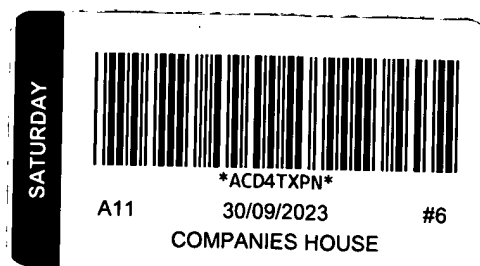


Company Registration No. 08922409 (England and Wales)

**TYRION SECURITY TOPCO LIMITED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**



TYRION SECURITY TOPCO LIMITED

COMPANY INFORMATION

Directors

C O'Sullivan
L Newman
S Hardyman
D Downie
R Jones
G Loftus
M Harrington
M Gajanayaka
C Robb

Secretary

S Hardyman

Company number

08922409

Registered office

Broadway House
Broadway Business Park
Chadderton
OL9 9XA

Auditor

KPMG LLP
1 St Peters Square
Manchester
M2 3AE

TYRION SECURITY TOPCO LIMITED

CONTENTS

	Page
Strategic report	1 - 8
Directors' report	9 - 10
Statement of directors' responsibilities	11
Independent auditor's report to the members of Tyrion Security Topco Limited	12 - 15
Consolidated income statement and statement of other comprehensive income	16
Consolidated balance sheet	17 - 18
Consolidated statement of changes in equity	19
Consolidated statement of cash flows	20 - 21
Notes to the financial statements	22 - 63
Company financial statements	64 - 69

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their strategic report on the Tyrion Security Topco Limited group of companies (the "Group", or "VPS") for the year ended 31 March 2023.

Principal activities

During the year under review, the Group and its subsidiaries operated across a number of geographical markets and sectors.

The Group's principal activity (Temporary Security Services) is providing specialist temporary security solutions for vacant and void properties, infrastructure sites and construction projects. VPS is Europe's leading provider of temporary security services and solutions and offers an integrated security proposition using our unique Intelligent Triple Protection solution: blending Physical Protection (Steel Doors and Steel Panels), Monitored Technology (Alarms and CCTV Towers) as well as Human Intervention (Manned Guarding and protection by occupation).

The Security Services activity is split between three divisions: United Kingdom & the Republic of Ireland, Southern Europe (France, Spain & Italy) and Northern Europe (the Netherlands & Germany). We are a leading provider to insurance companies, social housing projects, construction and infrastructure companies, property owners and managers, security managers and facilities managers.

The Group's "Evander" division principally provides glazing, doors and locks related services to the reactive insurance market, in which it is a market leader. The Evander division is also a leading provider of specialist noise abatement solutions that support reduction of noise in residential properties located around major rail, road and aviation infrastructure. This division operates in the United Kingdom and Northern Ireland.

The Group's "Redfields" business operates predominantly in the southern regions of the United Kingdom and provides various landscaping, cleaning and grounds maintenance services to house builders, local authorities and property managers. The directors completed the sale of Redfields on 30 September 2022.

On 29 July 2022 the VPS Group completed the purchase of M&R Solutions Ltd, a security services company trading under the "Nexus" brand name, paying consideration of £14.2m to acquire 100% of the share capital and voting equity interest. The primary reason for the business combination was to increase market share and leverage expected synergies.

Review of business

The directors are satisfied with the results for the year. As the impact of Covid-19 restrictions finally receded, revenue increased strongly in the year – particularly in the Group's European businesses. The UK Security Services business continued to experience intense competition, leading to an overall decline in the volume of business, although the directors believe the market opportunity in the UK remains buoyant and growing. The Group also benefited from a strong performance from its M&R Solutions Limited subsidiary, which will be a key element in the Group's future strategy for the UK market.

The Group's relationship with its new lender, in place since the successful refinancing completed in June 2021, has continued to be positive, with a £5m increase in the RCF being agreed in December 2022.

Key performance indicators (continuing operations)

Despite a challenging market for the UK Security Services business, which partially offset very strong revenue growth from the European operations, revenue across the Group increased by 16.2% in the year.

	Notes	2023	2022	Year-on-year movement
Revenue £'000		173,158	149,005	+16.2%
Gross profit margin		43.3%	45.2%	-1.9 pts
Adjusted EBITDA £'000	1.21, 2	20,138	18,575	+8.4%
Net cash flow from operating activities £'000		15,003	5,892	+154.6%

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators (continuing operations) (continued)

Global inflationary pressures, including the sharp increase in energy costs in the wake of the Ukraine conflict, have contributed to a decline in gross profit margin to 43.3% (2022: 45.2%). The Group has implemented inflationary price increases across the core operating divisions to mitigate this in consultation with customers.

Investment in business restructuring initiatives in the current and prior year have resulted in administrative expenses of £70.2m (2022: £62.2m) falling as a proportion of revenues to 40.5% (2022: 41.8%), which has helped to offset the fall in gross margin and has restricted the operating loss for the year to £0.7m (2022: £0.4m profit).

The Group has reported a 8.4% increase in Adjusted EBITDA, an alternative performance measure used by the Group to assess its underlying performance (see note 1.21).

Operating cash inflow generated by the Group in the year was £15.0m (2022: £5.9m).

Strategy

The Group is focused on the following key areas for our colleagues and customers:

1. Continuing to be **Europe's leading temporary security specialist**
2. Improving **Controls** (both for Financial and Health & Safety related functions)
3. Improving Employee **Engagement**
4. Trading Themes:
 - **Customer Proximity** - developing customer intimacy and agilely solving their problems via integrated security solutions
 - **Commercially Responsive** - being responsive, knowledgeable and ambitious
 - **Trusted Service** - ensuring that our cost to serve model allows us to offer value to our customers
 - **Easy to work with** - ensuring that our systems and support functions enable us to deliver highest quality of services to our customers and colleagues

The Group believes that there are growth opportunities across all of its divisions through organic growth by increasing market share, offering new products and services to existing clients, expanding regionally, and offering existing products and services to new clients.

The Group are actively seeking M&A opportunities for the Evander division and across the three Security Services divisions, having invested in an in-house M&A team to facilitate this.

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The Group considers the following to be its principal risks to the development, performance, position or future prospects of the Group.

An assessment of each risk is provided below. The risks have not been presented in order of priority or importance.

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
People (moderate risk) Ability to attract and retain high-quality and capable colleagues at all levels of the organisation.	<ul style="list-style-type: none"> • Provide and maintain a safe environment for all employees • Balanced remuneration structure designed to encourage performance with control • Succession planning • Annual employee engagement survey and action planning • Employee training & development of technical and "soft" skills • Gender pay gap reporting 	<ul style="list-style-type: none"> • Employee Engagement • Controls (Health & Safety)
Changes in market demands (moderate risk) There are trends in certain sectors of the market which are moving towards technology-driven security solutions in place of the traditional manned guarding or fixed CCTV security	<ul style="list-style-type: none"> • The Group's technology driven solutions are often less than 10% of the cost of traditional manned guarding • New Product Development Framework guides investments in and development of new products and solutions • Innovative use of technology tailored to client needs 	<ul style="list-style-type: none"> • Commercially Responsive • Customer Proximity
Liquidity (moderate risk) The liquidity position of the Group is underpinned by bank borrowings; any non-compliance with financial banking covenants may have a significant impact on the Group's liquidity position.	<ul style="list-style-type: none"> • Strong treasury management controls • Rigorous budgeting, planning and monitoring processes on financial covenants to ensure sufficient headroom for the business at all times • Free cash flow is a key performance metric for all parts of the Group 	<ul style="list-style-type: none"> • Controls (Financial)
Interest Rates and Foreign Exchange (moderate risk) The Group holds floating-rate borrowings denominated in British Pounds Sterling and Euros. The Group recognises cash flow related risk resulting from changes in EURIBOR, and SONIA benchmark rates and changes in exchange rates	<ul style="list-style-type: none"> • Strong treasury management controls • Scenario modelling and use of hedging instruments where required 	<ul style="list-style-type: none"> • Controls (Financial)

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
<p>Competition and pricing (moderate risk)</p> <p>Certain components of the services provided by the Group have lower barriers to entry. In some sectors, small competitors are attempting to compete for tenders based primarily on lower prices.</p> <p>Social housing budgets in some of our key markets have been reducing in recent years, which has led to an increased focus on pricing.</p>	<ul style="list-style-type: none"> • Provide quality services and solutions • Often the Group is the only service provider that can provide property services, security and other labour-based services across a geographical market • Continue to undertake programmes to ensure that the cost to serve clients is competitive versus lower cost providers. It is very important to ensure that the Group delivers value to its clients. • External market and competitor analysis • Customer feedback actively sought and acted upon 	<ul style="list-style-type: none"> • Customer Proximity • Commercially Responsive • Trusted Service • Easy to work with
<p>Credit risk (moderate risk)</p> <p>The Group has limited exposure to credit loss in the social housing and local authority markets. In the Commercial sector, the majority of the Group's customers are recognised international property managers and large corporate landowners with a low credit risk.</p> <p>The Group however recognises that the construction sector, a key vertical market for growth for the Group, has an inherently higher credit risk.</p>	<ul style="list-style-type: none"> • Strong credit control frameworks (across entire customer lifecycle from "take on"), including use of external reference points 	<ul style="list-style-type: none"> • Controls (Financial) • Easy to work with • Customer Proximity
<p>Technology obsolescence (low risk)</p> <p>The Group maintains a fleet of security equipment that utilises various technologies to provide security services.</p>	<ul style="list-style-type: none"> • Full refurbishment and maintenance program in place • New Product Development Framework guides investments in and development of new equipment 	<ul style="list-style-type: none"> • Trusted service • Controls (Financial)

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
Information technology systems (moderate risk) <p>The Group operates a number of information technology systems including some that are bespoke and customised for the operations of the business.</p> <p>Any failures in these systems, whether caused by a criminal cyber attack or by a fault in the systems themselves, would have an impact on our ability to deliver quality services our customers.</p>	<ul style="list-style-type: none"> Plans are in place to upgrade and/or replace existing systems Full disaster recovery plans are in place Network integrity is constantly monitored and security measures are in place 	<ul style="list-style-type: none"> Easy to work with
Change management (moderate risk) <p>Key upgrades are being made to systems, structures and processes, which, if not designed or operated effectively, may mean that they do not occur in a timely, complete or accurate manner, or do not realise the benefits associated with them</p>	<ul style="list-style-type: none"> Robust Change Management Framework implemented 	<ul style="list-style-type: none"> Controls (Financial) Easy to work with
Geo-political instability (moderate risk) <p>Risk that the the current instability in Russia, the Ukraine and other regions adversely impacts the Group through increased costs to serve and supply chain volatility (movement of goods and cost)</p>	<ul style="list-style-type: none"> Scenario modelling of key commodity / energy costs built into budget and re-forecasting Close relationship with key suppliers, with key stock lines identified and mitigations in place, as monitored by procurement teams Trigger points in each business unit for when cost increases require passing through to clients 	<ul style="list-style-type: none"> Controls (Financial) Easy to work with Commercially responsive Trusted service Customer Proximity

