FIS3 Topco Limited

Company Number 14203558

Annual Report - 31 December 2022

FIS3 Topco Limited
Contents
31 December 2022

General information

The financial statements cover both FIS3 Topco Limited as an individual entity and the consolidated group consisting of FIS3 Topco Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Pound sterling, which is FIS3 Topco Limited's functional and presentation currency.

FIS3 Topco Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom. Its registered office and principal place of business are:

9 Millars Brook
Molly Millars Lane
Wokingham
Berkshire
RG41 2AD

FIS3 Topco Limited
Strategic report
31 December 2022

The directors present their strategic report on the consolidated group for the period ended 31 December 2022.

Newly incorporated and acquisition
On 29 June 2022 FIS3 Topco Limited was incorporated. The period runs from date of incorporation to 31 December 2022.

On 15 July 2022 FIS3 Bidco, a subsidiary company, acquired 100% of the ordinary shares of Argus Topco Limited for the total consideration of £141,894,000 consisting of £123,218,000 cash and £18,676,000 loan note consideration. The transaction with Argus Topco Limited has been accounted for using the principles of acquisition accounting. As a result there are no prior year comparatives and the consolidated results for the period incorporate Argus Topco Limited and its subsidiaries from the point of acquisition.

On 12 August 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of AutoSLM Limited for the total consideration of £1,478,000 consisting of £1,362,000 cash and £116,000 deferred consideration. The acquisition also included consideration classified as contingent remuneration with a value of up to £600,000.

On 12 August 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of CTS Holdings Limited for the total consideration of £25,180,000 consisting of £22,194,000 cash, £2,986,000 deferred contingent consideration and contingent remuneration with no capped value. The deferred contingent consideration, which has no capped value, was recorded at a fair value of £4,016,000 at the acquisition date before discounting for time value of money.

On 2 September 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of Eloweb Limited for the total consideration of £5,794,000 consisting of cash only.

On 12 September 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of dealerdesk GmbH for the total consideration of £13,347,000 (€15,371,000), consisting of £9,486,000 (€10,925,000) cash and £3,861,000 (€4,446,000) deferred contingent consideration. The deferred contingent consideration has a value of up to £10,758,000 (€12,390,000) of which £4,872,000 (€5,611,300) was recorded as fair value at the acquisition date before discounting for time value of money.

Principal activities
The principal activity of the consolidated group is the development and supply of a range of technology based solutions to the automotive industry, allowing the creation of a more transparent, and easy, car buying and owning experience. The products are used in dealers' showrooms, workshops, websites and body shops.

Review of operations
The key performance indicators of the business consist of revenue, operating loss, adjusted EBITDA, cash, net liabilities and subscriber base.

	2022 **£'000**
Revenue	19,916
Operating loss	(10,107)
Adjusted EBITDA	1,246
Cash	6,966
Net liabilities	(21,374)

* Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation as well as impairments, exceptional costs, share based payments charges, LTIP movements and contingent remuneration.

Non-financial key performance indicator	**2022**
Subscriber base at end of period	17,705

CitNOW Group offers a market leading end-to-end software solution to the international automotive dealership market, mostly focusing in UK and mainland European markets but also extending further afield to the US and Asia. The subscriber base at end of 2022 was 17,705 dealer groups. Group revenue for the period ended 31 December 2022 was £19.9m and comprised recurring subscription income, variable volume based service income and other one-off activity based income.

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The group has a rich and diverse brand and solution portfolio built through a combination of organic and inorganic means. Brands that still have an earn out associated with them operate on a standalone basis or in a cluster to a cash generating unit (CGU) for accounting purposes. The CGUs within the group each represent unique software solutions to the automotive dealership market and are diverse in both their offering and geographical coverage. CGUs are outlined below, note trading names are used which differ to legal entity names:

- CitNOW, Quik & Autoimaging
- Dealerweb Group & AutoSLM
- Web1on1
- Dealerdesk
- RTC

The group recorded an operating loss of £10m for the period, mainly due to the establishment of the new group structure and the significant acquisition costs. Adjusted EBITDA for the period was £1.2m, a small fraction of the forecast EBITDA expected in 2023.

The net cash inflow of £7m was due largely to operational cash being left in the group post the acquisition of previous Argus Topco Limited group. Significant inflows and outflows arose as a result of the group purchase and the subsequent business combinations, all of which were largely debt funded.

Cash reserves of the consolidated group at the year-end were £7m with a net liability position on the balance sheet of £21m.

Principal risks and uncertainties
The consolidated group's operations may expose it to a variety of financial risks that include the market risk, credit risk, operational risk and liquidity risk. The consolidated group, through its Board of Directors, seeks to limit the adverse effects on the financial performance of the consolidated group as follows:

a) Market risks
Market risk for the consolidated group encompasses all those market risk factors that impact the value of the consolidated group's assets and liabilities and the expected value in base currency of the consolidated group's revenues and costs. The main risk factors are currency risk, inflation risk and interest rate risk. The consolidated group's policies for managing these are as follows:

i) Currency risk
The consolidated group is exposed to translational and transactional foreign exchange risk as it operates in various currencies, including US Dollars and the Euro, which affect the management and levels of working capital.

The consolidated group operates bank accounts in both US dollars and Euros in order to naturally hedge the sales and purchases made within these currencies.

ii) Inflation risk
The consolidated group has exposure to the inflationary effect in countries in which it operates. This exposure could affect the consolidated group's cost and/or investment base. The consolidated group's cost base is mainly exposed to the inflation rates and changes in payroll taxes in the UK.

No specific hedging of inflation risk has been carried out although any forecast movement in inflation forecasts is modelled within the consolidated group's financial forecasts for adverse effects and to ensure adequate working capital is available for operations.

iii) Interest rate risk
Interest rate risk arises primarily on the consolidated group's borrowings or on its investment of the cash balances. In particular, interest on the consolidated group's borrowing is affected by SONIA and EURIBOR.

Group loss is therefore affected by changes in SONIA and EURIBOR rates. Illustrated below is the impact of an increase in interest rates by 100 basis points or decrease by 100 basis points.

	Impact on loss before tax 2022 £'000
Sensitivity	
Interest rates - increase by 100 basis points	(487)
Interest rates - decrease by 100 basis points	487

The consolidated group finances its operations through retained cash reserves and a loan facility. The policy of the consolidated group is to monitor exposure to interest rate risk and take into account potential movements in interest rates as well as liquidity considerations when selecting methods of financing. During the period the group entered into a number of interest rate caps in order to best mitigate the risk of future interest rate rises.

b) Credit risk
Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The consolidated group's business will be predominantly with companies with a low inherent bad debt risk. The consolidated group is therefore unlikely to take out credit insurance in the foreseeable future.

The consolidated group will only invest surplus funds in UK bank/building society deposits, denominated in pounds sterling. Furthermore, funds will only be invested with Prudential Regulatory Authority regulated UK financial institutions. In addition, only banks or building societies obtaining a satisfactory rating — at least an A grade (high quality/upper medium grade/strong) — with Standard and Poors, Fitch and Moody's will be selected.

c) Operational risk
The consolidated group has numerous operational risks, ranging from control over bank accounts to its processes for delivering and supporting its clients to a required level of quality, safety and on a timely basis and retention and recruitment of key personnel. A key risk, as for any consolidated group, is the reputational risk that might arise from poor execution, non-delivery or late delivery of a high profile project or breach of confidentiality for sensitive data.

The consolidated group's directors regularly review controls over certain aspects of the operation of the consolidated group. In addition, the directors maintain an operational risk register. Such a detailed operation risk review is outside the scope of the policy document but the Board attaches importance to maintaining appropriate internal controls to help identify financial risk and treasury management implications.

d) Liquidity risk
Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The consolidated group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely as well as profitably. The consolidated group's working capital report shows forecast monthly movements in working capital and cash for the following year. The group maintains a certain level of surplus cash within the group such that it can absorb unforeseen working capital requirements.

The directors have concluded that there are no material uncertainties that lead to significant doubt upon the Group and company's ability to continue in operational existence for the foreseeable future and for at least one year from the approval date of the financial statements. The directors have therefore prepared the financial statements on a going concern basis.

Future developments
The directors are pleased with the performance of the consolidated group and are confident that the group will continue to grow its subscriber base and revenues both in the UK and overseas.

FIS3 Topco Limited
Strategic report
31 December 2022

Section 172(1) statement
The Group is committed to providing a positive impact to our key stakeholder groups, and undertake a number of initiatives to drive value for our customers, colleagues and communities.

