidity and cash flows, including debt facilities, are managed at the level of the Group, accordingly the Directors have considered the detailed going concern assessment that has been performed at the Group level in concluding their assessment on the Company.

The COVID-19 crisis has created significant uncertainty for all businesses across the geographies in which the Group operates. In many countries the rollout of vaccination efforts are progressing well with a return to normal working practices in many developed economies. However, some countries that have struggled to vaccinate their populations are still being severely impacted. In addition new COVID variants means some continued uncertainty about the timing and extent of the opening up of economies. The Group's business and operational model has thus far been reasonably resilient to the impact of COVID-19.

The outlook for the future is robust. Market growth is driven by increased intensity of sustainability spend through low carbon energy transition, increasing regulation/stricter enforcement and increasing investor / lender sustainability requirements. The Group has shown its ability to react quickly to challenges and should the pandemic escalate will be able to adopt a similar playbook of actions as adopted in FY21 in order to protect our staff base, clients and business. In addition and despite the initial challenges that the business faced, management views COVID-19 as a long term opportunity for the Group. In particular, the accelerated implementation of stricter environmental regulation and the increased scrutiny on clients ESG credentials will provide future revenue opportunities. Management believes that the technical capabilities investments made over recent years has positioned the Group well to benefit from this structural change.

The Group is currently in full compliance with the financial covenants of its debt arrangement and, based on the financial forecasts, the Directors expect that it will continue to be so over the going concern period. The Directors have concluded that they have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.

## **Directors' report**

On the assessment of the company's financial position and of the enquiries made of the Directors of the ultimate parent company, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The ultimate parent company, The ERM International Group Limited, has provided a support letter which confirmed that it will continue to make available funds as are needed by the Group for at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future, and will not seek repayment of the amounts currently made available. The Group has adequate cash resources to meet its day-to-day working capital requirements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial accounts.

## Directors' report (continued)

### *Risks relating to the Company's financial condition*

The Company's credit risk is primarily attributable to its debtors and amounts recoverable on contracts. The Company's debtors are group undertakings, owned by the same ultimate parent undertaking.

### *Risks relating to the Company's business performance and to political and regulatory factors*

The Company faces a competitive market with relatively low barriers to entry. The Company may be exposed to liabilities in connection with its business and its liability for potential claims or pending claims may exceed its insurance coverage or no insurance coverage may exist for such claims. Further, the Company may fail to meet cost, schedule or performance requirements under client contracts. Changes in environmental laws, regulations and government policy may adversely affect the Company's business, as may foreign political or economic instability, due to the number of countries in which the Company operates.

Some of the Company's end markets are somewhat cyclical in nature. Whilst the Company's revenues are drawn from a range of private and, to a lesser extent, public markets, material downturns in some markets, including for example the Oil & Gas sector, could impact the business.

These risks are managed by anticipating consultancy trends and identifying new markets and sectors in which the Company might operate, and in reviewing that it does not have over-dependence on any one industry or client. The Company has processes to manage contractual conditions with appropriate insurance arrangements in place and to identify contingent liabilities when they arise. The Directors believe that the Company has adequately provided for known liabilities and that it has adequate insurance to cover known potential legal claims.

### *Risks relating to the Company's personnel*

The Company's operating result requires the Company to maintain a high degree of utilisation of its consultants.

These risks are managed by monitoring and maximising staff utilisation and by having remuneration policies which reward performance and promote continued employment with the Company.

## **Directors**

The directors who served the company during the year and subsequent to the year-end were as follows:

Claudio Bertora – resigned 31 March 2022  
Mark Pearson – resigned 31 March 2022  
Stuart Keeling – appointed 31 March 2022  
Tim Strawn – appointed 31 March 2022

## **Future developments**

In light of the ongoing COVID-19 crisis and the potential effect it may have on company operations an assessment of impact on both current and future performance has been undertaken. The Company will continue to provide environmental, risk and health and safety consulting services for the foreseeable future. Despite the current economic slowdown the Directors are optimistic that fee income will be maintained in the short term and will be able to grow in the future.