Engaging with our stakeholders

A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. By understanding our stakeholders, we can factor into discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Engaging with our stakeholders (continued)

The directors consider that the following groups are the Company's key stakeholders. The directors seek to understand the respective interests of such stakeholder groups so that these may be properly considered in decisions. The directors do this through various methods including direct engagement by board members; receiving reports and updates from members of management who engage with such groups; and coverage in our board papers of relevant stakeholder interests with regard to proposed courses of action. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

Stakeholder	Their interests	How we engage
Our people	<ul style="list-style-type: none"> • Health and safety and working conditions • Training, development and prospects • Fair pay and benefits 	<ul style="list-style-type: none"> • Regular training sessions • Intranet, all-colleague emails and newsletters • Workforce posters and communications • Whistleblowing services • Annual employee engagement survey reported to the executive board • Board receives reports on a range of people matters • Board provides regular business updates which are shared widely • Leadership walks • People steering group
Our customers	<ul style="list-style-type: none"> • Safety • Service and product performance • Range of solutions • Efficiency 	<ul style="list-style-type: none"> • Initial meetings and negotiations • KPIs and feedback • Customer complaints • Contact centre • Health & Safety steering group • Marketing and communications • Executive director approval on significant contracts • Executive director engagement with senior executives of major customers • Board updates on trading and customer initiatives <p>Customer interests considered in key executive decisions</p>
Our suppliers	<ul style="list-style-type: none"> • Performance • Quality • Capability • Payment terms • Fair trading • Anti-bribery and corruption • Anti-slavery • Long-term partnerships • Terms and conditions 	<ul style="list-style-type: none"> • Initial meetings and negotiations • Senior management engagement • Corporate responsibility reporting • Board approval on significant contracts

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Engaging with our stakeholders (continued)

Stakeholder	Their interests	How we engage
Our investors	<ul style="list-style-type: none"> Comprehensive view of financial performance of the business Comprehensive and reliable future plans Environmental, social and governance factors 	<ul style="list-style-type: none"> Regular meetings Annual Report Corporate website ESG Reporting Off-site days
Regulatory bodies	<ul style="list-style-type: none"> Health & Safety Compliance with regulators Worker pay conditions Consumer protections 	<ul style="list-style-type: none"> Direct engagement with regulators Regular reports from business on range of regulatory and issues to executive board

Energy and carbon reporting

The Group is committed to ensuring that its carbon footprint and wider impacts on the environment are as small as possible. To this end, emission data and other key environmental measures are prepared on a regular basis for presentation to the board and the Group's shareholders.

As data for the period coterminous with the Group's financial year was not available, the information shown below is for the twelve months ending 31 December 2022 and 2021.

	Total	Per £m revenue	Total	Per £m revenue
	2023	2023	2022	2022
Energy efficiency				
Electricity intensity (<i>KWh per £m of revenue</i>)		8,762.9		11,085.6
Climate change				
Total Scope 1 – <i>tCO₂e</i>	5,102.1	29.5	5,295.6	35.5
Total Scope 2 – <i>tCO₂e</i>	254.8	1.5	279.8	1.9
Total Scope 3 – <i>tCO₂e</i>	21,062.1	121.6	6,393.6	42.9
	<u>26,419.0</u>	<u>152.6</u>	<u>11,969.0</u>	<u>80.3</u>
Water consumption				
Water consumption (<i>m³</i>)	<u>2,421.0</u>		<u>2,500.3</u>	
Water intensity (<i>m³ per £m of revenue</i>)		<u>14</u>		<u>17</u>
Waste				
Total waste produced (<i>metric tonnes</i>)	<u>7,547.8</u>		<u>6,778.6</u>	
Share of waste recovered	<u>96.4%</u>		<u>96.4%</u>	

Operational eco-efficiency

In order to increase the Group's energy efficiency, the following specific measures have been taken during the year:

- Ongoing development of a monitored technology proposition to offer customers energy efficiency solutions
- Increased the proportion of low-carbon vehicles in the fleet
- Switched to LED lighting at headquarters
- Trained employees on energy savings and launched a targeted plan for energy reduction in every location

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

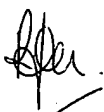
FOR THE YEAR ENDED 31 MARCH 2023

Energy and carbon reporting (continued)

Methodology

The methodology used to calculate total energy consumption and carbon emissions has been through the extraction of consumption data from invoices and meter readings for the periods stated.

On behalf of the Board



.....
R Jones
Director

25 August 2023

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Directors

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

C O'Sullivan

L Newman

S Hardyman

D Downie

R Jones

G Loftus

M Harrington

C Robb (appointed 1 December 2022)

M Gajanayaka (appointed 1 December 2022)

Results and dividends

The loss for the year amounted to £5,487,000 (2022: £7,995,000 loss). No dividend was paid in the year (2022: £180,000).

Equal opportunities and employment policy

The Group is committed to offering equal opportunities to all; no colleague or potential colleague receives more or less favourable treatment due to their gender, age, race, national or ethnic origin, disability, sexual orientation, or marital status. The Group is committed to the training and development of all colleagues and to providing a productive working environment.

Should an existing colleague's circumstances change, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

Colleague involvement

During the year, the policy of providing colleagues with information about the Group has continued through regular colleague updates, including increased use of social media, together with divisional meetings. Colleagues are actively encouraged to present their suggestions and views on the Group's performance. A free flow of information between the directors, managers and other colleagues ensures that every person has an opportunity to contribute ideas to the Group.

Health and safety

The Group strives to provide and maintain a safe environment for all colleagues, clients and visitors to its premises and comply with the relevant health and safety legislation. The Group is committed to the wellbeing of its colleagues and actively promotes best practice in the workplace.

Political donations

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2022: £nil).

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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

Going concern

The directors have prepared the accounts using the going concern assumption, in doing so they have considered severe yet plausible downside scenarios, more details of which are set out in Note 1 to the financial statements.

Future developments

The directors continue to recognise the additional value created by continued investment in both product and technology.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of colleagues becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The environment

The Group recognises that it is part of the wider community of employees, clients and suppliers amongst others and recognises that it has a responsibility to act in a way that respects the environment. The Group actively encourages colleagues to act in an environmentally responsible manner, particularly in the development of recycling and energy conservation policies to ensure finite resources are not dissipated.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



.....
R Jones
Director
25 August 2023

Broadgate House
Broadway Business Park
Chadderton
OL9 9XA

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of directors' responsibilities in respect of the Strategic report, the Director's report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

TYRION SECURITY TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Opinion

We have audited the financial statements of Tyrion Security Topco Limited ("the Company") for the year ended 31 March 2023 which comprise the consolidated income statement and statement of other comprehensive income, consolidated balance sheet, consolidated changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and management as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

TYRION SECURITY TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

- Reading minutes of meetings of the Board of Directors.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific users and those posted to unusual account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Auditing a sample of revenue transactions around the year end to ensure the appropriate accounting treatment.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards) and in-house legal counsel, and discussed with the directors and in-house legal counsel the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

TYRION SECURITY TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

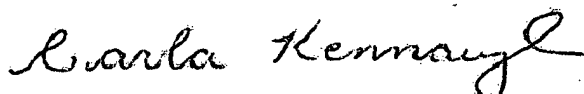
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

TYRION SECURITY TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.



Carla Kennaugh (Seniour Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

25 August 2023

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Continuing operations			
Revenue	4	173,158	149,005
Cost of sales		<u>(98,115)</u>	<u>(81,596)</u>
Gross profit		75,043	67,409
Administrative expenses		(70,239)	(62,210)
Net impairment loss on trade receivables and contract assets		(714)	(364)
Non-underlying expenses	3	<u>(4,791)</u>	<u>(4,431)</u>
Total administrative expenses		(75,744)	(67,005)
Operating (loss) / profit (Adjusted EBITDA is disclosed in Note 2)	5	(701)	404
Finance costs	7	(8,407)	(6,579)
Other gains and (losses)	8	<u>274</u>	<u>(811)</u>
Loss before taxation		(8,834)	(6,986)
Taxation	9	<u>3,435</u>	<u>(1,141)</u>
Loss after taxation from continuing operations		(5,399)	(8,127)
Discontinued operations			
(Loss) / profit for the year from discontinued operations	14	<u>(88)</u>	<u>132</u>
Loss for the year		(5,487)	(7,995)
Other comprehensive income			
<i>Items which are or may be reclassified subsequently to profit or loss:</i>			
Actuarial profit		20	75
Foreign exchange reserve movement		<u>323</u>	<u>14</u>
Total comprehensive loss for the year		<u><u>(5,144)</u></u>	<u><u>(7,906)</u></u>

All of the total comprehensive income is attributable to the equity holders of the parent undertaking.

The accompanying notes form an integral part of these financial statements.