- Our people are central to our success and we support our people in many ways: including training (internally and externally provided), a comprehensive benefits and a high performance culture. We are committed to continuously improving the working environment recognising its impact on wellbeing, health, safety and welfare.
- Employee wellbeing is at the heart of our people strategy, with a number of innovative wellness initiatives such as flexi-time, where employees can vary their start and finish times within our core business hours and/or extend their lunch break by up to 2 hours per day. Employees also benefit from an additional two half days paid leave per year to focus on their personal wellbeing.
- We recognise the development of our people is vital to the ongoing success of the business and proudly promote a culture of continuous learning and improvement, along with opportunities to develop and progress a successful career with us.
- The Group is an equal opportunities employer that celebrates diversity across our international teams. We are passionate about creating an inclusive workplace where everyone's individuality is valued.
- We are underpinned by strong people values and use these as a basis of how we interact with stakeholders, recruit and present ourselves: We are powered by our people; we make it happen; we are one team; we are always learning; we delight our customers.
- Our customers are why we have this business and as in our values our aim is to delight them through our innovative products and service. We actively engage with our customers on a regular basis and undertake Net Promoter Score pulses to understand their pain points to address as part of our Value Proposition.
- The wider community is important to the company as a way of giving back. Each office has a designated charity where we regular raise funds through a combination of events and activities.
- The environment is considered a stakeholder in our business and we actively partake in environmentally friendly initiatives. These include: complying with all applicable environmental legislation and sustainability commitments; Preventing pollution and reducing consumption of resources through waste management strategies that promote waste minimisation re-use, recovery and recycling, for example extending the life of equipment through preventive maintenance scheduling, purchasing and reworking used equipment, etc.; Incorporating energy efficiency measures into the group's facilities and promoting efficient energy use in all areas of business activity; Promoting and continuing to invest in technologies (such as video) that provide alternatives to business travel in our day to day operations, for example meetings or training virtually
- We recognise Shareholders as being stakeholders and maintain a regular dialogue with our shareholders keeping them abreast of significant developments and strategic progress.

The directors confirm that we believe we have acted in good faith to promote the Group's long-term success for all stakeholders' benefit.

This report is made in accordance with a resolution of directors.

On behalf of the board

DocuSigned by:
Geoffrey Page-Morris
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G G Page-Morris
Director

21 August 2023

FIS3 Topco Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated group consisting of FIS3 Topco Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2022.

Directors
The following persons were directors of FIS3 Topco Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

J L Messer (appointed 15 July 2022)
G G Page-Morris (appointed 15 July 2022)
S Peet (appointed 29 June 2022)
A L Yateman-Smith (appointed 29 June 2022)
I D Brewer (appointed 15 July 2022 and resigned 23 November 2022)
G A P Lyons (appointed 22 March 2023)

Information contained within the strategic report
The strategic report contains information in relation to Principal activities, Review of operations and Future developments and is included in this report by cross reference.

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Matters subsequent to the end of the financial period
On 31 May 2023 Argus Bidco Limited, a wholly owned subsidiary, acquired the entire share capital of Vehicle Vision International Limited for an initial consideration of £2,500,000 and contingent consideration of up to £300,000.

Financial instruments
Information on the consolidated group's financial instruments are disclosed in the strategic report.

Research and development
The consolidated group undertakes research and development in the UK in relation to its range of app-based video and lead management solutions, £1,036,000 was expensed during the period.

Charitable and political donations
The Group made charitable donations of £2,330 and no political donations during the period.

Disabled employees
Due to the size of the consolidated group, no policy for the employment of disabled persons has been established.

Going concern
On 29 June 2022 FIS3 Topco Limited was incorporated. Group activity then commenced with the acquisition of Argus Topco Limited group on the 15 July 2022. The purchase of the group was funded through the issuance of ordinary shares, preference shares, loan notes and new banking facility. Subsequent acquisitions have been funded through combination of cash reserves and draw downs on agreed acquisition facilities.

The recent acquisitions of CTS Holdings Limited, Eloweb Limited, AutoSLM Limited, Web1on1 B.V., dealerdesk GmbH and Vehicle Vision International Limited have continued to strengthen the group's product offering to existing customers and present a real opportunity to improve retention and future cross sell across the enlarged customer base.

Banking Covenants present no challenge to the group at any point in 2023, noting that as the group moves into 2024 we would continue to see covenant headroom increase further. In April 2023 the group enacted the covenant reset as allowed under the facilities agreement ensuring further headroom still.

The directors have forecast various scenarios in considering the going concern status of the group for a period of at least twelve months from the date of approval of these financial statements. The directors have concluded that there are no material uncertainties that lead to significant doubt upon the group's ability to continue as a going concern and therefore have prepared the financial statements on a going concern basis.

FIS3 Topco Limited
Directors' report
31 December 2022

Emissions
The Group has taken the exemption available to not disclose information regarding emissions as the energy consumed within the UK was less than 40,000 kWh during the period.

Indemnity of directors
The group has third party professional indemnity insurance in place for the period and at the time of approval of these financial statements.

Disclosure of information to the auditors
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 consolidated group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent auditor
The auditor BDO LLP continues in office.

This report is made in accordance with a resolution of directors.

On behalf of the directors

DocuSigned by:
Geoffrey Page-Morris
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G G Page-Morris
Director

21 August 2023

FIS3 Topco Limited
Directors' responsibilities statement
31 December 2022

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Adopted International Financial Reporting Standards ('IFRS'). 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 consolidated group and the profit or loss of the consolidated group for that period.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Adopted International Financial Reporting Standards ('IFRS') have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the consolidated group will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIS3 TOPCO LIMITED

Opinion on the financial statements

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 December 2022 and of the Group's loss for the period 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 adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fis3 Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the 6 month period ended 31 December 2022 which comprise the group statement of comprehensive income, the group and company statements of financial position, the group and company statements of changes in equity, the group and company statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on:
- Our understanding of the legal and regulatory framework applicable to the Group and industry in which it operates, through discussion with management and audit committee and our knowledge of the industry;
- Enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to identifying, evaluation and complying with laws and regulations and whether they are aware of instances of non-compliance;

We considered the significant laws and regulations to be the applicable accounting framework, relevant tax legislation, and UK Companies Act.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:
- reading minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance also considered Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Considering our knowledge of the nature of the industry, control environment and business performance including the design of the Group renumeration policies, key drivers for Directors' renumeration and performance targets; and
- Discussing among the engagement team including the component audit team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue, capitalised development costs and manual journal entries.

Our procedures in respect of the above included:
- performing a detailed review of the Group's year-end adjusting entries, assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

- Assessing significant estimates made by management for bias considered to be, fair value of business combinations including valuation of purchase consideration and valuation of acquired intangibles, impairment reviews and the assumptions taken in their preparation and Useful lives of depreciable assets; and
- In addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies and performing specific procedures over the existence and cut-off of revenue.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Gavin Crawford
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21 August 2023

Gavin Crawford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FIS3 Topco Limited
Statements of comprehensive income
For the period ended 31 December 2022

	Note	Group 2022 £'000
Revenue	3	19,916
Cost of sales		(3,144)
Gross profit		16,772
Expenses		
Administration		(26,888)
Other operating income		9
Operating loss		(10,107)
Finance costs	7	(14,898)
Loss before income tax benefit		(25,005)
Income tax benefit	8	2,754
Loss after income tax benefit for the period	34	(22,251)
Other comprehensive income for the period, net of tax		-
Total comprehensive expense for the period		(22,251)

All activities relate to continuing operations.

The above statements of comprehensive income should be read in conjunction with the accompanying notes

FIS3 Topco Limited
Statements of financial position
As at 31 December 2022

	Note	Group 2022 £'000	Company 2022 £'000
Assets			
Current assets			
Derivative financial assets	9	1,092	-
Contract assets	10	568	-
Income tax debtor	11	308	-
Inventories	12	20	-
Trade and other receivables	13	5,884	20
Cash and cash equivalents	14	6,966	-
Total current assets		14,838	20
Non-current assets			
Intangible assets	15	268,939	-
Right-of-use assets	16	1,008	-
Investments	17	-	67,535
Property, plant and equipment	18	466	-
Intercompany loan notes	19	-	9,827
Trade receivables	20	419	-
Total non-current assets		270,832	77,362
Total assets		285,670	77,382
Liabilities			
Current liabilities			
Trade and other payables	21	7,025	501
Contract liabilities	22	2,291	-
Provisions	23	4,442	-
Lease liabilities	24	477	-
Income tax creditor	25	636	-
Total current liabilities		14,871	501
Non-current liabilities			
Contract liabilities	26	1,031	-
Provisions	27	3,158	-
Borrowings	28	270,759	79,618
Lease liabilities	29	531	-
Deferred tax	30	16,694	-
Total non-current liabilities		292,173	79,618
Total liabilities		307,044	80,119
Net liabilities		(21,374)	(2,737)
Equity			
Issued capital	31	8	8
Share premium account	32	841	841
Currency translation reserve	33	28	-
Accumulated losses	34	(22,251)	(3,586)
Total deficiency in equity		(21,374)	(2,737)

FIS3 Topco Limited's company number is 14203558.