Our marketplace continues to grow and we are well positioned to support the growing demand for sustainability, climate change, low carbon economy transition ("LCET") and ESG services. Whilst COVID-19 has brought some short term challenges our operating model is nimble with a flexible cost base and our business has so far been resilient in coping with the economic slowdown. We have endeavoured to minimise job losses and retain key staff so that we are well positioned to bounce back quickly as the economy recovers. Over the medium term we will continue with our strategy, which is to grow and build our presence in major markets, through organic growth and targeting specific acquisitions where appropriate to broaden

## Directors' report (continued)

our geographic and service offerings. Our global expansion focuses on building deep and lasting relationships with our clients and servicing their needs in more regions and across more service areas. Our future investment activities will include:

- The ongoing development of our client relationship programme.
- Expand our key service offerings so that we are positioned to gain from the proliferation of Sustainability, Climate Change, LCET and ESG super-trends.
- Expanding the role of technology and data in our service offerings and in our operational delivery. This includes further investment in our recently launched digital technology platform Nexus which is designed to streamline and enhance the storage, tracking and use of EHS data.
- The ongoing hiring of new Partners from outside ERM, as well as annual internal promotions and inflow of Partners from new acquisitions.
- Continued focus on inorganic growth from acquisitions.

On the assessment of the company's financial position and of the enquiries made of the Directors of the ultimate parent company, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The ultimate parent company, ERM Worldwide Group Limited, has provided a support letter which confirmed that it will continue to make available funds as are needed by the Group for at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future, and will not seek repayment of the amounts currently made available. The Group has adequate cash resources to meet its day-to-day working capital requirements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial accounts.

### Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP will be re-appointed as auditor.

### Subsequent events

On 13 October 2021 KKR & Co. Inc. ("KKR") acquired a majority stake in the Company's ultimate parent company, ERM Worldwide Group Limited. KKR acquired its position in the Group from OMERS and AIMCo, with the Group's management team and Partners remaining as minority investors. This long-term partnership with KKR will allow the Group to expand and accelerate its client impact, and bring new capabilities and technologies to the business of sustainability. Following completion the new Group parent undertaking is The ERM International Group Limited.

Please refer to subsequent events in note 18.

On behalf of the Board on 24 June 2022.



Stuart Keeling  
Director

Registered No: 037717

## **Directors' responsibilities statement**

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), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.



# Independent auditor's report

to the members of ERM International Services Limited

## Independent auditor's report to the members of ERM International Services Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Environmental Resources Management International Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss and other comprehensive income account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 18.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 material misstatement in the financial

# Independent auditor's report

## to the members of ERM International Services Limited

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and HMRC tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This includes General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue, and our specific procedures performed to address them are described below:

- valuation of long outstanding work in progress on projects that significantly exceed regional averages based on the WIP days key performance: we identified and tested the design and implementation of relevant controls which address the risk of material misstatement. We identified projects with WIP balances that significantly exceed regional averages and performed detailed testing procedures on a sample of projects to challenge the basis for the project completion and recoverability. Additional inquiry with project managers or project partners took place to validate projects to contract terms and supporting documentation.

# Independent auditor's report

to the members of ERM International Services Limited

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

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

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

## Report on other legal and regulatory requirements

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

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

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

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

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

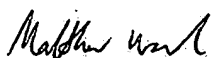
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Ward FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK  
27 June 2022

## Profit and loss account and other comprehensive income

For the year ended 31 March 2021

	Note	2021 SEK	2020 SEK
<b>Turnover</b>	5	<b>4,840,657</b>	<b>6,787,468</b>
Project costs		(1,422,017)	(4,355,032)
Staff costs	9	(3,242,255)	(2,660,804)
Gain on disposal of assets		-	53,059
Other operating charges		(1,519,778)	(741,321)
<b>Operating Loss</b>	6	<b>(1,343,393)</b>	<b>(916,630)</b>
Interest payable and similar charges	7	(8,383,802)	(9,991,611)
<b>Loss on profit before taxation</b>		<b>(9,727,195)</b>	<b>(10,908,241)</b>
Tax charge on loss	10	-	(534,629)
<b>Loss for the financial year</b>		<b>(9,727,195)</b>	<b>(11,442,870)</b>

All operations are derived from continuing activities.