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Property, plant and equipment	10	22,761	22,988
Intangible assets	11	53,829	41,882
		<u>76,590</u>	<u>64,870</u>
Current assets			
Inventories	15	2,222	2,330
Contract assets	4	6,163	3,207
Trade and other receivables	16	35,412	30,400
Assets held for sale		-	1,130
Cash and cash equivalents		9,872	9,911
		<u>53,669</u>	<u>46,978</u>
Total assets		<u>130,259</u>	<u>111,848</u>
Current liabilities			
Interest-bearing loans and borrowings	19	(14,963)	(13,126)
Lease liabilities	19	(2,476)	(2,452)
Trade and other payables	17	(47,032)	(37,739)
Contract liabilities	4	(3,003)	(2,416)
Liabilities held for sale		-	(325)
		<u>(67,474)</u>	<u>(56,058)</u>
Total assets less current liabilities		<u>62,785</u>	<u>55,790</u>

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Equity attributable to equity holders of the parent			
Share capital	24	24	24
Share premium	24, 25	25,314	25,307
Other reserves	25	154,396	154,073
Retained earnings		<u>(209,836)</u>	<u>(204,369)</u>
Total equity		(30,102)	(24,965)
Non-current liabilities			
Interest-bearing loans and borrowings	19	81,132	67,904
Lease liabilities	19	4,883	5,232
Trade and other payables	17	806	1,427
Provisions	21	2,002	1,829
Deferred tax liabilities	22	<u>4,064</u>	<u>4,363</u>
		92,887	80,755
Total equity and non-current liabilities		<u>62,785</u>	<u>55,790</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 25 August 2023 and are signed on its behalf by:



.....
R Jones
Director

Company Registration No. 08922409

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2021	24	21,583	3,467	149,592	(197,954)	(23,288)
Year ended 31 March 2022:						
Loss for the year	-	-	-	-	(7,995)	(7,995)
Issue of share capital	-	5,409	-	-	-	5,409
Capital contribution	-	-	-	1,000	-	1,000
Capital reduction	-	(1,685)	-	-	1,685	-
Dividends paid	-	-	-	-	(180)	(180)
Other comprehensive income	-	-	14	-	75	89
Balance at 31 March 2022	24	25,307	3,481	150,592	(204,369)	(24,965)
Year ended 31 March 2023:						
Loss for the year	-	-	-	-	(5,487)	(5,487)
Issue of share capital	-	7	-	-	-	7
Other comprehensive income	-	-	323	-	20	343
Balance at 31 March 2023	<u>24</u>	<u>25,314</u>	<u>3,804</u>	<u>150,592</u>	<u>(209,836)</u>	<u>(30,102)</u>

The accompanying notes form an integral part of these financial statements.

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year from continuing operations		(5,399)	(8,127)
Adjustments for:			
Depreciation, amortisation and impairment		17,811	17,200
Impairment of net liabilities held by disposal group		-	811
Foreign exchange losses		561	285
Financial expenses		8,407	6,579
Profit on sale of property, plant and equipment		(59)	(126)
Taxation		(3,435)	1,129
		<u>17,886</u>	<u>17,751</u>
Increase in contract assets, trade and other receivables		(5,087)	(5,656)
Decrease / (increase) in inventories		133	(283)
Increase / (decrease) in contract liabilities, trade and other payables		2,586	(5,345)
Increase in provisions		173	166
Tax paid		<u>(688)</u>	<u>(741)</u>
Net cash flow generated from operating activities of continuing operations		15,003	5,892
Net cash flow generated from operating activities of discontinued operations	14	<u>(21)</u>	<u>(10)</u>
Net cash flow generated from operating activities		<u>14,982</u>	<u>5,882</u>
Cash flow from investing activities			
Acquisition of subsidiary		(10,021)	-
Disposal of subsidiary		584	-
Acquisition of property, plant and equipment and intangible assets		(7,665)	(15,754)
Proceeds from sale of property, plant and equipment		<u>719</u>	<u>844</u>
Net cash flow used in investing activities of continuing operations		(16,383)	(14,910)
Net cash flow used in investing activities of discontinued operations	14	<u>(91)</u>	<u>(113)</u>
Net cash flow used in investing activities		<u>(16,474)</u>	<u>(15,023)</u>

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Cash flows from financing activities			
Proceeds from issue of shares		7	5,420
Proceeds from capital contribution		-	1,000
Loan notes repaid		-	(18,308)
Long-term loans repaid		-	(62,486)
Proceeds from new long-term loans		11,763	66,970
Proceeds from new short-term loans		-	10,000
Refinancing arrangement fees paid		-	(2,303)
Interest paid		(6,262)	(4,552)
Dividends paid		-	(180)
IFRS 16 finance lease liabilities entered into / (paid)		(1,382)	2,014
IFRS 16 operating lease liabilities entered into / (paid)		(2,868)	587
Net cash flow generated from / (used in) financing activities of continuing operations		1,258	(1,838)
Net cash flow used in financing activities of discontinued operations	14	(21)	(15)
Net cash flow generated from / (used in) financing activities		1,237	(1,853)
Net decrease in cash and cash equivalents		(255)	(10,994)
Cash and cash equivalents at 1 April		9,911	21,148
Cash transferred from / (to) disposal group		-	(188)
Cash balances assumed on acquisition of subsidiary		-	-
Effect of movements in exchange rates on cash held		216	(55)
Cash and cash equivalents at 31 March		<u>9,872</u>	<u>9,911</u>

The accompanying notes form an integral part of these financial statements.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Corporate information

Tyrion Security Topco Limited (the "Company" or the "parent") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office of the Company is located at Broadgate House, Broadway Business Park, Chadderton, OL9 9XA.

The Company and its subsidiaries (collectively, the "Group") principally engage in the provision of security services, property guardians, grounds related services and glazing, doors and locks related services.

1.1 Basis of preparation

The principal accounting policies adopted by the Group are set out below. These policies have been applied consistently to all periods presented unless otherwise stated. The consolidated financial statements of the Group (the "financial statements") present information about the group consisting of the Company and its subsidiaries. The financial statements were authorised for issue by the Company's board of directors.

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 1 to 7. The financial position of the Group and its cash flows are described in pages 19 to 20.

Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by IFRS Interpretations Committee as adopted by the UK and with Companies Act 2006 applicable to companies reporting under IFRS in the United Kingdom.

Financial reporting standards applicable for future financial periods

A number of new standards and amendments to existing standards are effective for annual periods beginning after 1 January 2023 and 1 January 2024 and have not been applied by the Group in preparing these consolidated financial statements. The standards and amendments include:

- IFRS 17 'Insurance Contracts'
- Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)
- Presentation of information in primary financial statements (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Non-current Liabilities with Covenants (Amendments to IAS 1 and IFRS Practice Statement 2)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

These IFRSs are not expected to have a material impact on the Group's consolidated financial position or performance of the Group.

Use of judgement and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities where values are not readily apparent from other sources. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

Areas where judgement and estimates have been applied that have a significant impact on the financial statements are detailed in note 1.22.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.1 Basis of preparation

Measurement convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

1.2 Going concern

Notwithstanding net liabilities of £30,102,000 as at 31 March 2023, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group currently meets its day-to-day working capital requirements out of the cash balances that it retains, loan facilities, as well as the revolving credit facility where required. At the balance sheet date, the Group held cash balances of £9.9 million which management consider sufficient, along with cash generated from ongoing trading, to meet current liabilities as they fall due for the foreseeable future.

At the balance sheet date the £23.75 million term loan and €51.0 million term loan were fully drawn. £11.83 million of the £12.5 million acquisition credit facility was drawn. On 8 December 2022 a £5 million extension to the revolving credit facility was agreed, at the balance sheet date £10 million of the £15 million revolving credit facility was drawn. The facility expires May 2028 with no principal repayments falling due before then.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of these financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. These forecasts include a number of assumptions including rental price and volume, Guardian occupation rate, lead generation and conversion rates, and margin assumptions. For the purpose of Going Concern reporting the Directors have considered a number of severe but plausible downside scenarios which cover the same period as the base case. These scenarios include the impact of slowing GDP growth in the wider economy, price inflation in operational costs, increased counter-party credit risk and interest rate sensitivities. Certain mitigating actions within the Group's control should these severe but plausible scenarios occur have also been considered. The Directors have also considered the impact of planned M&A transaction scenarios on covenant compliance. The forecast scenarios indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

The Directors have considered all of the factors noted above and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1.3 Basis of consolidation

The financial statements of the Group incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration voting rights and all relevant facts and circumstances that afford the Group power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.3 Basis of consolidation (continued)

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and that a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value and assets arising from employee benefits.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been closed, disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon closure, disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

1.5 Foreign currency

The functional and presentational currency of the parent is British Pound Sterling. The financial statements of the Group are presented in British Pound Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, British Pound Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.6 Financial instruments

Classification and measurement

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

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit and loss ("FVTPL"). This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial instruments issued by the Group are recognised as equity only to the extent that they meet the following two conditions:

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

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

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables including contract assets, cash and cash equivalents, trade and other payables including contract liabilities, interest-bearing loans and borrowings, and equity instruments.

Trade and other receivables including contract assets

Trade receivables are measured initially at transaction price and other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held on call and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables including contract liabilities

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. These amounts are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1.8 Derivative financial instruments

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking macro-economic information approach to assessing hedge effectiveness.

The Group's risk management policies include the use of derivative instruments to manage interest rate and foreign exchange related risks.

Derivative financial instruments are recognised initially at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

Fixtures, plant and equipment	6 years
Rental equipment	2 - 6 years
Motor vehicles	4 years

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

1.10 Business Combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, plus the fair value of the existing equity interest in the acquiree over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred and disclosed as non-recurring administrative expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1.11 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.11 Intangible assets and goodwill (continued)

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to administrative expenses in the income statement on a straight-line basis over the estimated useful economic lives of intangible assets. The estimated useful economic lives vary within the ranges set out below depending on the trading characteristics of the businesses to which the assets relate and the Group's long-term plans for those businesses:

- | | |
|-----------------------------------|--------------|
| • patents and trademarks | 5 years |
| • customer-related intangibles | 5 - 12 years |
| • marketing and brand intangibles | 3 - 15 years |
| • technology intangibles | 6 years |

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on a first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

1.13 Impairment

Financial instruments and contract assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.13 Impairment (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve month expected credit losses are the portion of expected credit loss that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired, and there is no reasonable expectation of recovery. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual clients, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement 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 Group 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.

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.16 Revenue

Revenue from contracts with customers is recognised consistent with the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual goods and services provided to the end of the reporting period as a proportion of the total goods and services to be provided. This is determined based on an allocation of the transaction price to each performance obligation of the contract.

The transaction price is measured at fair value of the consideration received or receivable, excluding sales taxes.

The Group's major services and product lines are as follows:

Security services and guardians

Security and guardians services provided by the Group are used to improve the security of properties and sites for a period of time. The services include access control, monitoring, guardians and guarding, and may include the use of certain equipment such as alarms, security towers and steel security screens.

Revenues from security services are recognised over time based on the actual services provided in proportion to the period contracted for the services.

Glazing, doors and locks related services

Services in relation to glazing, doors and locks provided by the Group include repairs, installation and the provision of the products. Revenue from these activities is recognised at the point in time when the goods and services are provided.

Properties and grounds related services

The range of services provided by the Group in relation to properties and grounds includes property clearance, cleaning and grounds maintenance.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.16 Revenue (continued)

Where the Group is contracted to provide an agreed set of services for a period of time, or where the completion of a service spans a significant period of time, revenue is recognised over the contracted period in proportion to the contract price based on the services provided or based on the degree of completion of the service. For services that do not span a period of time, revenue is recognised at the point when the goods and services are provided.