The above statements of financial position should be read in conjunction with the accompanying notes

FIS3 Topco Limited
Statements of financial position
As at 31 December 2022

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £3,586,000.

The financial statements on pages 13 to 54 were approved by the Board of Directors on the 21 August 2023 and signed on its behalf by

DocuSigned by:
Geoffrey Page-Morris
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G G Page-Morris
Director

21 August 2023

The above statements of financial position should be read in conjunction with the accompanying notes

FIS3 Topco Limited
Statements of changes in equity
For the period ended 31 December 2022

Group	Issued capital £'000	Share premium £'000	Currency translation reserve £'000	Accumulated losses £'000	Total deficiency in equity £'000
Balance at 29 June 2022	-	-	-	-	-
Loss after income tax benefit for the period	-	-	-	(22,251)	(22,251)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	(22,251)	(22,251)
Currency translation differences	-	-	28	-	28
Transactions with owners:					
Issue of new shares	8	841	-	-	849
Balance at 31 December 2022	8	841	28	(22,251)	(21,374)

Company	Issued capital £'000	Share premium £'000	Currency translation reserve £'000	Accumulated losses £'000	Total deficiency in equity £'000
Balance at 29 June 2022	-	-	-	-	-
Loss after income tax benefit for the period	-	-	-	(3,586)	(3,586)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	(3,586)	(3,586)
Transactions with owners:					
Issue of new shares	8	841	-	-	849
Balance at 31 December 2022	8	841	-	(3,586)	(2,737)

The above statements of changes in equity should be read in conjunction with the accompanying notes

FIS3 Topco Limited
Statements of cash flows
For the period ended 31 December 2022

	Note	Group 2022 £'000	Company 2022 £'000
Cash flows from operating activities			
Loss before income tax benefit		(25,005)	(3,586)
Adjustments for:			
Finance costs		14,898	3,106
Foreign exchange differences - loan		1,470	-
Depreciation and amortisation		3,630	-
Profit from disposal of fixed assets		(21)	-
		(5,028)	(480)
Change in operating assets and liabilities:			
Decrease in trade and other receivables		1,252	-
Decrease in contract assets		51	-
Increase in inventories		(18)	-
Decrease in trade and other payables		(7,862)	480
Decrease in contract liabilities		(1,003)	-
Taxation paid		(219)	-
Net cash used in operating activities		(12,827)	-
Cash flows from investing activities			
Payment for purchase of business	40	(162,054)	-
Payments for property, plant and equipment	18	(40)	-
Payments for intangibles	15	(770)	-
Proceeds from disposal of fixed assets		21	-
Cash acquired with subsidiary undertaking	40	7,565	-
Subscription for share capital in subsidiary		-	(67,535)
Purchase of derivative financial instrument		(2,355)	-
Net cash used in investing activities		(157,633)	(67,535)
Cash flows from financing activities			
Proceeds from issue of shares	31	746	746
Proceeds from borrowings (net of fees)		72,504	-
Additional drawdowns - existing facility (net of fees)		35,838	-
Repayment of acquisition loans - principal and interest		(42,634)	-
Bank loan interest paid		(3,051)	-
RCF arrangement fees		(300)	-
Issue of preference shares		66,789	66,789
Issue of loan notes		66,789	-
Repayment of acquisition loan notes		(19,101)	-
Repayment of lease liabilities		(298)	-
Net cash from financing activities		177,282	67,535
Net increase in cash and cash equivalents		6,822	-
Cash and cash equivalents at the beginning of the financial period		-	-
Effects of exchange rate changes on cash and cash equivalents		144	-
Cash and cash equivalents at the end of the financial period	14	6,966	-

The above statements of cash flows should be read in conjunction with the accompanying notes

FIS3 Topco Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies

The financial statements cover both FIS3 Topco Limited as an individual entity and the consolidated group consisting of FIS3 Topco Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Pound Sterling, which is FIS3 Topco Limited's functional and presentation currency. The accounts are presented in £000's.

FIS3 Topco Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted
The consolidated group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated group.

The following Accounting Standards and Interpretations are most relevant to the consolidated group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to: IFRS 3 Business Combinations
- Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 1
- Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 9
- Annual Improvements to IFRSs (2018-2020 Cycle): Illustrative Examples accompanying IFRS 16
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Going concern
On 29 June 2022 FIS3 Topco Limited was incorporated. Group activity then commenced with the acquisition of Argus Topco Limited group on the 15 July 2022. The purchase of the group was funded through the issuance of ordinary shares, preference shares, loan notes and new banking facility. Subsequent acquisitions have been funded through combination of cash reserves and draw downs on agreed acquisition facilities.

The recent acquisitions of CTS Holdings Limited, Eloweb Limited, AutoSLM Limited, Web1on1 B.V., dealerdesk GmbH and Vehicle Vision International Limited have continued to strengthen the group's product offering to existing customers and present a real opportunity to improve retention and future cross sell across the enlarged customer base.

Banking Covenants present no challenge to the group at any point in 2023, noting that as the group moves into 2024 we would continue to see covenant headroom increase further. In April 2023 the group enacted the covenant reset as allowed under the facilities agreement ensuring further headroom still.

The directors have forecast various scenarios in considering the going concern status of the group for a period of at least twelve months from the date of approval of these financial statements. The directors have concluded that there are no material uncertainties that lead to significant doubt upon the group's ability to continue as a going concern and therefore have prepared the financial statements on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with UK Adopted International Financial Reporting Standards ('IFRS') and the Companies Act 2006, as appropriate for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated group's and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Exemption from audit by parent guarantee
Under Section 479A of the Companies Act 2006, exemptions from an audit of the accounts for the year ended 31 December 2022 have been taken by the subsidiary companies stated below:

- FIS3 Midco 1 Limited (14203756)
- FIS3 Midco 2 Limited (14203794)
- FIS3 Bidco Limited (14203834)
- Argus Topco Limited (11143188)
- Argus Midco Limited (11143771)
- Argus Bidco Limited (11143830)
- CitNow Video Limited (09720206)
- 8 Technology Group Limited (10859806)
- CitNow Limited (10413331)
- Reef Business Systems Limited (06273256)
- Auto Imaging Limited (10116854)
- Eloweb Limited (12180188)
- Autoslm Ltd (08015530)
- Real Time Communications Limited (11997736)
- CTS Holdings Limited (12066001)
- CTS Automotive Insights Limited (13412524)

Under section 479C of the Companies Act 2006, FIS3 Topco Limited, registration number 14203558, being the parent undertaking of the above companies has given a statutory guarantee of all the outstanding liabilities to which the companies are subject as at 31 December 2022.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FIS3 Topco Limited ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the period then ended. FIS3 Topco Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Foreign currency translation
The financial statements are presented in Pound sterling, which is FIS3 Topco Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Pound sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
For each contract with a customer, the consolidated group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Transaction price is determined based on central rate card prices maintained by the business with consideration of discounts given on agreed contracts and invoices.

The consolidated group has five key revenue streams, subscription revenue, configuration revenue, training revenue, hardware revenue and other revenue. The consolidated group's performance obligations and revenue recognition policy for each revenue stream is noted below.

Subscription and configuration revenue
Subscription and configuration revenue are treated as a single performance obligation as the customer cannot benefit from each separately.

The revenue is recognised on a straight-line basis over the term of the contract.

Training revenue
Training revenue is treated as a separate performance obligation as the customer can benefit from this separately.

The revenue is recognised at the point of delivery of the training.

Hardware revenue
Hardware revenue is treated as a separate performance obligation as the customer can benefit from this separately.

The revenue is recognised on a straight line basis over the period of the agreement, typically 2 years.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

FIS3 Topco Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions 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 receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days, where customers are invoiced for periods in advance greater than one month the terms of settlement can vary.