There are no material differences between the results stated above and those under the historical cost basis.

The accompanying notes on pages 13 to 25 form part of these financial statements.

There is no other comprehensive income or losses other than as shown above.

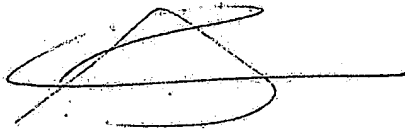
## Balance sheet

As at 31 March 2021

	<i>Note</i>	<i>2021 SEK</i>	<i>2020 SEK</i>
<b>Fixed assets</b>			
Tangible fixed assets	11	-	-
<b>Current assets</b>			
Debtors	12	487,974	7,401,405
Work in progress		161,710	192,553
Cash at bank and in hand		7,556,820	11,558,533
Total current assets		8,206,504	19,152,491
<b>Creditors: amounts falling due within one year</b>	13	(53,290,948)	(54,509,740)
<b>Net current liabilities</b>		(45,084,444)	(35,357,249)
<b>Total assets less current liabilities</b>		(45,084,444)	(35,357,249)
<b>Capital and reserves</b>			
Called up share capital	14	27	27
Profit and loss account		(45,084,471)	(35,357,276)
<b>Shareholders' deficit</b>		(45,084,444)	(35,357,249)

The notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on 24 June 2022 and signed on its behalf by:



Stuart Keeling  
Director

Registered No: 03771741

## Statement of changes in equity

For the year ended 31 March 2021

	<i>Called up share capital SEK</i>	<i>Profit and loss account SEK</i>	<i>Total equity SEK</i>
<b>At 31 March 2019</b>	<b>27</b>	<b>(23,914,406)</b>	<b>(23,914,379)</b>
<i>Comprehensive expense</i>			
Net loss for the financial year	-	(11,442,870)	(11,442,870)
Total comprehensive expense	-	(11,442,870)	(11,442,870)
<b>At 31 March 2020</b>	<b>27</b>	<b>(35,357,276)</b>	<b>(35,357,249)</b>
<i>Comprehensive expense</i>			
Net loss for the financial year	-	(9,727,195)	(9,727,195)
Total comprehensive expense	-	(9,727,195)	(9,727,195)
<b>At 31 March 2021</b>	<b>27</b>	<b>(45,084,471)</b>	<b>(45,084,444)</b>

## Notes to the financial statements

For the year ended 31 March 2021

### 1. General Information

ERM International Services Limited (the "Company") is a Company incorporated and domiciled in the UK. The address of the Company's registered office is 2<sup>nd</sup> Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.

### 2. Significant accounting policies

#### 2.1 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2014 and effective immediately have been applied.

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

The latest publicly available consolidated financial statements relate to the former ultimate parent company, ERM Worldwide Group Limited, which were prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office: 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA. Subsequent to the year end the new ultimate parent company is The ERM International Group Limited, which will include the Company in its consolidated financial statements.

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

- A Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of ERM Worldwide Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Significant accounting policies (continued)

#### 2.2 Basis of accounting

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

The financial statements of the Company are prepared in SEK as the majority of the Company's transactions are denominated in this currency.

#### 2.3 Going concern

In undertaking their assessment of going concern for the Company, the Directors have considered the future prospects of the Company. The Company is dependent on the parent company of the ERM group for providing additional financial support. Liquidity and cash flows, including debt facilities, are managed at the level of the Group, accordingly the Directors have considered the detailed going concern assessment that has been performed at the Group level in concluding their assessment on the Company.

Despite the net liabilities position in the Group's statement of financial position, the Group has adequate cash resources to meet its day-to-day working capital requirements. In undertaking their assessment of going concern for the Company and the Group, the Directors have prepared the Group's cash flow forecasts and projections and carried out a review of the Group's business and its future prospects. In particular, the Directors have assessed the forecasted future performance and anticipated cash flows, taking into account reasonably possible changes in trading performance, available debt facilities and associated covenants, including a stress test scenario. The cash flow forecasts reflect the strong cash generating ability of the business.