1.17 Expenses

Financing income and expenses

Financing expenses comprise interest payable, including:

- the financing element of finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions
- the arrangement fees payable on completion of a new financing facility, expensed over the term of the facility using the effective interest method

Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Financing income and financing expenses are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.18 Taxation

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

Current tax

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

Deferred tax

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.19 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified assets, which may be specified explicitly or implicitly, and should physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the assets throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has his right when is has decision making rights that are most relevant to changing how and for what purpose the asset is used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the assets or the end of the lease term. The estimated useful lives of the right to use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments, included in the measurement of lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payment under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.19 Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use assets has been reduced to zero.

Short term leases and leases of low value assets

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.21 Alternative performance measures

In the reporting of financial information, the directors have adopted various alternative performance measures to provide additional useful information. These measures principally highlight underlying trends and performance, or function as key performance indicators.

Alternative performance measures are not defined under IFRS and are termed "non-GAAP measures". They are not designed to be a substitute for, or superior to, IFRS measures, and they may not be directly comparable to the similarly titled performance measures adopted by other entities.

The alternative performance measures presented in these financial statements are as follows:

Non-underlying expenses

The Group's income statement identifies trading results including non-underlying expenses separately.

Non-underlying expenses comprise costs that are principally one-off or non-recurring in nature, including, but not limited to, expenditures incurred relating to business restructuring, potential acquisitions, loan refinancing, and other costs that are not reflective of the underlying performance of the Group.

The directors believe that presenting the financial results this way is relevant to the underlying financial performance of the Group, as non-underlying expenses are identified by virtue of their size, nature and incidence. The presentation is consistent with the financial performance reported to the Board of the Company and to senior management. In determining whether an event or a transaction is treated as a non-underlying administrative expense, management considers quantitative and qualitative factors such as frequency of occurrence. Furthermore, the Senior Facility Agreement includes specific definitions of cost types and events which can be adjusted and treated as non-underlying.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.21 Alternative performance measures (continued)

Adjusted EBITDA

Adjusted EBITDA is a measure of the underlying operating profit. The measure excludes non-underlying administrative expenses, interest income and expenses, foreign exchange gains and losses, depreciation and amortisation.

Adjusted EBITDA is related to some of the measures used in a Senior Facility Agreement under which a consortium of banks provides credit facilities to the Group and is therefore a key indicator of the Group's liquidity.

Further details of adjusted EBITDA are provided in note 2 to these financial statements.

1.22 Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

- In relation to the Group's property, plant and equipment (note 10), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets. No circumstances have been identified to suggest that this is the case.
- Goodwill is reviewed annually to assess the requirement for impairment. Other intangible assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable. Impairment testing on goodwill and other intangible assets is carried out in accordance with the analyses described in note 11. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.
- The Group is required to estimate the cost of settling dilapidation obligation for its property leases. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space (see Note 20).
- The classification of an item of expenditure as non-underlying expenses requires judgement to determine whether the item of expenditure is part of the normal underlying operating activities (see Note 3).
- In determining when revenue from a contract with a customer is to be recognised, it is necessary to determine the nature of the contractual obligations and when a customer obtains control of the goods and services. Determining the nature of the contractual obligations and timing of the transfer of control over goods and services require judgement.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (continued)

1.22 Significant judgements and estimates (continued)

- The Group has tax losses and other deductible temporary differences that have the potential to reduce tax payments in future years. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income and after taking into account specific risk factors that affect the recovery of these assets. These profit projections require judgement relating to the long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.
- The Group applies the IFRS 9 model by calculating expected credit losses ("ECLs") based on historic loss rates, and taking into account known circumstances at year end to update the rates if required.
- The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 17.
- The acquisition of M & R Solutions Limited during the year includes an estimate of contingent consideration which is based on conditions existing at acquisition date using a weighted probability method.
- In order to ascertain an appropriate valuation for customer relationship intangible assets, the contractual cash flows attributable to each material customer have been forecasted through to 31 March 2033 and discounted back to a present value. A discount rate of 11.02% has been assumed, which is based on the weighted average cost of capital of the business.
- The calculation of the share-based payment charge uses a valuation model which includes some key judgements and estimates, in order for management to establish the valuation of a potential charge. These assumptions include management's assessment of the fair value of each share issue on the grant date, which considers judgements including the expected date and likelihood of an exit event and the forecast performance of the business. Based on management's assessment, the valuation of a potential share based payment charge has not been recognised in the current or prior year as it is not considered to be material.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Adjusted EBITDA

	2023 £'000	2022 £'000
Operating (loss) / profit	(701)	404
Add back:		
Depreciation	10,561	9,880
Amortisation	7,250	7,320
Impact of accounting standards:		
- IFRS 9 (impairment of financial assets)	75	109
- IFRS 15 (revenue recognition)	442	148
- IFRS 16 operating leases (non-depreciation)	(3,074)	(3,628)
Impairment of tangible fixed assets	-	-
Profit on disposal of property, plant and equipment	(59)	(126)
Non-underlying expenses (Note 3)	4,791	4,431
Foreign exchange losses	853	37
Adjusted EBITDA	<u>20,138</u>	<u>18,575</u>

Adjusted EBITDA as calculated above is a preferred alternative performance measure of the underlying operating performance of the business.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Non-underlying expenses

	2023	2022
	£'000	£'000
Included in the income statement are the following:		
Non-underlying expenses:		
Advisor fees (1)	2,555	112
Restructuring costs (2)	2,088	1,374
Refinancing costs (3)	-	2,357
Other (4)	148	588
Total	4,791	4,431

- 1 Included within advisor fees are amounts that related to professional advice received on business restructuring activities that occurred during the year.
- 2 Restructuring costs relate to amounts incurred to transform business operations including people-related costs such as severance pay, recruitment fees and incremental staff costs.
- 3 Refinancing costs relate to the incremental costs incurred in refinancing the debt facility that was completed on 1 June 2021. The costs incurred in the year to 31 March 2022 comprise advisor fees of £2.1m and additional resource costs totaling £0.3m.
- 4 Other non-underlying expenses include new business start-up costs, property exit costs and costs incurred in response to the COVID-19 outbreak.

Non-underlying expenses is an alternative performance measure used by the management to assess the underlying financial performance of the Group. Further details of non-underlying expenses are provided in note 1.21.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Revenue

In the following table, revenue is disaggregated by primary geographical markets, major products / service lines and timing of revenue recognition.

	2023 £'000	2022 £'000
Primary geographical locations		
United Kingdom	91,918	81,112
Rest of Europe	81,240	67,893
	<u>173,158</u>	<u>149,005</u>
Major products / services and revenue recognition		
Security services - over time	116,985	99,246
Glazing, doors and locks related services - point in time	46,879	39,806
Guardians - over time	9,294	9,953
	<u>173,158</u>	<u>149,005</u>
Revenue recognition		
Over time	126,279	109,199
Point in time	46,879	39,806
	<u>173,158</u>	<u>149,005</u>
Contract assets and liabilities		
Trade receivables	31,612	27,270
Contract assets	6,163	3,207
Contract liabilities	(3,003)	(2,416)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	2023 £'000	2022 £'000
Contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,416	2,375
Increases due to cash received, excluding amounts recognised as revenue during the period	(3,003)	(2,416)
Contract assets		
Transfers from contract assets recognised at the beginning of the period to receivables	(3,207)	(4,070)
Increases as a result of changes in the measure of progress	6,163	2,843
Impairment of contract assets	(259)	364

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Operating (loss) / profit

	2023 £'000	2022 £'000
Operating (loss) / profit for the year is stated after charging / (crediting):		
Amortisation of intangible assets	7,250	7,320
Depreciation:		
- of owned property, plant and equipment	6,128	5,330
- of property, plant and equipment held under IFRS 16 operating and finance leases	4,433	4,549
Profit on disposal of property, plant and equipment	(59)	(126)
Auditors' remuneration		
- audit of these financial statements	196	138
- audit of subsidiary undertaking financial statements	396	256
Fees payable to the Company's auditor and its associates in respect of:		
- taxation compliance services	60	58
- other tax advisory services	25	148
- transaction services	73	-

Fees payable to the Company's auditor and its associates relates to services provided to the Group.

6 Employees

	2023 Number	2022 Number
Operational	682	783
Administration, sales and marketing	635	511
	<u>1,317</u>	<u>1,294</u>
	2023	2022
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	48,904	44,967
Social security costs	10,849	9,422
Pension costs	1,197	1,142
	<u>60,950</u>	<u>55,531</u>

Details of the directors' remuneration are disclosed in Note 27.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

7 Finance costs

	2023 £'000	2022 £'000
Total interest on financial liabilities measured at amortised cost	7,894	5,808
Interest on loan notes	-	260
IFRS 16 lease interest	594	568
Bank interest income	(81)	(57)
Total finance costs	<u>8,407</u>	<u>6,579</u>

8 Other gains and losses

	2023 £'000	2022 £'000
Gain / (loss) incurred relating to disposal group	<u>274</u>	<u>(811)</u>

9 Taxation

	2023 £'000	2022 £'000
Current tax		
Corporation tax on profits for the current period	974	1,580
Adjustments in respect of prior periods	(664)	-
Total current tax	<u>310</u>	<u>1,580</u>
Deferred tax		
Origination and reversal of temporary differences	(3,526)	(2,198)
Changes in tax rates	(219)	1,771
Total deferred tax	<u>(3,745)</u>	<u>(427)</u>
Tax attributable to continuing operations	(3,435)	1,153
Tax attributable to discontinued operations	-	(12)
Total tax (credit) / charge	<u>(3,435)</u>	<u>1,141</u>
Recognised in other comprehensive income		
Retranslation of deferred tax balances	-	(34)

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation (continued)

The (credit) / charge for the year can be reconciled to the loss per the income statement as follows:

	2023 £'000	2022 £'000
Loss before taxation	<u>(8,834)</u>	<u>(6,986)</u>
Expected tax credit based on a corporation tax charge of 19% (2022: 19%)	(1,678)	(1,327)
Effect of:		
- expenses not deductible in determining taxable profit	2,976	827
- income not taxable	(696)	(292)
- timing differences not recognised in the computation	469	-
- adjustment in respect of prior periods	(664)	-
- prior period losses utilised	(1,058)	-
- overseas tax rates	543	28
- deferred tax movement	(3,108)	146
- change in deferred tax rate	<u>(219)</u>	<u>1,771</u>
Tax (credit) / charge for the year attributable to continuing operations	(3,435)	1,153
Tax credit attributable to discontinued operations	<u>-</u>	<u>(12)</u>
Tax (credit) / charge for the year	<u>(3,435)</u>	<u>1,141</u>

Factors affecting the tax charge

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax liability as at 31 March 2023 was calculated at 25% (2022: 19%).