The consolidated group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the consolidated group has transferred goods or services to the customer but where the consolidated group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the Group include cash and cash equivalents, trade and other receivables, and favourable derivative financial instruments. Financial liabilities of the Group include trade and other payables, borrowings and unfavourable derivative financial instruments.

FIS3 Topco Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies (continued)

Initial recognition and measurement
Financial assets and liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual obligations of the instrument.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies its financial assets when and only when its business model for managing those assets changes.

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost or as derivatives.

Financial liabilities are recognised at fair value plus, in the case of financial instruments not at fair value through profit and loss (i.e. loans and receivables and other financial liabilities), transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs directly attributable to financial liabilities which are measured at fair value (i.e. fair value through profit and loss or derivatives) are recognised in the income statement as incurred.

Subsequent measurement
Subsequent to recognition, financial assets and liabilities are measured according to the category to which they are classified.

(a) Financial assets
Subsequent measurement of financial assets depends on the Group's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Group only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss.

(b) Financial liabilities at fair value through profit and loss
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

(c) Other financial liabilities
Trade and other payables and borrowings (including amounts due to related parties) are classified as other financial liabilities and are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method (see below).

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Note 1. Significant accounting policies (continued)

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Impairment of a financial asset
The Group assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the Group applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the Group applies the three stage model to determine expected credit losses.

Fair value of financial instruments
Fair value amounts disclosed in these financial statements represent the Group's estimate of the price at which a financial instrument could be exchanged in an arm's length market transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the most advantageous active market for that instrument to which the Group has immediate access. However, where there is no active market for the Group's financial instruments, the Group determines fair value based on internal or external valuation models, such as stochastic models, option-pricing models and discounted cash flow models. These calculations represent management's best estimates based on a range of methods and assumptions. Since they are based on estimates the fair values may not be realised in an actual sale or immediate settlement of the instruments.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and Equipment	33% to 50%
Fixtures and Fittings	10% to 33%
Motor Vehicles	25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated group is able to use or sell the asset; the consolidated group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 3 and 10 years.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 10 and 18 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 1 and 8 years.

Brand
Brand value acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 1 and 20 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the consolidated group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated group has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Acquisition costs
Acquisitions costs are those costs directly associated with the acquisition of a new entity.

FIS3 Topco Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies (continued)

Exceptional costs
Exceptional costs are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or *liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the* acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 1. Significant accounting policies (continued)

Value-Added Tax ('VAT') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated group for the annual reporting period ended 31 December 2022. The consolidated group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The consolidated group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The consolidated group has considered sensitivity on the useful lives assigned and for the key assets, being the intangible assets, an increase in one year to each of the useful lives would result in a decrease of amortisation charge for the period of £104,000. Whereas a decrease in one year to each of the useful lives would result in an increase of amortisation charge for the period of £362,000.

Goodwill and other indefinite life intangible assets
The consolidated group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Revenue

	Group 2022 £'000
Major product lines:	
Subscription income	14,881
Training and configuration income	4,681
Hardware income	96
Other	258
	19,916

	Group 2022
Geographical regions:	
United Kingdom	10,358
Europe	8,010
United States of America	818
Rest of world	730
	19,916

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Note 3. Revenue (continued)

	Subscription revenue 2022 £'000	Configuration revenue 2022 £'000	Training revenue 2022 £'000	Hardware revenue 2022 £'000	Other revenue 2022 £'000	Total revenue 2022 £'000
Timing of revenue recognition:						
At a point in time	-	-	4,312	96	258	4,666
Over time	14,881	369	-	-	-	15,250
	14,881	369	4,312	96	258	19,916

Note 4. Loss before income tax benefit

	Group 2022 £'000
Loss before income tax includes the following specific expenses:	
Depreciation	
Plant & Machinery	44
Fixtures and fittings	31
Buildings right-of-use assets	232
Motor vehicles right-of-use assets	46
Office equipment right-of-use assets	1
Total depreciation	354
Amortisation	
Software	1,739
Customer relationships	1,331
Brand	206
Total amortisation	3,276
Total depreciation and amortisation	3,630
Acquisition related costs	
Acquisition costs (note 40)	7,248
Employee benefits expense	
Wages and salaries	9,670
Social security costs	853
Pension costs - defined contribution	185
Purchase consideration treated as remuneration (contingent remuneration)	407
Total employee benefits expense	11,115
Research costs	
Research costs	1,036

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Note 5. Average number of employees and employee benefits expense

The average number of employees during the period was as follows:

	Group 2022
Managerial	75
Sales	25
Administrative	151
Average number of employees	251

The employee benefits expense during the period was as follows:

	Group 2022 £'000
Wages and salaries	9,670
Social security costs	853
Pension costs - defined contribution	185
Purchase consideration treated as remuneration (contingent remuneration)	407
Total employee benefits expense	11,115

Note 6. Directors' remuneration

Details of directors' remuneration is set out below:

	Group 2022
Number of directors accruing benefits under pension schemes in respect of qualifying services	1

	Group 2022 £'000
Aggregate remuneration in respect of qualifying services	306
Aggregate amounts of contributions to pension schemes in respect of qualifying services	7
Loss of office	126
Highest paid director - aggregate remuneration	184
Highest paid director - accrued pension at the end of the period	7

The directors pension contributions related to defined contributions scheme.

The highest paid director exercised no share options in the period.

Company only
The remuneration of directors during the current period were paid by other group companies for services to the group as a whole, and the directors received no separate remuneration for their services to this company. The directors consider the services provided to the company to be incidental.

No recharge for any of these services was made to the company.

Note 7. Finance costs

	Group 2022 £'000
Bank loan interest	4,154
Loan note interest	3,543
Amortised loan fees	196
Preference share interest	3,543
Fair value movements through profit and loss	1,732
Lease liability interest	35
Arrangement fees	1,053
Unwinding of deferred consideration	637
Other interest	5
	14,898

The fair value movement through profit and loss of £1,732,000 relates to the movement in fair value of both non current contract assets and interest rate caps between point of purchase and period end.

Note 8. Income tax benefit

	Group 2022 £'000
Income tax benefit	
Current tax	62
Deferred tax - origination and reversal of temporary differences	(2,976)
Foreign tax	138
Withholding taxes	22
Aggregate income tax benefit	(2,754)
Deferred tax included in income tax benefit comprises:	
Decrease in deferred tax liabilities (note 30)	(2,976)
Numerical reconciliation of income tax benefit and tax at the statutory rate	
Loss before income tax benefit	(25,005)
Tax at the statutory tax rate of 19%	(4,751)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Fixed asset differences	(114)
Expenses not deductible for tax purposes	3,268
Income not taxable for tax purposes	(111)
Other permanent differences	(262)
Difference in overseas tax rates	(94)
Deferred tax not recognised	(72)
Utilisation of tax losses	155
Remeasurement of deferred tax for changes in tax rates	(773)
Income tax benefit	(2,754)

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Note 8. Income tax benefit (continued)

The standard rate of UK corporation tax changed from 19% to 25% with effect from 1 April 2023. The increase in the UK tax rate which is applicable from April 2023 had been substantively enacted at the balance sheet date. As such, a rate of 25% has been applied for the purposes of UK deferred tax balances to the extent the underlying temporary differences are expected to unwind after 1 April 2023. To the extent any temporary differences are expected to unwind between 1 January 2023 and 31 March 2023, a rate of 19% has been applied.

The group also operates in a number of overseas jurisdictions. The only material overseas temporary differences and associated deferred tax balances arise in Germany (for which a 30% rate has been applied, as a reasonable approximation of German corporate income taxes, which are comprised of corporate income tax, trade tax, and a solidarity surcharge) and Netherlands (for which a 25.8% rate has been applied, being the prevailing headline rate of corporate income tax).

Note 9. Current assets - Derivative financial assets

	Group 2022 £'000	Company 2022 £'000
Interest rate caps	1,092	-

Refer to note 36 for further information on interest rate risk within financial instruments.

Interest rate caps entered during the period were as follows:

Rate	Notional	Cap Rate	Term	Trade Date
SONIA	£15,000,000	5.00%	3 years	29/09/2022
SONIA	£15,000,000	4.50%	3 years	14/10/2022
EURIBOR	€40,000,000	3.00%	3 years	29/09/2022
EURIBOR	€13,000,000	3.00%	3 years	29/09/2022

Interest caps operate such that for any period where SONIA or EURIBOR exceeds the cap rate on the during the calendar quarter, for the specified debt, the additional interest is reimbursed to the group.