The Directors have considered the impact of the acquisition by KKR and amendment to the credit facilities (see note 19) which were enacted upon completion of the KKR transaction and the fact that forecasts demonstrate full compliance with the new terms.

The Directors have also considered the wider operational consequences and ramifications of the ongoing COVID-19 pandemic and unexpected risk event:

- The Group's global footprint, and subject matter expertise in health and safety and crisis management has enabled the business to quickly observe, assess and respond to the impact of COVID-19.
- The Group is highly diversified in terms of geographies, sectors and services. Diversification has reduced concentration risk during the COVID-19 pandemic and will likely continue to reduce risk for the Group.
- The impact on the Group's longer term plan including business and M&A strategy.

The stress testing analysis demonstrates the Group's financial and business resilience, and operational flexibility during prolonged periods of economic weakness.

Following the assessment of the Group's financial position, operational impact from COVID-19, and ability to meet its obligations as and when they fall due, the Directors have a reasonable expectation that the Group will be able to continue to operate for at least the next 12 months. Therefore, the financial statements have been prepared on a going concern basis.



## Notes to the financial statements

For the year ended 31 March 2021

### 2. Significant accounting policies (continued)

#### 2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 2.5 Non-derivative financial instruments

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

##### *Trade and other debtors*

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

##### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand. These represent short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As per IAS 7.7 cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

##### *Trade and other creditors*

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

#### 2.6 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on amounts due from group undertakings. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

##### **Definition of default**

The Company considers that default has occurred when a financial asset is more than 120 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### **Write-off policy**

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company recognises an impairment gain or loss in profit or loss for financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Significant accounting policies (continued)

#### 2.7 Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- At fair value through profit or loss
- At amortised cost

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Financial liabilities not classified as fair value through profit or loss are classified and measured at amortised cost using the effective interest method.

The Company's financial liabilities comprise borrowings, and trade and other payables, including accruals. All financial liabilities are recognised initially at their fair value plus any directly attributable issue costs and subsequently measured at amortised cost using the effective interest method except for derivatives, which are classified as held for trading, except where they qualify for hedge accounting, and are held at fair value. The fair values of the Company's liabilities held at amortised cost are approximately equal to their carrying amount.

#### 2.8 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 2.9 Taxation

Tax on the profit or loss for the period comprises current tax and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Significant accounting policies (continued)

#### 2.10 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 2.11 Revenue recognition

The Company follows the principles of IFRS 15 in determining appropriate revenue recognition policies. Revenue represents amounts chargeable for services provided to third parties in the normal course of business.

Revenue from services is recognised following the principles outlined in IFRS 15's five step model as detailed below:

- Identifying the contract. Upon acceptance of a proposal, a contract is entered into, to include details on the scope of work and each party's rights and obligations regarding the transfer of the service as well as payment terms for the service being transferred;
- Identifying the performance obligations in the contract. Key deliverables are stated in the contract and monitored on an ongoing basis against the agreed delivery timetable. The contract states our obligations to the client. In assessing performance obligations, consideration is given as to whether each identified key deliverable is a separate performance obligation, or a series of services that are substantially the same and have the same pattern of transfer to the customer so as to form one overall performance obligation;
- Determining the transaction price. Each contract has a section describing fees and will state the invoicing profile (i.e. the value and frequency) of the invoices to be raised. The transaction price is developed during the proposal process through establishing the scope of the work and the staffing levels required to deliver that work. Upon acceptance the total fee value is stated in the contract and is also broken down into an invoicing schedule;
- Allocating the transaction price to separate performance obligations. Contracts typically include only one performance obligation and therefore the process of allocating the contract price is straightforward. In instances where more than one performance obligation is identified in the contract these contracts typically include separately agreed fees for each performance obligation. Allocation of the transaction price is therefore straightforward;
- Recognising revenue as performance obligations are satisfied. Revenue is recognised over time as the work is performed. Performance of the service does not create an asset with an alternative use, and we have enforceable right to payment for work performed to date.