The Group has approximately £34.2 million (2022: £39.7 million) of tax losses carried forward. No deferred tax asset has been recognised on these losses due to the lack of visibility of taxable profits arising in the near term.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Property, plant and equipment

	Rental equipment £'000	Motor vehicles £'000	Fixtures plant equipment £'000	Total £'000
Cost				
Balance at 1 April 2021	39,023	12,157	16,140	67,320
Additions	4,954	4,004	6,309	15,267
Disposals	(6,789)	(1,732)	-	(8,521)
Transfer to assets held by disposal group	-	(195)	(215)	(410)
Foreign exchange difference	278	(45)	1,264	1,497
Balance at 31 March 2022	37,466	14,189	23,498	75,153
Additions	5,767	2,224	2,356	10,347
Disposals	(3,243)	(1,707)	(2,181)	(7,131)
Acquisitions	-	-	11	11
Foreign exchange difference	977	261	425	1,663
Balance at 31 March 2023	40,967	14,967	24,109	80,043
Accumulated depreciation and impairment				
Balance at 1 April 2021	32,699	7,712	8,408	48,819
Depreciation charge for the year:				
- continuing operations	3,597	2,253	4,030	9,880
- discontinued operations	-	25	55	80
Disposals	(6,439)	(1,364)	-	(7,803)
Transfer to assets held by disposal group	-	(181)	(69)	(250)
Foreign exchange difference	327	(26)	1,138	1,439
Balance at 31 March 2022	30,184	8,419	13,562	52,165
Depreciation charge for the year:				
- continuing operations	4,195	2,420	3,927	10,542
- discontinued operations	-	10	9	19
Acquisitions	-	-	4	4
Disposals	(2,970)	(1,433)	(2,068)	(6,471)
Foreign exchange difference	621	143	259	1,023
Balance at 31 March 2023	32,030	9,559	15,693	57,282
Net book value				
At 31 March 2023	8,937	5,408	8,416	22,761
At 31 March 2022	7,282	5,770	9,936	22,988

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Property, plant and equipment (continued)

	Fixtures plant equipment £'000	Motor vehicles £'000	Total £'000
<i>Leased assets</i>			
Balance at 1 April 2022	6,616	5,706	12,322
Balance at 31 March 2023	5,887	5,205	11,092
Depreciation charge for the year	<u>2,193</u>	<u>2,240</u>	<u>4,433</u>
Additions of right-of-use assets			<u>3,736</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible assets

	Goodwill	Customers and marketing	Technology	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 April 2021	110,689	83,319	6,012	3,226	203,246
Additions - externally purchased	-	-	-	599	599
Disposals	-	-	-	(350)	(350)
Transfer to assets held					-
by disposal group	(1,714)	(2,690)	-	-	(4,404)
Foreign exchange differences	(232)	(353)	(2)	(4)	(591)
Balance at 31 March 2022	108,743	80,276	6,010	3,471	198,500
Additions - externally purchased	-	-	-	1,100	1,100
Recognised on acquisition					
of subsidiary	3,550	13,487	385	16	17,438
Foreign exchange difference	944	1,456	9	37	2,446
Balance at 31 March 2023	113,237	95,219	6,404	4,624	219,484
Accumulated depreciation and impairment					
Balance at 1 April 2021	91,789	53,837	5,984	2,125	153,735
Charge for the year	-	6,697	27	596	7,320
Eliminated on disposal	-	-	-	(344)	(344)
Transfer to assets held					
by disposal group	(1,714)	(1,996)	-	-	(3,710)
Foreign exchange differences	(159)	(219)	(1)	(4)	(383)
Balance at 31 March 2022	89,916	58,319	6,010	2,373	156,618
Charge for the year	-	6,538	86	626	7,250
Recognised on acquisition					
of subsidiary	-	-	-	5	5
Foreign exchange differences	651	1,085	9	37	1,782
Balance at 31 March 2023	90,567	65,942	6,105	3,041	165,655
Net book value					
At 31 March 2023	22,670	29,277	299	1,583	53,829
At 31 March 2022	18,827	21,957	-	1,098	41,882

Other intangible assets include costs in relation to patents, trademarks, and advisor and development costs paid for software for the key Group operating systems. Amortisation is recognised in administrative expenses in the income statement.

The remaining amortisation period for material customers and marketing intangibles assets is as follows: VPS UK (Limited) has 75 months, VPSitex SAS has 43 months and M&R Solutions Limited has 88 months.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible assets (continued)

Customer-related assets have useful economic lives recognised at the time of acquisition of between 5 and 12 years. Customer-related assets are based on the present value of projected cash flows, in excess of the returns on contributory assets, over the life of the relationship with customers.

Marketing-related assets have useful economic lives recognised at the time of acquisition of between 3 and 15 years. Marketing-related assets represent the benefit of not having to pay royalties to licence the right to use marketing-related intangible assets.

Technology-related assets have useful economic lives recognised at the time of acquisition of 6 years. Technology-related assets represent the benefit of not having to incur costs in the design, development and testing of acquired technology.

Goodwill acquired in business combinations has been allocated to cash generating units ("CGUs") as follows:

	2023 £'000	2022 £'000
VPS (UK) Limited	9,650	9,650
VPSitex SAS	3,473	3,355
Netherlands	3,344	3,230
Prodomo SAS	1,822	1,761
Evander Glazing and Locks Limited	831	831
M&R Solutions Limited	3,550	-
	<u>22,670</u>	<u>18,827</u>

The recoverable amount of each CGU has been calculated with reference to its value in use.

The key assumptions of this calculation are shown below:

VPS (UK) Limited	2023	2022
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied for year 1	41.9%	8.7%
Growth rate applied from year 2 to 5	11.8%	10.9%
Growth rate applied from year 5	2.5%	2.5%
Pre-tax discount rate	13%	11%
VPSitex SAS	2023	2022
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied for year 1	7.5%	7.3%
Growth rate applied from year 2 to 5	7.2%	2.3%
Growth rate applied from year 5	2.5%	2.5%
Pre-tax discount rate	14%	11%
Netherlands	2023	2022
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied for year 1	-8.3%	6.3%
Growth rate applied from year 2 to 5	9.1%	10.6%
Growth rate applied from year 5	2.5%	2.5%
Pre-tax discount rate	15%	12%

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible assets (continued)

Prodomo SAS	2023	2022
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied for year 1	6.8%	2.4%
Growth rate applied from year 2 to 5	11.0%	2.3%
Growth rate applied from year 5	2.5%	2.5%
Pre-tax discount rate	13%	11%
Evander Glazing and Locks Limited	2023	2022
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied for year 1	9.7%	39.9%
Growth rate applied from year 2 to 5	14.4%	43.6%
Growth rate applied from year 5	2.5%	2.5%
Pre-tax discount rate	13%	11%
M&R Solutions Limited	2023	2022
Period on which management-approved forecasts are based	5 years	-
Growth rate applied for year 1	48.2%	-
Growth rate applied from year 2 to 5	27.4%	-
Growth rate applied from year 5	2.5%	-
Pre-tax discount rate	13%	-

Discount rates are based on the historical cost of capital data for similar entities, with a debt leveraging of an average market participant of 50%. The discount rate has been calculated for the Group as a whole and adjusted for the additional risk premium of the individual CGUs based on their relative risk and return characteristics. The slight increase in the discount rate compared to 2022 reflects the increase in the underlying risk-free rate based on Bank of England 20-year Government bond from 1.31% to 4.15%.

Cash flow projections are based on budgeted Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") projections, adjusted for projected capital expenditure ("Capex") net of lease funding and repayments. Budgeted EBITDA projections have been derived based on expectations of future outcomes considering past experience, adjusted for revenue growth.

Cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that an average market participant would make.

If growth rates were to be below those modelled in capex driven CGUs (VPS UK, VPSitex SAS or Prodomo SAS) the business could reduce capex to offset the cash flow impact of a reduction in EBITDA.

For Service CGUs (Evander, M&R Solutions), Capex is typically lower so there is less scope to offset lower growth by reducing Capex. However, the multi-year, tendered, predictable nature of the contractual revenue streams of the business means that the probability of forecasted growth rates not being met is lower.

The recoverable amount for impairment testing has been determined on a value in use basis at Group level and for individual CGUs. At Group level the impairment testing for the year ended 31 March 2023 indicates that the recoverable amount of goodwill and intangible assets exceeds the carrying amount. The recoverable amount is consistent with prior year and the carrying amount has reduced due to amortisation of intangible assets in the year, creating additional headroom.

The impairment testing also indicates that the recoverable amount of goodwill and intangible assets exceeds the carrying amount on an individual CGU basis, and as such no impairment charge has been booked in the year ended 31 March 2023.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible assets (continued)

Impairment calculations are potentially sensitive to changes in the discount rate, and growth rate assumptions. A 3.3% increase in the discount rate from 10.7%, with all other assumptions held constant, would be required before the next CGU would become impaired.

A decrease of 35.9% in the year 1 growth rate from 10.0%, with all other assumptions held constant, would be required before the next CGU would become impaired.

A decrease of 61.9% in the year 1 growth rate from 41.9%, with all other assumptions held constant, would be required before VPS (UK) Limited would become impaired.

A decrease of 21.3% in the average year 2 to 5 growth rate from 10.0%, with all other assumptions held constant, would be required before the next CGU would become impaired.

A decrease of 5.1% in the terminal growth rate from 2.5%, with all other assumptions held constant, would be required before the next CGU would become impaired.