Note 10. Current assets - contract assets

	Group 2022 £'000	Company 2022 £'000
Contract assets	568	-

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial period are set out below:

Opening balance	-	-
Additions through business combinations	619	-
Movement in the period	23	-
Transfer to trade receivables	(74)	-
Closing balance	568	-

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Note 11. Current assets - income tax debtor

	Group 2022 £'000	Company 2022 £'000
Income tax debtor	308	-

Note 12. Current assets - inventories

	Group 2022 £'000	Company 2022 £'000
Stock on hand - at cost	20	-

Note 13. Current assets - trade and other receivables

	Group 2022 £'000	Company 2022 £'000
Trade receivables	4,911	-
Less: Allowance for expected credit losses	(65)	-
	4,846	-
Prepayments and accrued income	921	6
Other debtors	117	14
	5,884	20

Allowance for expected credit losses
The consolidated group has recognised a loss of £42,000 in profit or loss in respect of the expected credit losses for the period ended 31 December 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Group	Expected credit loss rate 2022 %	Carrying amount 2022 £'000	Allowance for expected credit losses 2022 £'000
Current	-	2,771	-
Less than 30 days	1%	1,530	15
30 - 60 days	2%	498	10
60 - 90 days	6%	255	15
Greater than 90 days	9%	276	25
		5,330	65

Carrying amount of trade debtors of £5,330,000 includes £4,911,000 current and £419,000 non-current.

The carrying amounts of the consolidated group's and parent company's trade and other receivables are denominated in the following currencies:

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Note 13. Current assets - trade and other receivables (continued)

	Consolidated 2022 £'000
Currency:	
UK pound sterling	4,420
US dollar	144
Euro	1,663
Danish Krone	75
	6,302

Note 14. Current assets - cash and cash equivalents

	Group 2022 £'000	Company 2022 £'000
Cash at bank	6,966	-

Note 15. Non-current assets - intangible assets

	Group 2022 £'000	Company 2022 £'000
Goodwill - at cost	186,390	-
Brand - at cost	8,711	-
Less: Accumulated amortisation	(206)	-
	8,505	-
Customer relationships - at cost	44,687	-
Less: Accumulated amortisation	(1,331)	-
	43,356	-
Software - at cost	32,427	-
Less: Accumulated amortisation	(1,739)	-
	30,688	-
	268,939	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Group	Goodwill £'000	Brand £'000	Customer relationships £'000	Software £'000	Total £'000
Balance at 29 June 2022	-	-	-	-	-
Additions	-	-	-	770	770
Additions through business combinations	186,390	8,711	44,687	31,657	271,445
Amortisation expense	-	(206)	(1,331)	(1,739)	(3,276)
Balance at 31 December 2022	186,390	8,505	43,356	30,688	268,939

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Note 15. Non-current assets - intangible assets (continued)

Amortisation expense for intangible assets of £3,276,000 is included within Administrative expenses within the Statement of comprehensive income.

The allocation of goodwill to each CGU is as follows:	**£000's**
CitNOW, Quik & Autoimaging	119,521
Dealerweb Group & AutoSLM	36,341
Web1on1	4,678
Dealerdesk	7,727
RTC	18,123
	186,390

Key assumptions for the value in use - 31 December 2022	**Long term growth rate %**	**Discount rate %**	**Average revenue growth %**
CitNow, Quik & Autoimaging	3.0%	11.2%	16.7%
Dealerweb Group & AutoSLM	3.0%	16.4%	15.7%
Web1on1	3.0%	24.2%	35.5%
Dealerdesk	3.0%	19.9%	17.5%
RTC	3.0%	21.4%	13.8%

The key assumptions for the value in use calculations are those regarding discount rates and revenue growth rates. All of these assumptions have been reviewed during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risk specific to each CGU. This has resulted in a range of discount rates being used within the value in use calculations.

Determination of key assumptions

The long-term growth rate is the rate applied to determine the terminal value on year five cash flows. This rate is determined by managements view that the growth rates in year 5 and onwards are expected to continue significant levels of growth with the groups increased market presence and capitalising on trends in the automotive sector.

The discount rate is the pre-tax discount rate calculated by management based on a series of inputs supported by 3rd party independent valuer discount rates calculated on the acquisitions of CGUs during the period with updates applied to factor in the movement in risk free rates and equity market risk premium to the period end.

Revenue growth is the average annual increase in revenue over the five year projection period. The revenue growth rate is determined by management based on the most recently prepared budgets for future periods and adjusted for longer term developments and plans, where such developments are known and possible to reliably forecast.

As part of the value in use calculation, management prepares cash flow forecasts derived from the most recent financial budgets, approved by the Board of Directors for the next 12 months, and extrapolates the cash flows for a period of four years. These are based on management's best estimates for the expected growth rate of the market in which the CGU operates.

The group has conducted a sensitivity analysis on the value in use of each of the CGUs. Based on the result of the value in use calculations undertaken, the directors conclude that the recoverable amount of each CGU exceeds its carrying value.

In performing the assessment of the carrying value of goodwill, the directors believe there are two CGUs where reasonably possible changes to the underlying assumptions exist that would give rise to an impairment. These CGU's are Dealerweb Group & AutoSLM and Web1on1.

For Dealerweb Group & AutoSLM, a sensitivity analysis has been performed for this cash generating unit and the recoverable amount exceeds the carrying value by £10,281,000. An increase in the post-tax discount rate of 200 basis points from 16.4% to 18.4% or a decrease in average revenue growth of 3.3% would lead to the recoverable amount of Dealerweb Group & AutoSLM equalling its carrying amount.

Note 15. Non-current assets - intangible assets (continued)

For Web1on1, a sensitivity analysis has been performed for this cash generating unit and the recoverable amount exceeds the carrying value by £594,000. An increase in the post-tax discount rate of 110 basis points from 24.1% to 25.2% or a decrease in average revenue growth of 1.2% would lead to the recoverable amount of Web1on1 equalling its carrying amount.

The directors believe there are no other cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment.

Note 16. Non-current assets - right-of-use assets

	Group 2022 £'000	Company 2022 £'000
Land and buildings - right-of-use	1,032	-
Less: Accumulated depreciation	(232)	-
	800	-
Motor vehicles - right-of-use	250	-
Less: Accumulated depreciation	(46)	-
	204	-
Office equipment - right-of-use	5	-
Less: Accumulated depreciation	(1)	-
	4	-
	1,008	-

Land and buildings right-of-use assets relate to a number of rented office spaces with expected term length of 5 years or less.

Motor vehicles right-of-use assets relate to a number of rented vehicles with expected term length of 3 years or less.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Group	Right of use Property £'000	Right of use Motor vehicle £'000	Right of use Office Equipment £'000	Total £'000
Opening balance	-	-	-	-
Additions through business combinations	1,032	250	5	1,287
Depreciation expense	(232)	(46)	(1)	(279)
Balance at 31 December 2022	800	204	4	1,008

Note 17. Non-current assets - investments

	Group 2022 £'000	Company 2022 £'000
Shares in FIS3 Midco 1 Limited - at cost	-	67,535

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Note 17. Non-current assets - investments (continued)

Interests in subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the company in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Holding	Proportion held %
FIS3 Midco 1 Limited [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
FIS3 Midco 2 Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
FIS3 Bidco Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Argus Topco Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Argus Midco Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Argus Bidco Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
CitNow Video Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Zype TV Limited*	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
CitNow GmbH*	Germany - Unter den Linden 10, D-10117, Berlin	Ordinary shares	100.00%
CitNow Inc*	United States - 555 North Point Center East, Suite 400, Alpharetta, GA 30022	Ordinary shares	100.00%
CitNow Video Italy SRL*	Italy - Via Paola Barison 42, Ed 12 - B5, Roma (RM) 00142	Ordinary shares	100.00%
CitNow Video Benelux B.V*	Netherlands - De Cuserstraat 93, 1081 CN, Amsterdam	Ordinary shares	100.00%
CitNow Video France SARL*	France - 47 Boulevard Georges Clemenceau, 92415 Courbevoie CEDEX	Ordinary shares	100.00%
CitNow Video Iberia SLU*	Spain - Calle, Orense 34, Planta 8, 28020 Madrid	Ordinary shares	100.00%
CitNow Nordics A/S*	Denmark - Nymøllevej 50, 2800 Kgs. Lyngby, Danmark	Ordinary shares	100.00%
CitNow Canada Inc.*	Canada - 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver BC V6E 4N7, Canada	Ordinary shares	100.00%
8 Technology Group Limited* [1]	UK - Centenary House Peninsula Park, Rydon Lane, Exeter, Devon, United Kingdom, EX2 7XE	Ordinary shares	100.00%
Eight Technology Limited*	UK - Centenary House Peninsula Park, Rydon Lane, Exeter, Devon, United Kingdom, EX2 7XE	Ordinary shares	100.00%
CitNow Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Falamar Limited*	Ireland - John F. Kennedy Drive, Naas Road, Dublin 12, D12T320	Ordinary shares	100.00%
Quik Video LLC*	USA - 100 Cummings Center Suite 427-J, Beverly, MA 01915, USA.	Ordinary shares	100.00%
Reef Business Systems Limited* [1]	UK - Triune Court Monks Cross Drive, Huntington, York, England, YO32 9GZ	Ordinary shares	100.00%
Auto Imaging Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Eloweb Limited* [1]	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%