##### *Gross revenue*

Gross revenue represents amounts recoverable from clients in respect of the Company's continuing activities. Gross revenue includes costs incurred on behalf of clients and excludes sales taxes.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Significant accounting policies (continued)

#### 2.11 Revenue recognition (continued)

The Company typically enters into 'time and expense' and 'fixed fee' contracts. For contracts which are based on time and expense, gross revenue and profit is recognised based on hours and expenses charged to date. For fixed fee contracts, gross revenue and profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Contract expenses include direct staff costs, sub-contractor costs and disbursements. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Attributable profit is recognised for that part of the work performed on each contract at the accounting date when the outcome can be assessed with reasonable certainty.

##### *Net revenue*

Net revenue is gross revenue after deduction of external project costs, which are principally sub-contractors on projects.

##### *Contract losses*

Contracts are reviewed regularly and full provision is made for any anticipated total loss on contracts in the period in which they are first identified.

#### 2.12 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment – 33% per annum
- Motor vehicles – 25% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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

## Notes to the financial statements

For the year ended 31 March 2021

### 3. Adoption of new and revised standards

The adoption of the other new and revised IFRS Standards in issue but not yet effective are not expected to have a material impact on the financial statements of the Company.

### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No key sources of estimation uncertainty that may cause material adjustment to the carrying amount of assets and liabilities within the next financial year have been identified.

No critical accounting judgements have been made within these financial statements.

### 5. Turnover

Turnover, which is stated net of value added tax, represents amounts attributable to labour effort of employees working on projects owned by group undertakings. Turnover is attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2021 SEK	2020 SEK
United Kingdom	2,676,501	2,365,323
Africa	1,178,898	4,260,985
Rest of the World	985,258	161,160
	<b>4,840,657</b>	<b>6,787,468</b>

### 6. Operating loss

This is stated after charging:

	2021 SEK	2020 SEK
Audit fees of these financial statements	120,902	206,333
Foreign exchange losses / (gains)	173,747	(688,473)

## Notes to the financial statements

For the year ended 31 March 2021

### 7. Interest payable and similar charges

	2021 SEK	2020 SEK
Interest on amounts due to group undertakings	8,383,802	9,991,611
	<b>8,383,802</b>	<b>9,991,611</b>

### 8. Directors' emoluments

In both the current and prior periods the Directors were remunerated for services to the Group as a whole and the cost borne by another group company.

### 9. Staff costs

Staff costs of the Company for the year ended 31 March 2021 are as follows:

	2021 SEK	2020 SEK
Wages and salaries	2,255,399	1,790,241
Social security costs	583,270	539,174
Other pension costs	403,586	331,389
	<b>3,242,255</b>	<b>2,660,804</b>

Average number of employees during the year was 4 (2020: 3).

As at 31 March 2021 there were outstanding pension contributions payable of SEK 58,164 (2020: SEK 39,746 receivable) included within Other Creditors in Note 13).

### 10. Tax charge on loss

#### (a) Analysis of tax charge:

	2021 SEK	2020 SEK
<b>Current tax</b>		
In respect of the current year	-	-
In respect of prior years	-	534,629
Total current tax charge	-	534,629
Total deferred tax charge	-	-
<b>Total tax charge for the year (note 10(b))</b>	-	<b>534,629</b>

## Notes to the financial statements

For the year ended 31 March 2021

### 10. Tax charge on loss (continued)

#### (b) Reconciliation of current tax charge:

The tax charge is reconciled to the loss in the profit and loss account as follows:

	2021 SEK	2020 SEK
Loss before tax	(9,727,195)	(10,908,241)
Loss at UK statutory rate of 19% (2020:19%)	(1,848,167)	(2,072,565)
<i>Effects of:</i>		
Unutilised tax losses	263,587	182,250
Non-deductible expenses	1,584,580	1,890,315
Prior year items	-	534,629
<b>Total tax charge for the year (note 10(a))</b>	<b>-</b>	<b>534,629</b>

#### (c) Deferred tax:

The Company has an unrecognised deferred tax asset at 32% of SEK 1,041,000 (2020: SEK 569,000) consisting of losses arising in the current and prior years. The deferred tax asset has not been recognised due to uncertainty as to the availability of sufficient and suitable taxable profits in the near future.