At Group level neither doubling the discount factor, nor removing the growth rate altogether would trigger an impairment charge.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

12 Subsidiary undertakings

Details of the Company's subsidiary undertakings as 31 March 2023 are as follows:

Name of undertaking	Country of incorporation	Nature of business
Tyrion Security Debtco Limited *	England and Wales	Holding company
Tyrion Security Midco Limited	England and Wales	Holding company
Tyrion Security Bidco Limited	England and Wales	Holding company
VPS Holdings Limited	England and Wales	Holding company
Vacant Property Security Limited	England and Wales	Holding company
VPS (UK) Limited	England and Wales	Provision of security services
VPSitex NI Limited ☐	England and Wales	Provision of security services
VPS Site Security Limited	England and Wales	Provision of security services
VPS Guardians Limited	England and Wales	Provision of security services
M&R Solutions Limited	England and Wales	Provision of security services
Evander Glazing and Locks Limited	England and Wales	Provision of glazing, locks and door fitting services
Highway Windscreens (UK) Limited	England and Wales	Dormant
VPSitex Holdings Netherlands B.V.	Netherlands	Provision of security services
FMT Beheer B.V.	Netherlands	Provision of security services
VPSitex Holdings France SAS	France	Provision of security services
Prodomo SAS	France	Provision of security services
VPSitex SAS	France	Provision of security services
VPS Residents Temporaires SAS	France	Provision of security services
VPSitex Espana S.L.U.	Spain	Provision of security services
VPSitex Deutschland GmbH	Germany	Provision of security services
VPSitex Ireland Limited	Ireland	Provision of security services
VPSitex Italia S.R.L.	Italy	Provision of security services
VPS Site Security Netherlands BV	Netherlands	Provision of security services

The Group controls 100% of the issued Ordinary share capital of each of the above subsidiary undertakings.

* Directly held

☐ Subsidiary is exempt from the requirements of the Companies Act 2006 relating to the audit of its individual accounts by virtue of section 479A.

The registered address for:

Companies incorporated in England and Wales - Broadgate House, Broadway Business Park, Chadderton, OL9 9XA, United Kingdom

Companies incorporated in Italy - Via Magenta 35, 10128 Torino, Italy

Companies incorporated in Germany - VPSitex Deutschland GmbH, Darwinstraße 17, 10589 Berlin, Germany

Companies incorporated in Ireland - 2 Seapoint Avenue, Blackrock, Co. Dublin, Ireland

Companies incorporated in the Netherlands - Dr Kuyperstraat 9, 2514 BA Den Haag, Netherlands

Companies incorporated in France - 8 Rue Bernard Buffet, 75017, Paris, France

Companies incorporated in Spain - C/ Albert Einstein, 2, 08940 Cornellà de Llobregat, Barcelona, Spain

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Acquisition of subsidiary

On 29 July 2022 the Group acquired 100% of the share capital and voting equity interest of M&R Solutions Limited, a company providing security services to corporate clients. This interest was acquired for cash and deferred consideration, as shown below.

The primary reason for the business combination was to increase market share and leverage expected synergies.

Consideration transferred

The following summarises the acquisition date and fair value of each major class of consideration transferred:

	£'000
Cash	10,838
Deferred consideration	3,330
	<u>14,168</u>

Deferred consideration

The Group has agreed to pay the selling shareholders additional consideration after one and two years, based on the acquiree's EBITDA for each of those 12 month periods for August 2022 to July 2023 (year one) and August 2023 to July 2024 (year two) meeting certain EBITDA thresholds. Based on management's latest forecasts, the Group has included £3,040,000 of deferred consideration as a liability in the Group financial statements, see Note 17 for further detail. An amount of £290,000 has been credited as a gain to the profit and loss account, included in Other gains and losses.

Acquisition-related costs

The Group incurred acquisition-related costs of £264,000 on legal fees and due diligence expenses. These costs have been included within the non-underlying expenses account caption in the Profit and loss statement.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of the acquisition:

Goodwill

The amount of goodwill recognised is relatively low due to the key drivers of the acquisition being to undertake valuable customer relationships which hold synergies with the core activities of the Group.

	Fair Value £'000
Identifiable intangible assets:	
- customer relationships	13,487
Intangible assets	
- computer software	385
Goodwill	3,550
Trade receivables	1,624
Cash and cash equivalents	817
Trade and other payables	(2,227)
Deferred tax liabilities	(3,468)
Total identifiable net assets acquired	<u>14,168</u>

The goodwill acquired is not deductible for tax purposes.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Acquisition of subsidiary (continued)

Measurement of fair values

Assets acquired

Computer software	As there is no active market for such bespoke intangible assets, a cost approach has been taken to value computer software acquired based on the cost to re-create the assets. The fair value is based on the estimated time required by appropriately skilled individuals to re-create such assets.
Customer relationships	The contractual cash flows attributable to each material customer have been forecasted through to 31 March 2033 and discounted back to a present value. A discount rate of 11.02% has been assumed, which is based on the weighted average cost of capital of the business. The cash flows included do not include any element of growth or inflation for each customer and are based on contractually agreed cash flows.

The table below shows the revenue and operating profits of M&R Solutions Limited since its date of acquisition and the revenues and operating profits of the combined entity for the current reporting period as though the acquisition date had been 1 April 2022 ("Full year impact").

	M&R Solutions Limited since acquisition £'000	Combined entity Full year impact £'000
Revenue	<u>7,916</u>	<u>175,819</u>
Operating profit	<u>1,283</u>	<u>99</u>

14 Disposal group

On 30 September 2022, the Group sold the subsidiary Redfields Landscaping & Design Limited ("Redfields"). The Group was previously committed to a plan to sell this division due to it being non-core to the other principal activities of the group.

The related assets and liabilities were classified as held for sale at 31 March 2022.

On 30 September 2022, the division was sold for a total consideration of £701,000 cash and a pre-tax loss of £16,000 was recorded. The attributable tax was £3,000, leaving a loss after tax of £13,000.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Disposal group (continued)

The operations of Redfields were a separate major line of business of the Group as follows:

	2023 £'000	2022 £'000
Revenue	1,963	3,437
Cost of sales	(1,421)	(2,369)
Gross profit	542	1,068
Administrative expenses	(547)	(909)
Non-underlying expenses	(83)	1
Total administrative expenses	(630)	(908)
Operating (loss) / profit	(88)	160
Finance costs	-	(16)
(Loss) / profit before taxation	(88)	144
Taxation	-	(12)
(Loss) / profit for the year	(88)	132

The assets and liabilities of the subsidiary were stated at fair value less costs to sell, comprised of the following:

	2023 £'000	2022 £'000
Cash flows from operating activities		
(Loss) / profit for the year	(88)	132
Adjustments for:		
Depreciation, amortisation and impairment	40	80
Loss on sale of property, plant and equipment	-	1
Taxation	-	12
	(48)	225
Increase in contract assets, trade and other receivables	(83)	(167)
Increase / (decrease) in contract liabilities, trade and other payables	110	(68)
Net cash flow generated from operating activities	(21)	(10)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(91)	(112)
Proceeds from sale of property, plant and equipment	-	(1)
Net cash flow used in investing activities	(91)	(113)
Cash flows from financing activities		
IFRS 16 finance lease liabilities paid	(21)	(81)
IFRS 16 operating lease liabilities entered into / (paid)	-	66
Net cash flow used in financing activities	(21)	(15)

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Inventories

	2023	2022
	£'000	£'000
Inventory	<u>2,222</u>	<u>2,330</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £14,069,000 (2022: £12,695,000).

16 Trade and other receivables

	2023	2022
	£'000	£'000
Trade receivables	31,612	27,270
VAT recoverable	340	334
Prepayments	2,352	2,256
Other receivables	<u>1,108</u>	<u>540</u>
	<u>35,412</u>	<u>30,400</u>

All the above are due for settlement within 12 months.

Included within trade receivables of £31,612,000 (2022: £27,270,000) there is an impairment of £6,475,000 (2022: £5,139,000) relating to expected credit losses.

Included within other receivables is £120,000 (2022: £140,000) relating to securities over cash held on deposit.

17 Trade and other payables

	2023	2022
	£'000	£'000
Current:		
Trade payables	12,967	11,537
Amounts due to ultimate parent company	628	628
Non-trade payables and accrued expenses	6,983	2,719
Accruals and deferred income	15,207	12,764
Social security and other taxation	9,923	8,444
Corporation tax	<u>1,324</u>	<u>1,647</u>
	<u>47,032</u>	<u>37,739</u>
Non-current:		
Other payables	<u>806</u>	<u>1,427</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate, foreign exchange and liquidity risks. The Group primarily finances its operations using share capital, operating cash flow and borrowings.

The Group does not engage in trading or speculative activities using derivative financial instruments.

Financial assets and liabilities

The financial assets and liabilities held by the Group are as follows:

	Financial assets 2023 £'000	Financial liabilities 2023 £'000	Financial assets 2022 £'000	Financial liabilities 2022 £'000
Trade and other receivables, including contract assets	41,574	-	31,017	-
Cash	9,872	-	9,911	-
Secured bank borrowings	-	93,933	-	76,639
IFRS 16 finance lease liabilities	-	4,203	-	4,391
IFRS 16 operating lease liabilities	-	7,359	-	7,684
Trade and other payables	-	47,838	-	39,166
	<u>51,446</u>	<u>153,333</u>	<u>40,928</u>	<u>127,880</u>

Amounts due to fellow group undertakings are unsecured, non-interest bearing and repayable on demand.

Risk management

The main risks arising from the Group's financial instruments are credit, liquidity, currency and interest rate risk. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all commercial customers.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

No collateral is held as security in respect of amounts outstanding, however in a number of instances deposits may be held against the value of security equipment provided. A deposit equal to one month of customer licence fee is also collected from all Guardians.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Financial instruments (continued)

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers within the same risk profile. The maximum exposure to credit risk is represented by the carrying amount of each financial asset recorded in the balance sheet.

Trade receivables and contract assets

Credit risk for trade receivables and contract assets net of impairment allowances by geographic region was as follows:

	2023 £'000	2022 £'000
Contract assets		
United Kingdom	1,865	1,042
Rest of Europe	4,298	2,165
	<u>6,163</u>	<u>3,207</u>
Trade receivables		
United Kingdom	13,048	11,671
Rest of Europe	18,564	15,599
	<u>31,612</u>	<u>27,270</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2023.

	2023 £'000	2022 £'000
Not past due	20,640	19,246
Past due 0 - 90 days	7,912	5,435
Past due 91 - 180 days	1,726	1,759
Past due 181+ days	1,334	830
	<u>31,612</u>	<u>27,270</u>

The Group uses an allowance matrix to measure the ECL of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk, using data from on the Group's historical experience of credit losses from up to 15 months from the date credit loss rates are being determined.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 £'000	2022 £'000
At 1 April 2022	5,139	5,831
Amounts written off	(533)	(115)
Net remeasurement of loss allowance	2,208	(577)
At 31 March 2023	<u>6,814</u>	<u>5,139</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 13 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure sufficient headroom on financial covenants.

The Group monitors available borrowing facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing.