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Note 17. Non-current assets - investments (continued)

Autoslm Ltd* [1]	UK - Turing Building Babbage Way, Clyst Honiton, Exeter, England, EX5 2FN	Ordinary shares	100.00%
Dealerdesk*	Haus C4-6, Essener Str. 4, 22419 Hamburg, Germany	Ordinary shares	100.00%
Real Time Communications Limited* [1]	UK - 6 Clarence Terrace, Warwick Street, Leamington Spa, Warwickshire, England, CV32 5LD	Ordinary shares	100.00%
CTS Holdings Limited* [1]	UK - 6 Clarence Terrace, Warwick Street, Leamington Spa, Warwickshire, England, CV32 5LD	Ordinary shares	100.00%
CTS Automotive Insights Limited*[1]	UK - 6 Clarence Terrace, Warwick Street, Leamington Spa, Warwickshire, England, CV32 5LD	Ordinary shares	100.00%
Web1on1 B.V.*	Netherlands - Transistorsstraat 7, 1322 CJ, Almere	Ordinary shares	100.00%
Web1on1 DE B.V.*	Netherlands - Transistorsstraat 7, 1322 CJ, Almere	Ordinary shares	100.00%

* Indirect holdings

1 The group is taking the available exemption from audit for these subsidiaries and further details are provided in note 39 or the Company accounts

The principal activities of FIS3 Midco 1 Limited, FIS3 Midco 2 Limited, FIS3 Bidco Limited, Agrus Topco Limited, Argus Midco Limited, Argus Bidco Limited, CitNow Video Limited, Falamar Limited, 8 Technology Group Limited, Eloweb Limited, CTS Holdings Limited and Web1on1 DE B.V. for the period were all that of holding companies. All other entities were trading in line with consolidated entities principal activities.

Note 18. Non-current assets - property, plant and equipment

	Group 2022 £'000	Company 2022 £'000
Plant and equipment - at cost	351	-
Less: Accumulated depreciation	(111)	-
	240	-
Fixtures and fittings - at cost	248	-
Less: Accumulated depreciation	(31)	-
	217	-
Motor vehicles - at cost	9	-
	466	-

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Note 18. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Group	Plant and Equipment £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Balance at 29 June 2022	-	-	-	-
Additions	13	27	-	40
Additions through business combinations	271	221	11	503
Disposals	-	-	(2)	(2)
Depreciation expense	(44)	(31)	-	(75)
Balance at 31 December 2022	240	217	9	466

Note 19. Non-current assets - Intercompany loan notes

	Group 2022 £'000	Company 2022 £'000
Intercompany loan notes	-	9,827

Note 20. Non-current assets - trade receivables

	Group 2022 £'000	Company 2022 £'000
Trade receivables	419	-

Note 21. Current liabilities - trade and other payables

	Group 2022 £'000	Company 2022 £'000
Trade payables	1,823	-
Accrued expenses	4,441	97
Other creditors	761	-
Amounts owed by group undertakings	-	404
	7,025	501

Refer to note 36 for further information on financial instruments.

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Note 22. Current liabilities - contract liabilities

	Group 2022 £'000	Company 2022 £'000
Contract liabilities	2,291	-

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial period are set out below:

	Group 2022 £'000	Company 2022 £'000
Opening balance	-	-
Additions through business combinations	3,857	-
Additions	455	-
Transfer to revenue - performance obligations satisfied in previous periods	(990)	-
Closing balance	3,322	-

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £3,322,000 as at 31 December 2022 and is expected to be recognised as revenue in future periods as follows:

	Group 2022 £'000	Company 2022 £'000
Within 12 months	2,291	-
12 to 24 months	1,031	-
	3,322	-

Note 23. Current liabilities - provisions

	Group 2022 £'000	Company 2022 £'000
Deferred consideration	4,442	-

Refer to note 27 for further information on deferred consideration payable.

Note 24. Current liabilities - lease liabilities

	Group 2022 £'000	Company 2022 £'000
Lease liability	477	-

Refer to note 36 for further information on financial instruments.

The Group operates as a lessee.

Note 24. Current liabilities - lease liabilities (continued)

	Group 2022 £'000
Opening balance	-
Additions	-
Additions due to business combinations	1,271
Lease payments	(298)
Interest expense	35
Closing balance	1,008

	Group £'000 2022
Maturity analysis	
Within 1 year	477
Between 2 and 5 years (note 29)	531
	1,008

Note 25. Current liabilities - income tax creditor

	Group 2022 £'000	Company 2022 £'000
Income tax creditor	636	-

Note 26. Non-current liabilities - contract liabilities

	Group 2022 £'000	Company 2022 £'000
Contract liabilities	1,031	-

Note 27. Non-current liabilities - provisions

	Group 2022 £'000	Company 2022 £'000
Deferred consideration	3,158	-

Deferred consideration
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

The key assumptions vary by acquisition but are all significantly dependent on future business performance, EBITDA/results as defined within each individual purchase agreement. All of these assumptions have been reviewed during the period.

The timings of payments are set out within financial instruments note 36.

Note 27. Non-current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial period, other than employee benefits, are set out below:

Deferred consideration of £7,600,000 includes £4,442,000 current and £3,158,000 non-current.

Group - 2022	**Deferred consideration £'000**
Carrying amount at the start of the period	-
Additions through business combinations note 40	6,963
Unwinding of discount	637
Carrying amount at the end of the period	7,600

Note 28. Non-current liabilities - borrowings

	Group 2022 £'000	**Company 2022 £'000**
Bank loans	111,523	-
Loan notes	79,618	-
Preference shares	79,618	79,618
	270,759	79,618

Refer to note 36 for further information on financial instruments.

The bank loan was taken out on the 15 July 2022 and terminates on 06 July 2029. Interest accrues at margin plus base rate. Margin can vary between 3.25% and 10.5% depending on the level of leverage and the part of facility being assessed. Base rates relate to EURIBOR and SONIA.

An amendment and restatement on the loan agreement was agreed on 21 October 2022 resulting in the establishment a further £6,000,000 acquisition facility and £4,000,000 revolving credit facility.

Further acquisition facility drawdowns occurred on 12 August 2022 and 09 September 2022 both of which terminate on 07 July 2029. Interest accrues at margin plus base rate. Margin can vary between 5.75% and 6.75% depending on the level of leverage and the part of facility being assessed. Base rates relate to EURIBOR.

The preference shares were issued on 15 July 2022 and are redeemable at par together with any accrued interest on 15 July 2032. All preference shares accrue interest at 10% fixed rate and compound each financial year.

The carrying value is deemed to approximate fair value for all balances contained within borrowings.

Assets pledged as security
The bank loan is secured by a debenture issue by FIS3 Bidco Limited and fellow group companies over all assets.

The external loan notes issued by the company are secured by both fixed and floating charges over the assets of the company.

Note 28. Non-current liabilities - borrowings (continued)

	Group 2022 £'000	Company 2022 £'000
A Loan notes	69,899	-
B Loan notes	9,719	-
	79,618	-

The loan notes were issued on 15 July 2022 and are redeemable at par together with any accrued interest on 15 July 2032. All loan notes accrue interest at 10% fixed rate and compound each financial year end.

Note 29. Non-current liabilities - lease liabilities

	Group 2022 £'000	Company 2022 £'000
Lease liability	531	-

Refer to note 36 for further information on financial instruments.