#### (d) Factors that may affect future tax charges:

The standard rate of corporation tax in the UK was 19% in the year ended 31 March 2021. The rate will be increased to 25% with effect from 1 April 2023. Deferred tax was calculated based on the tax laws and rates that were enacted or substantively enacted at the balance sheet date. After the balance sheet date, a change in corporate tax rate in 2023 was announced; the change will not be material.

## Notes to the financial statements

For the year ended 31 March 2021

### 11. Tangible fixed assets

	<i>Plant &amp; Equipment SEK</i>	<i>Total SEK</i>
<i>Cost</i>		
At 1 April 2020	499,961	499,961
At 31 March 2021	499,961	499,961
<i>Accumulated Depreciation</i>		
At 1 April 2020	499,961	499,961
Charge for year	-	-
Disposals	-	-
At 31 March 2021	499,961	499,961
<i>Net book value:</i>		
At 31 March 2021	-	-
At 31 March 2020	-	-

### 12. Debtors

	<i>2021 SEK</i>	<i>2020 SEK</i>
Amounts due from group undertakings	-	6,352,370
Trade debtors (less loss allowance)	92,893	721,374
Other debtors	103,270	134,297
Prepayments and accrued income	144,004	121,473
VAT receivable	-	8,408
Corporation tax receivable	147,807	63,483
	<b>487,974</b>	<b>7,401,405</b>

(1) Trade debtors is disclosed net of a loss allowance of SEK 437 (2020: SEK 70,273).

In this analysis, "group undertakings" refers to members of the ERM Worldwide Group Limited group of companies, of which this Company forms a part. Amounts due from group undertakings carry interest rates of either local currency LIBOR + 4.88% (subject to a local currency LIBOR floor of 1%) applicable to all structural loans or local currency LIBOR less 0.5% (minimum rate being 0%) applicable to all operational loans.

The group of companies of which this company is a member have collectively reviewed the impact of IBOR reforms and assessed that the impact is not applicable or material to the group.

Amounts due from group undertakings are repayable on demand and directors believe the debtors values above reflect their fair value. The company makes repayment of the loan as and when possible, or further draw down when required, on a floating basis so the directors assess that the loan is a current liability.



## Notes to the financial statements

For the year ended 31 March 2021

The Company receives payments from customers based on a billing schedule, as established in the contract. Trade receivables and amounts recoverable on contracts are recognised when the right to consideration becomes unconditional.

### 12. Debtors (continued)

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

31 March 2021	Not past due	1-30 days	31-60 days	61-90 days	>90 days	Total
	SEK	SEK	SEK	SEK	SEK	SEK
Expected credit loss rate	1.0%	1.6%	3.6%	7.9%	14.2%	3.6%
Total gross carrying amount at defaults	-	-	93,330	-	-	93,330
Lifetime ECL	-	-	437	-	-	437

31 March 2020	Not past due	1-30 days	31-60 days	61-90 days	>90 days	Total
	SEK	SEK	SEK	SEK	SEK	SEK
Expected credit loss rate	1.1%	-	-	-	9.3%	10.1%
Total gross carrying amount at default	304,827	-	-	-	392,366	697,193
Lifetime ECL	3,405	-	-	-	66,868	70,273

### 13. Creditors: amounts falling due within one year

	2021	2020
	SEK	SEK
Trade creditors	722,235	22,217
Other creditors	415,372	235,622
Accruals and deferred income	416,382	466,463
Amounts due to group undertakings	51,736,959	53,785,438
	<b>53,290,948</b>	<b>54,509,740</b>

In this analysis, "group undertakings" refers to members of the ERM Worldwide Group Limited group of companies, of which this Company forms a part. Amounts due to group undertakings carry interest rates of either local currency LIBOR + 4.88% (subject to a local currency LIBOR floor of 1%) applicable to all structural loans or local currency LIBOR + 4% applicable to all operational loans.

Amounts due to group undertakings are repayable on demand and directors believe the creditors values above reflect their fair value.