Foreign exchange risk

The Group is exposed to foreign exchange risk on transactions denominated in Euros through its European subsidiaries. The Group manage its foreign exchange risk by matching the currency of its borrowings in line with the net cash flow generated in Sterling and Euro and then seeks to minimise the amount of net Euro cash flow used to settle Sterling liabilities.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings.

The Group's policy is to review regularly the terms of its borrowing facilities, and to assess and manage interest rate risk relating to long-term borrowing commitments. The Group's risk management policies include the use of derivative instruments.

Sensitivity analysis

In managing interest rate and currency risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2023 it is estimated that after applying the Group's risk management policies, a general increase of one percentage point in interest rates would have increased the Group's loss before tax by approximately £0.90 million (2022: £0.89 million) assuming all other variables are equal.

At 31 March 2023 the Group's assets and liabilities denominated in Euros was in aggregate a net liability of €2.1 million (2022: net liability of €14.9 million). It is estimated that after applying the Group's risk management policies, a general weakening/strengthening of the Euro exchange rate to the British Pound Sterling would have decreased/increased the Group's loss before tax by approximately £0.02 million (2022: £0.13 million) assuming all other variables are equal.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Financial instruments (continued)

Financial liabilities – analysis of maturity dates

At 31 March 2023, the Group had the following financial liabilities, and the table also shows the maturity profile of the contractual cash flows, including payments of future interest assuming no change in the variable rates between the year end and maturity:

	Trade and other payables £'000	Secured bank borrowings £'000	IFRS 16 finance lease obligations £'000	IFRS 16 operating lease obligations £'000	Total £'000
31 March 2023					
Carrying value	<u>47,838</u>	<u>93,933</u>	<u>4,203</u>	<u>7,359</u>	<u>153,333</u>
Contractual cash flows:					
Less than one year	47,032	13,477	1,619	2,760	64,888
One to two years	-	-	1,849	2,099	3,948
Two to five years	628	-	1,065	2,280	3,973
Over five years	<u>178</u>	<u>80,456</u>	<u>-</u>	<u>1,008</u>	<u>81,642</u>
	<u>47,838</u>	<u>93,933</u>	<u>4,533</u>	<u>8,147</u>	<u>154,451</u>
31 March 2022					
Carrying value	<u>39,166</u>	<u>76,639</u>	<u>4,391</u>	<u>7,684</u>	<u>127,880</u>
Contractual cash flows:					
Less than one year	37,739	11,739	1,533	2,740	53,751
One to two years	676	-	1,846	1,969	4,491
Two to five years	629	-	1,377	2,616	4,622
Over five years	<u>122</u>	<u>66,970</u>	<u>-</u>	<u>1,227</u>	<u>68,319</u>
	<u>39,166</u>	<u>78,709</u>	<u>4,756</u>	<u>8,552</u>	<u>131,183</u>

19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, other than interest bearing balances with the parent undertaking, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 18.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

19 Interest-bearing loans and borrowings (continued)

	2023	2022
	£'000	£'000
Non-current liabilities		
Bank loans and overdrafts - Senior debt	78,415	64,899
IFRS 16 finance lease liabilities	2,717	3,005
	<u>81,132</u>	<u>67,904</u>
Current liabilities		
Bank loans and overdrafts - Senior debt	3,477	1,740
Bank loans and overdrafts - RCF	10,000	10,000
IFRS 16 finance lease liabilities	1,486	1,386
	<u>14,963</u>	<u>13,126</u>

In the year to 31 March 2022, the Group completed on a refinancing exercise to put in place a new funding structure with a new lender, Deutsche Bank AG.

In June 2021, under the new arrangement, the Group's previous facility was repaid and replaced with a £90.1m facility comprised of £67.6m Senior Debt, £10m Revolving Credit Facility ("RCF"), and £12.5m Acquisition Credit Facility ("ACF"). On 8 December 2022 the RCF was increased from £10m to £15m.

At 31 March 2023 and 31 March 2022 the Senior Debt facilities were fully drawn and £10m of the RCF was drawn. £11.3m of the ACF was drawn on 29 July 2022 in order to fund the acquisition of M&R Solutions Limited.

The Senior Debt comprised of term loans and a Revolving Credit Facility as detailed below:

Type	Borrower	Interest rate	Facility amount 2023 £000	2022 £000	Original facility date	Maturity date
Senior debt - GBP	Tyrion Security Bidco Limited	SONIA + 6.75%	23,750	23,750	June 2021	May 2028
Senior debt - EUR	Tyrion Security Bidco Limited	EURIBOR + 6.75%	22,478	21,716	June 2021	May 2028
Senior debt - EUR	VPSitex Holdings France SAS	EURIBOR + 6.75%	22,259	21,504	June 2021	May 2028
RCF	Tyrion Security Bidco Limited	SONIA + 6.75%	15,000	10,000	June 2021	May 2028
ACF - GBP	Tyrion Security Bidco Limited	SONIA + 6.75%	6,250	6,250	June 2021	May 2028
ACF - EUR	Tyrion Security Bidco Limited	EURIBOR + 6.75%	6,391	6,174	June 2021	May 2028

The Senior Debt facilities are repayable on the facilities' maturity date in May 2028.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

19 Interest-bearing loans and borrowings (continued)

Borrowings are secured against the assets of the following Group companies by Kroll Agency Services Limited, acting as security agent on behalf of lender Deutsche Bank AG:

- Tyrion Security Midco Limited
- Tyrion Security Bidco Limited
- VPS Holdings Limited
- Vacant Property Security Limited
- VPS (UK) Limited
- VPS Site Security Limited
- Evander Glazing and Locks Limited
- M&R Solutions Limited

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Future interest payments 2023 £'000	Future capital payments 2023 £'000	Amortised cost 2023 £'000	Future interest payments 2022 £'000	Future capital payments 2022 £'000	Amortised cost 2022 £'000
At 31 March		<u>93,933</u>	<u>91,892</u>		<u>78,709</u>	<u>76,638</u>
Settle in year 1	6,991	13,477	13,477	5,065	11,739	11,739
Settle in year 2	7,058	-	-	4,962	-	-
Settle in years 3 to 6	<u>22,251</u>	<u>80,456</u>	<u>78,415</u>	<u>20,772</u>	<u>66,970</u>	<u>64,899</u>
	<u>36,300</u>	<u>93,933</u>	<u>91,892</u>	<u>30,799</u>	<u>78,709</u>	<u>76,638</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

19 Interest-bearing loans and borrowings (continued)

IFRS 16 operating lease liabilities

IFRS 16 operating lease liabilities are repayable as follows:

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2023	2023	2023	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Less than 1 year	2,760	284	2,476	2,740	288	2,452
1 to 2 years	2,099	177	1,922	1,969	194	1,775
2 to 5 years	2,280	217	2,063	2,616	252	2,364
More than 5 years	1,008	110	898	1,227	134	1,093
	<u>8,147</u>	<u>788</u>	<u>7,359</u>	<u>8,552</u>	<u>868</u>	<u>7,684</u>

IFRS 16 finance lease liabilities

IFRS 16 finance lease liabilities are repayable as follows:

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2023	2023	2023	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Less than 1 year	1,619	133	1,486	1,533	147	1,386
1 to 2 years	1,849	146	1,703	1,846	137	1,709
2 to 5 years	1,065	51	1,014	1,377	81	1,296
	<u>4,533</u>	<u>330</u>	<u>4,203</u>	<u>4,756</u>	<u>365</u>	<u>4,391</u>

The total expenses relating to short-term leases in the current year was £880,000 (2022: £220,000).

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Employee benefits

Defined contribution plans

The Group operates a few defined contribution pension plans. The total expense relating to these plans in the current year was £1,197,000 (2022: £1,142,000). As at 31 March 2023, contributions of £1,210,000 (2022: £1,076,000) due had not yet been paid over to the plans.

21 Provisions

	Property £'000	Other £'000	Total provision £'000
Balance at 31 March 2022	1,829	-	1,829
Provision reclassification	(862)	862	-
Provision increase	306	333	639
Provision utilised	(152)	(314)	(466)
At 31 March 2023	<u>1,121</u>	<u>881</u>	<u>2,002</u>

Property

The Group has dilapidation provisions expenditure included under "Property" in the above table. The provisions are expected to conclude at the end of the respective leases ranging from 2023 to 2028. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot estimate.

Other

Provisions included within "Other" are amounts relating to ongoing litigation.

22 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Intangible assets	-	4,064	-	4,363
Net tax liabilities	<u>-</u>	<u>4,064</u>	<u>-</u>	<u>4,363</u>

Deferred tax liabilities have been recognised on the value of intangible assets recognised on acquisition of subsidiaries. The liability is released to the income statement, via the tax charge / (credit) line, as the intangible assets are amortised as the amortisation is not an allowable cost for the purposes of calculating taxable profit. The balance also moves as the sterling value of intangible assets recognised in euros changes with exchange rate movements.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

22 Deferred tax assets and liabilities (continued)

Movements in deferred tax liabilities during the year:

	At 1 April 2022 £'000	Foreign exchange £'000	Recognised on acquisition £'000	Liabilities amortised £'000	Net assets recognised £'000	At 31 March 2023 £'000
Net tax liabilities	<u>4,363</u>	<u>(23)</u>	<u>3,469</u>	<u>(1,656)</u>	<u>(2,089)</u>	<u>4,064</u>

Movements in deferred tax assets / (liabilities) during the prior year:

	At 1 April 2021 £'000	Change in tax rate £'000	Liabilities amortised £'000	Net assets recognised £'000	Transferred to liabilities held for sale £'000	At 31 March 2022 £'000
Net tax liabilities	<u>5,005</u>	<u>1,771</u>	<u>(1,709)</u>	<u>(530)</u>	<u>(174)</u>	<u>4,363</u>

23 Share-based payment arrangements

Description of share-based payment arrangements

- Between the years ended 31 March 2019 and 31 March 2023, the Group has issued a total of 98,850 shares to key management personnel in exchange for payment of a subscription price.
- Share ownership entitles holders of the shares to benefit at the time of an exit event which constitute the vesting conditions.
- The shares are held until exit, at which point they would be sold to the new owner.
- If the shareholders leave employment before an exit event, they are required to sell their shares at the lower of current market price and the price originally paid.