Note 30. Non-current liabilities - deferred tax

	Group 2022 £'000	Company 2022 £'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Fixed asset timing differences	378	-
Short term timing differences	(18)	-
Intangible fixed asset timing differences	20,165	-
Losses and other deductions	(3,831)	-
Deferred tax liability	16,694	-
Movements:		
Opening balance	-	-
Credited to profit or loss (note 8)	(2,976)	-
Additions through business combinations	19,670	-
Closing balance	16,694	-

Deferred tax assets have been recognised at entity level in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Additional deferred tax assets are recognised based on there being sufficient deferred tax liabilities arising on intangible fixed assets acquired by way of business combinations, existing at the end of the period. The intangible fixed assets will unwind over their remaining useful lives, generating taxable profits to support the recognition of deferred tax assets.

The group has gross trading losses of £2,500,000 and restricted interest of £3,200,000 on which no deferred tax asset is recognised. The group also has capital losses of £100,000 on which no deferred tax asset is recognised.

Note 31. Equity - issued capital

	Number 2022	Nominal value (£) 2022	Share premium (£) 2022	Total value (£) 2022
Ordinary £0.01 A1 shares	729,575	7,296	722,280	729,576
Ordinary £0.01 A2 shares	16,666	166	16,499	16,665
Ordinary £0.01 B shares	103,757	1,038	102,719	103,757
	849,998	8,500	841,498	849,998

On 29th June 2022 company incorporated with 1 £1 ordinary share which was subsequently redesignated on 15 July as part of the share issues made.

On 15 July 2022 729,575 Ordinary £0.01 A1 shares were issued for a total value of £729,576.

On 15 July 2022 16,666 Ordinary £0.01 A2 shares were issued for a total value of £16,665.

On 15 July 2022 103,757 Ordinary £0.01 B shares were issued for a total value of £103,757.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Holders of the A1 ordinary shares carry one vote per share.

Holders of the A2 ordinary shares carry no voting rights.

Holders of the B ordinary shares carry one vote per share.

Capital risk management
The consolidated group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 32. Equity - share premium account

	Group 2022 £'000	Company 2022 £'000
Share premium reserve	841	841

Note 33. Equity - currency translation reserve

	Group 2022 £'000	Company 2022 £'000
Foreign exchange	28	-

Note 34. Equity - accumulated losses

	Group 2022 £'000	Company 2022 £'000
Retained profits at the beginning of the financial period	-	-
Loss after income tax benefit for the period	(22,251)	(3,586)
Accumulated losses at the end of the financial period	(22,251)	(3,586)

Note 35. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period.

Note 36. Financial instruments

Financial risk management objectives
The Group's operations may expose it to a variety of financial risks that include the market risk, credit risk, operational risk and liquidity risk. The Group, through its Board of Directors, seeks to limit the adverse effects on the financial performance of the Group as follows:

Market risk

Foreign currency risk
The Group is exposed to translational and transactional foreign exchange risk as it operates in various currencies, including US Dollars and the Euro, which affect the management and levels of working capital.

The Group operates bank accounts in both US dollars and Euros in order to naturally hedge the sales and purchases made within these currencies.

Inflation risk
The Group has exposure to the inflationary effect in countries in which it operates. This exposure could affect the Group's cost and/or investment base. The Group's cost base is mainly exposed to the inflation rates and changes in payroll taxes in the UK.

No specific hedging of inflation risk has been carried out although any forecast movement in inflation forecasts is modelled within the Group's financial forecasts for adverse effects and to ensure adequate working capital is available for operations.

Interest rate risk
Interest rate risk arises primarily on the Group's borrowings or on its investment of the cash balances. In particular, interest on the Group's borrowing is affected by SONIA and EURIBOR.

Group loss is therefore effected by changes in SONIA and EURIBOR rates. Illustrated below is the impact of an increase in interest rates by 100 basis points or decrease by 100 basis points.

Note 36. Financial instruments (continued)

	Impact on loss before tax 2022 £'000
Sensitivity	
Interest rates - increase by 100 basis points	(487)
Interest rates - decrease by 100 basis points	487

The consolidated group finances its operations through retained cash reserves and a loan facility. The policy of the Group is to monitor exposure to interest rate risk and take into account potential movements in interest rates as well as liquidity considerations when selecting methods of financing. During the period the group entered into a number of interest rate caps in order to best mitigate the risk of future interest rate rises.

Credit risk
Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The Group's business will be predominantly with companies with a low inherent bad debt risk. The Group is therefore unlikely to take out credit insurance in the foreseeable future.

The Group will only invest surplus funds in UK bank/building society deposits, denominated in pounds sterling. Furthermore, funds will only be invested with Prudential Regulatory Authority regulated UK financial institutions. In addition, only banks or building societies obtaining a satisfactory rating — at least an A grade (high quality/upper medium grade/strong) — with Standard and Poors, Fitch and Moody's will be selected.

Liquidity risk
Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The Group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely as well as profitably. The Group's working capital report shows forecast monthly movements in working capital and cash for the following year. It is planned to secure a short-term overdraft facility to be used, for example, to bridge any time gap between day-to-day cash requirements and the release of cash from deposit accounts with notice.

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Note 36. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated group's and company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group - 2022	Weighted average interest rate %	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Remaining contractual maturities £'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,823	-	-	-	1,823
Other creditors	-	761	-	-	-	761
Accrued expense	-	4,441	-	-	-	4,441
Contract liabilities	-	2,291	1,031	-	-	3,322
Deferred consideration	-	4,442	3,158	-	-	7,600
Interest-bearing - variable						
Bank loans	9.00%	8,064	8,072	24,168	148,747	189,051
Loan notes	10.00%	-	-	-	197,789	197,789
Preference shares	10.00%	-	-	-	197,789	197,789
Other	-	8	17	-	-	25
Total non-derivatives		21,830	12,278	24,168	544,325	602,601

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Operational risk
The Group has numerous operational risks, ranging from control over bank accounts to its processes for delivering and supporting its clients to a required level of quality, safety and on a timely basis and retention and recruitment of key personnel. A key risk, as for any Group, is the reputational risk that might arise from poor execution, non-delivery or late delivery of a high profile project or breach of confidentiality for sensitive data.

The Group's directors regularly review controls over certain aspects of the operation of the Group. In addition, the directors maintain an operational risk register. Such a detailed operation risk review is outside the scope of the policy document but the Board attaches importance to maintaining appropriate internal controls to help identify financial risk and treasury management implications.

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated group and company are as follows:

Note 36. Financial instruments (continued)

Financial instrument by category

Group	2022 Carrying amount £'000
Assets	
Cash at bank	6,966
Trade receivables current	4,911
Other receivables	117
Trade receivables - non current	419
Derivative financial assets	1,092
	13,505
Liabilities	
Trade payables	1,823
Other payables	5,202
Deferred consideration	7,600
Bank loans	114,285
Loan notes	79,618
Preference shares	79,618
	288,146

All the consolidated group's financial assets and liabilities are at amortised cost.

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk.

Note 37. Auditor remuneration

During the financial period the following fees were paid or payable for services provided by BDO LLP, the auditor of the company, and its associates:

	Group 2022 £'000
Audit services	
Audit of the financial statements	288
Other services	
Preparation of the tax return	65
Thin capitalisation review	21
	86
	374

Note 38. Related party transactions

Parent entity
FIS3 Topco Limited is the parent entity.

Ultimate controlling party
The ultimate controlling party is Livingbridge 7 Global LP.

Note 38. Related party transactions (continued)

Key management personnel
Key management personnel have been identified as the Executive directors, with their remuneration being disclosed in note 6 to the financial statements.

Loans to/from related parties and key management
Loan notes of £9,719,000 in issue as at 31 December 2022 are owned by management, including previous management team members. Interest of £433,000 accumulated in the period on these, the amounts that were not paid during the period were compounded on the 31 December 2022 and therefore included in the principal loan note balance.

Loan notes of £1,561,000 in issue as at 31 December 2022 are owned by Barings and affiliated entities. Interest of £69,000 accumulated in the period on these, the amounts that were not paid during the period were compounded on the 31 December 2022 and therefore included in the principal loan note balance.

Preference shares of £9,719,000 in issue as at 31 December 2022 are owned by management, including previous management team members. Interest of £433,000 accumulated in the period on these, the amounts that were not paid during the period were compounded on the 31 December 2022 and therefore included in the principal loan note balance.

Preference shares of £1,561,000 in issue as at 31 December 2022 are owned by Barings and affiliated entities. Interest of £69,000 accumulated in the period on these, the amounts that were not paid during the period were compounded on the 31 December 2022 and therefore included in the principal loan note balance.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Commitments and contingencies

As per note 17, FIS3 Topco Limited has taken the audit exemption for a number of subsidiaries by virtue of s479A of the Companies Act. A Parent Company guarantee has been provided for these entities under s479C of the Companies Act.