## Notes to the financial statements

For the year ended 31 March 2021

### 14. Share capital

	<i>Allotted, called up and fully paid 2021</i>		<i>Allotted, called up and fully paid 2020</i>	
	<i>No.</i>	<i>SEK</i>	<i>No.</i>	<i>SEK</i>
Equity interests:				
Ordinary shares of £1 each	2	27	2	27

The share capital was translated using a historic rate on the date of Company's incorporation.

The Company has one class of ordinary shares which carry no right to fixed income.

### 15. Other financial commitments

Non-cancellable operating lease rentals are payable as follows:

	<i>Land and buildings</i>	
	<i>2021</i>	<i>2020</i>
	<i>SEK</i>	<i>SEK</i>
Operating leases which expire:		
Within one year	689,554	689,554
	<b>689,554</b>	<b>689,554</b>

### 16. Related party disclosures

The Company is a member of The ERM International Group Limited group of companies. In accordance with the exemption conferred by FRS101, the Company has not disclosed transactions with other 100% owned group undertakings.

### 17. Ultimate parent undertaking and controlling party

The Company's immediate parent company is ERM-Europe, Limited.

Until 13 October 2021, the Group parent undertaking was ERM Worldwide Group Limited, a limited company registered in England and Wales. Copies of the accounts of ERM Worldwide Group Limited, the smallest and largest group for which accounts are prepared that include the results of the Company, may be obtained from the registered office of this company.

As at 31 March 2021, the shareholdings in ERM Worldwide Group Limited were held 41.52% by OPE Emilion Holdings Limited (ultimately controlled by OCP Trust, an Ontario Trust of which OMERS is a beneficiary) and Emilion Holding Trust (an Ontario trust of which OPE Emilion Investment Limited (ultimately controlled by OMERS) is the beneficiary and OPE Emilion Holdings Limited is the trustee); 16.77% by PE14GV (Emilion) Ltd. and PE14PX (Emilion) Ltd. (both client funds of AIMCo) and 41.71% by ERM management (comprised of 700+ individual shareholders).

Subsequent to year end, on 13 October 2021, KKR acquired a majority stake in ERM Worldwide Group Limited (see note 17). On this date the Group parent undertaking changed to The ERM International Group Limited.

The ERM International Group Limited ("TEIGL") is the parent company of the group of which this company is a subsidiary (collectively "The ERM Group") and is a limited liability company that is registered in England. As at 13 October 2021, the shareholdings in TEIGL are held 91.91% by Nature Topco UK Limited ("Nature Topco") and 8.09% by ERM management (comprised of approximately 490 individual shareholders). The shareholdings of Nature Topco are held 49.29% by KKR Patagonia Aggregator L.P., 40.59% by KKR Core Investor (L) SCSp (both of which are ultimately controlled by KKR & Co. Inc, a

## Notes to the financial statements

For the year ended 31 March 2021

Delaware corporation publicly listed on the New York Stock Exchange) and 10.15% by Corporación Financiera Alba, S.A., a Spanish corporation publicly listed on the Madrid Stock Exchange. There are no natural persons who hold, directly or indirectly, a 25% or more shareholding in TEIGL.

### 18. Events after the reporting period

On 13 October 2021, the Group implemented a change of majority investor. KKR has invested in ERM, replacing OMERS and AIMCo as ERM's private equity investors ("KKR Transaction"). The KKR Transaction sees the ERM employee shareholders - the ERM Partners - re-invest in the business alongside KKR highlighting their continued commitment to ERM and the confidence they have in the long-term outlook for the Group.

On 13 October 2021, the Group also completed an amendment to its credit facilities with a syndicate of lenders, led by KKR Capital Markets. The total facility amount consists of \$778 million first lien and \$100 million of second lien debt. In addition, the revolving credit facility has been upsized to \$168 million from \$125 million. The debt is to be fully repaid over the period 2027-2029. There was no change to the Company as a result of this amendment.

Subsequent to the year end, the geopolitical conflict between Russia and Ukraine escalated to a military conflict and economic sanction environment. The company does not have any presence or material amount of project work in Russia or Ukraine and so the directors assess that there is no material impact on the company's position. The company is complying with all sanction requirements. The directors are keeping the situation under review.