24 Share capital

	A Ord. shares of £0.01 each Number	Deferred shares of £0.0001 each Number	Voting Ord. shares of £0.01 each Number	Non-voting shares of £0.01 each Number
Number of shares				
Allotted, called-up and fully paid				
At 31 March 2022	947,055	140,213,079	55,357	36,579
Issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,914</u>
At 31 March 2023	<u>947,055</u>	<u>140,213,079</u>	<u>55,357</u>	<u>43,493</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

24 Share capital (continued)

	Share capital £	Share premium £
Value		
<i>Allotted, called-up and fully paid</i>		
At 31 March 2022	24,411	25,307,410
Shares issued during the year	<u>69</u>	<u>6,845</u>
At 31 March 2023	<u>24,480</u>	<u>25,314,255</u>

Classes of share capital

Any distributable profits which the Company may determine to distribute are distributed amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares, and Voting Ordinary Shares *pari passu*. The Deferred shares carry no right to participate in a dividend.

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary shares, Non-voting Ordinary shares and Voting Ordinary shares in accordance with each shareholder's Individual Payment, and (ii) second, each holder of the Deferred shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred shares held by such shareholder,

(iii) third, any balance of such assets will be distributed in the same manner as under (i) above. Individual Payment is his *pro rata* proportion of the total assets allocated to the relevant class of A Ordinary shares, Voting Ordinary shares or Non-Voting Ordinary shares in accordance with the Articles. Such amount will depend on whether the Investor receives certain hurdles in respect of its holding of A Ordinary shares on such return of capital, as set out in the Articles.

The A Ordinary shares, Voting Ordinary shares, Non-voting Ordinary shares and Deferred shares carry no redemption rights.

On 3 November 2022, 6914 Non-voting shares with a nominal value of £0.01 each were issued for a price of £1.00 per share, and total consideration of £6,914.

Shares held by employees

A number of employees of the Group are shareholders and registered members of the Company.

All shares issued by the Company are subject to restrictions relating to transfers and may only be transferred to parties that are permitted transferees under the Company's Articles of Association ("Articles").

Should an employee leave the employment of the Group, the Company may require for the shares held by the individual to be transferred to a third party for a consideration determined by the methods stipulated in the Articles. The consideration is dependent on the manner in which the individual leaves the employment of the Group and is based on the original consideration paid by the individual for the shares and a determined "Fair Price", which may be based on the opinion of an independent expert.

25 Other reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reserves

Other reserves comprise a capital contribution from the ultimate controlling shareholder PAI Partners SAS and pre-paid shares not yet issued at the year end.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

26 Commitments

There were no significant capital commitments at 31 March 2023 (2022: £nil).

27 Related party transactions

Details of the transactions between the Group and related parties are detailed below:

Key management personnel compensation

The directors are the key management personnel of the Group.

	2023 £'000	2022 £'000
Directors' remuneration	1,919	2,245
Company pension contributions to defined contribution schemes	<u>42</u>	<u>42</u>
	<u>1,961</u>	<u>2,287</u>

Highest paid director

The highest paid director received remuneration of £556,000 (2022: £676,000). No contributions were paid to money purchase pension plans for the highest paid director.

Transactions with related parties

As at 31 March 2023, the amount due to PAI Partners SAS, the Group's ultimate parent company, in respect of other arms-length transactions was £628,000 (2022: £628,000).

During the financial year, services amounting to £70,743 (2022: £95,193) were provided to the Group by one of the directors of the Group. These transactions were made at arms length. At the year end the balance outstanding was £nil (2022: £6,144).

During the financial year, services amounting to £25,195 (2022: £19,426) were provided to the Group by the spouse/close family member of one of the directors of the Group. These transactions were made at arms length. At the year end the balance outstanding was £nil (2022: £nil).

There were no transactions with the ultimate parent company during the year. In the prior year, 984 pre-existing Non-voting shares were purchased from Targaryen Security 1 Sarl by a director for £11,000.

As at 31 March 2023, the amount due to Targaryen Security 1 Sarl was £11,000 (2022: £11,000).

28 Controlling party

The ultimate parent of the Company is Targaryen Security 1 Sarl, a Luxembourg-based company which is controlled by PAI Partners SAS, a private equity firm based in France.

The largest group in which the results of the Company are consolidated is that headed by the Company. No other group financial statements include the results of the Company.

29 Subsequent events

Between the balance sheet date and the date of signing of these accounts, there have been no significant events which require reporting.

TYRION SECURITY TOPCO LIMITED

COMPANY BALANCE SHEET

AT 31 MARCH 2023

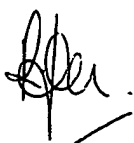
	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	32	1,064	1,064
Current assets			
Debtors, including £23,871,000 (2022: £23,871,000) due after one year	33	27,047	27,040
Creditors: amounts falling due within one year	34	(134)	(115)
Net current assets		26,913	26,925
Total assets less current liabilities		27,977	27,989
Creditors: amounts falling due after more than one year	34	-	(19)
Net assets		<u>27,977</u>	<u>27,970</u>
Capital and reserves			
Share capital	35	24	24
Share premium account		25,263	25,256
Other reserves		1,185	1,185
Profit and loss account		<u>1,505</u>	<u>1,505</u>
		<u>27,977</u>	<u>27,970</u>

The accompanying notes form an integral part of these financial statements.

Parent Company Statement of Profit and Loss for the Year Ended 31 March 2023

No statement of profit and loss is presented for Tyrion Security Topco Limited as permitted under section 408 of the Companies Act 2006. The parent company's result for the year ended 31 March 2023 is £nil (2022: £nil).

The financial statements were approved by the board of directors and authorised for issue on 25 August 2023 and are signed on its behalf by:



R Jones
Director

Company registered number: 08922409

TYRION SECURITY TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR TO 31 MARCH 2023

	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 31 March 2021	24	21,532	185	-	21,741
Year ended 31 March 2022					
Issue of shares	-	5,409	-	-	5,409
Capital contribution	-	-	1,000	-	1,000
Capital reduction	-	(1,685)	-	1,685	-
Dividends paid	-	-	-	(180)	(180)
Balance at 31 March 2022	24	25,256	1,185	1,505	27,970
Year ended 31 March 2023					
Issue of shares	-	7	-	-	7
Balance at 31 March 2023	<u>24</u>	<u>25,263</u>	<u>1,185</u>	<u>1,505</u>	<u>27,977</u>

The accompanying notes form an integral part of these financial statements.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("IFRS") 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.

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

The following disclosure exemptions have been taken in these financial statements:

- disclosure of a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiary undertakings;
- the effects of new but not yet effective IFRS;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements 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 2 Share Based Payment; and
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the prior period; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements are those relating to assessing the carrying value of investments in, and loans made to, subsidiary undertakings for impairment loss.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

31 Remuneration of directors

	2023 £'000	2022 £'000
Directors' remuneration	1,919	2,245
Company pension contributions to defined contribution schemes	42	42
	<u>1,961</u>	<u>2,287</u>

Highest paid director

The highest paid director received remuneration of £556,000 (2022: £676,000). No contributions were paid to money purchase pension plans for the highest paid director.

32 Investments in subsidiaries

	Shares in subsidiaries £'000
Cost	
At 31 March 2023 and 2022	<u>1,064</u>

33 Debtors

	2023 £'000	2022 £'000
Amounts due from group undertakings	27,047	27,040
Other debtors	7	-
	<u>27,054</u>	<u>27,040</u>

Included within amounts due from group undertakings are balances totaling £23,871,000 (2022: £23,871,000) which are due after more than one year. All other amounts due from group undertakings are repayable on demand.

Amounts due from group undertakings are unsecured and non-interest bearing.

34 Creditors

	Due within one year		Due after one year	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts due to group undertakings	123	104	-	19
Other creditors	11	11	-	-
	<u>134</u>	<u>115</u>	<u>-</u>	<u>19</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

35 Share capital

	A Ord. shares of £0.01 each Number	Deferred shares of £0.0001 each Number	Voting Ord. shares of £0.01 each Number	Non-voting shares of £0.01 each Number
Number of shares				
<i>Allotted, called-up and fully paid</i>				
At 31 March 2022	947,055	140,213,079	55,357	36,579
Issued during the year	-	-	-	6,914
At 31 March 2023	<u>947,055</u>	<u>140,213,079</u>	<u>55,357</u>	<u>43,493</u>
	Share capital £			
Value				
<i>Allotted, called-up and fully paid</i>				
At 31 March	24,411			
Shares issued during the year	<u>69</u>			
At 31 March	<u>24,480</u>			

Classes of share capital

Any distributable profits which the Company may determine to distribute are distributed amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares, and Voting Ordinary Shares *pari passu*. The Deferred shares carry no right to participate in a dividend.

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary shares, Non-voting Ordinary shares and Voting Ordinary shares in accordance with each shareholder's Individual Payment, and (ii) second, each holder of the Deferred shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred shares held by such shareholder, (iii) third, any balance of such assets will be distributed in the same manner as under (i) above. Individual Payment is his *pro rata* proportion of the total assets allocated to the relevant class of A Ordinary shares, Voting Ordinary shares or Non-Voting Ordinary shares in accordance with the Articles. Such amount will depend on whether the Investor receives certain hurdles in respect of its holding of A Ordinary shares on such return of capital, as set out in the Articles.

The A Ordinary shares, Voting Ordinary shares, Non-voting Ordinary shares and Deferred shares carry no redemption rights.

Shares held by employees

A number of employees and former employees of the Group are shareholders and registered members of the Company. All shares issued by the Company are subject to restrictions relating to transfers and may only be transferred to parties that are permitted transferees under the Company's Articles of Association ("Articles").

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

35 Share capital (continued)

Should an employee leave the employment of the Group, the Company may require for the shares held by the individual to be transferred to a third party for a consideration determined by the methods stipulated in the Articles. The consideration is dependent on the manner in which the individual leaves the employment of the Group and is based on the original consideration paid by the individual for the shares and a determined "Fair Price", which may be based on the opinion of an independent expert.

On 3 June 2021, 57,405 A Ordinary Shares with a nominal value of £0.01 each were issued for a price of £94.06846 per share, and total consideration of £5,400,000.

On 26 January 2022, 874 Non-voting shares with a nominal value of £0.01 each were issued for a price of £11.24 per share, and total consideration of £9,824.

On 8 March 2022, a special resolution was passed to reduce the share premium account by £1,685,134.

On 3 November 2022, 6914 Non-voting shares with a nominal value of £0.01 each were issued for a price of £1.00 per share, and total consideration of £6,914.

36 Other reserves

£'000

Balance at 31 March 2023 and 2022

1,185

37 Related party transactions

The Company has taken advantage of exemptions not to disclose transactions with entities wholly owned by the group headed by the Company.

38 Subsequent events

Between the balance sheet date and the date of signing of these accounts, there have been no significant events which require reporting.