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Note 40. Business combinations

Argus Topco Limited
On 15 July 2022 Fis3 Bidco, a subsidiary company, acquired 100% of the ordinary shares of Argus Topco Limited for the total consideration of £141,894,000 consisting of £123,218,000 cash and £18,676,000 loan note consideration. The acquired business contributed revenues of £19,927,000 and loss before tax of £1,261,000 to the consolidated group for the period from 15 July 2022 to 31 December 2022. If the acquisition occurred on 1 January 2022, the full year contributions would have been revenues of £45,533,000 and loss before tax of £3,007,000. The values identified in relation to the acquisition of Argus Topco Limited are final as at 31 December 2022

Details of the acquisition are as follows:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Cash and cash equivalents	4,602	-	4,602
Trade receivables	5,162	-	5,162
Income tax debtor	164	-	164
Other receivables	901	-	901
Contract assets	619	-	619
Inventories	2	-	2
Property, plant and equipment	448	-	448
Right-of-use assets	689	-	689
Software	689	24,361	25,050
Customer relationships	-	36,379	36,379
Brand	-	8,213	8,213
Trade payables	(2,162)	-	(2,162)
Other payables	(10,934)	-	(10,934)
Contract liabilities	(3,321)	469	(2,852)
Deferred tax liability	11	(17,061)	(17,050)
Loan notes	(27,565)	-	(27,565)
Bank loans	(33,929)	-	(33,929)
Lease liability	(689)	-	(689)
Net liabilities acquired	**(65,313)**	**52,361**	**(12,952)**

Goodwill	154,846
Acquisition-date fair value of the total consideration transferred	**141,894**
Representing:	
Cash paid to vendor	123,218
Loan note consideration	18,676
	141,894

Acquisition costs of £6,091,000 expensed to profit or loss.

Following the issue of £18,676,000 loan note consideration these were redesignated into £103,000 Ordinary £0.01 B shares, £9,286,000 loan notes and £9,286,000 preference shares.

FIS3 Topco Limited
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Note 40. Business combinations (continued)

AutoSLM Limited
On 12 August 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of AutoSLM Limited for the total consideration of £1,478,000 consisting of £1,362,000 cash and £116,000 deferred consideration. The acquisition also included consideration classified as contingent remuneration with a value of up to £600,000. The acquired business contributed revenues of £188,000 and profit before tax of £166,000 to the consolidated group for the period from 12 August 2022 to 31 December 2022. If the acquisition occurred on 1 January 2022, the full year contributions would have been revenues of £382,000 and profit before tax of £125,000. The values identified in relation to the acquisition of AutoSLM Limited are final as at 31 December 2022.

Details of the acquisition are as follows:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Cash and cash equivalents	27	-	27
Trade receivables	77	-	77
Property, plant and equipment	1	-	1
Right-of-use assets	15	-	15
Customer relationships	-	888	888
Other payables	(24)	-	(24)
Contract liabilities	(35)	-	(35)
Income tax creditor	(6)	-	(6)
Deferred tax liability	-	(219)	(219)
Bank loans	(38)	-	(38)
Lease liability	(11)	-	(11)
Net assets acquired	**6**	**669**	**675**
Goodwill			803
Acquisition-date fair value of the total consideration transferred			**1,478**
Representing:			
Cash paid to vendor			1,362
Deferred consideration			116
			1,478

Acquisition costs of £159,000 expensed to profit or loss.

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Note 40. Business combinations (continued)

CTS Holdings Limited
On 12 August 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of CTS Holdings Limited for the total consideration of £25,180,000 consisting of £22,194,000 cash, £2,986,000 deferred contingent consideration and contingent remuneration with no capped value. The deferred contingent consideration, which has no capped value, was recorded at a fair value of £4,016,000 at the acquisition date before discounting for time value of money. The acquired business contributed revenues of £2,397,000 and loss before tax of £546,000 to the consolidated group for the period from 12 August 2022 to 31 December 2022. If the acquisition occurred on 1 January 2022, the full year contributions would have been revenues of £5,616,000 and profit before tax of £957,000. The values identified in relation to the acquisition of CTS Holdings Limited are final as at 31 December 2022.

Details of the acquisition are as follows:

	Book value £'000	Adjustments £'000	Fair Value £'000
Cash and cash equivalents	1,961	-	1,961
Trade receivables	757	-	757
Other receivables	82	-	82
Property, plant and equipment	8	-	8
Right-of-use assets	304	-	304
Software	692	2,150	2,842
Customer relationships	-	3,263	3,263
Brand	355	(112)	243
Trade payables	(246)	-	(246)
Other payables	(684)	-	(684)
Contract liabilities	(969)	-	(969)
Income tax creditor	(53)	-	(53)
Deferred tax liability	1,338	(1,385)	(47)
Bank loans	(100)	-	(100)
Lease liability	(304)	-	(304)
Net assets acquired	**3,141**	**3,916**	**7,057**
Goodwill			18,123
Acquisition-date fair value of the total consideration transferred			**25,180**
Representing:			
Cash paid to vendor			22,194
Deferred consideration			2,986
			25,180

Acquisition costs of £385,000 expensed to profit or loss.

Note 40. Business combinations (continued)

Eloweb Limited
On 02 September 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of Eloweb Limited for the total consideration of £5,794,000 consisting of cash only. The acquired business contributed revenues of £500,000 and loss before tax of £11,000 to the consolidated group for the period from 2 September 2022 to 31 December 2022. If the acquisition occurred on 1 January 2022, the full year contributions would have been revenues of £1,509,000 and profit before tax of £76,000. The values identified in relation to the acquisition of Eloweb Limited are final as at 31 December 2022.

Details of the acquisition are as follows:

	Book Value £'000	**Adjustments £'000**	**Fair Value £'000**
Cash and cash equivalents	8	-	8
Trade receivables	160	-	160
Property, plant and equipment	28	-	28
Right-of-use assets	48	-	48
Software	236	285	521
Customer relationships	-	711	711
Brand	-	54	54
Trade payables	(98)	-	(98)
Other payables	(60)	-	(60)
Deferred tax liability	25	(317)	(292)
Bank loans	(141)	-	(141)
Lease liability	(36)	-	(36)
Net assets acquired	**170**	**733**	**903**
Goodwill			4,891
Acquisition-date fair value of the total consideration transferred			**5,794**
Representing:			
Cash paid to vendor			5,794
			5,794

Acquisition costs of £133,000 expensed to profit or loss.

Note 40. Business combinations (continued)

Dealerdesk GmbH
On 12 September 2022 Argus Bidco, a subsidiary company, acquired 100% of the ordinary shares of dealerdesk GmbH for the total consideration of £13,347,000 (€15,371,000), consisting of £9,486,000 (€10,925,000) cash and £3,861,000 (€4,446,000) deferred contingent consideration. The deferred contingent consideration has a value of up to £10,758,000 (€12,390,000) of which £4,872,000 (€5,611,300) was recorded as fair value at the acquisition date before discounting for time value of money. The acquired business contributed revenues of £1,408,000 (€1,652,000) and profit before tax of £108,000 (€127,000) to the consolidated group for the period from 12 September 2022 to 31 December 2022. If the acquisition occurred on 1 January 2022, the full year contributions would have been revenues of £4,351,000 (€5,105,000) and profit before tax of £896,000 (€1,061,000). The values identified in relation to the acquisition of dealerdesk GmbH are final as at 31 December 2022.

Details of the acquisition are as follows:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Cash and cash equivalents	967	-	967
Trade receivables	461	-	461
Other receivables	95	-	95
Property, plant and equipment	18	-	18
Right-of-use assets	231	-	231
Software	-	3,244	3,244
Customer relationships	-	3,445	3,445
Brand	-	201	201
Other payables	(180)	-	(180)
Income tax creditor	(568)	-	(568)
Deferred tax liability	-	(2,063)	(2,063)
Lease liability	(231)	-	(231)
Net assets acquired	**793**	**4,827**	**5,620**
Goodwill			7,727
Acquisition-date fair value of the total consideration transferred			**13,347**
Representing:			
Cash paid to vendor			9,486
Deferred consideration			3,861
			13,347

Acquisition costs of £480,000 expensed to profit or loss.

Note 41. Events after the reporting period

On 31 May 2023 Argus Bidco Limited, a wholly owned subsidiary, acquired the entire share capital of Vehicle Vision International Limited for an initial consideration of £2,500,000 and contingent consideration of up to £300,000.