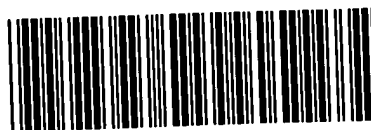




**Kili Midco Limited**  
**Financial statements**  
**for the year ended 31 December 2022**

Registered number: 10631732

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# **Kili Midco Limited**

## **Strategic report**

for the year ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the company for the year ended 31 December 2022.

### **Review of the business and key performance indicators**

The company is an intermediary holding company for the collation of group related services and assets.

The company does not have key performance indicators. The result for the year under review was a loss before tax of £12,422,307 (2021: £7,665,353). The loss for the year was driven by interest payable and foreign exchange losses on issued loan notes (see notes 4 and 10).

The company has a net foreign exchange loss in 2022 of £3,918,049 (2021: £148,800) due to a portion of loan notes being denominated in USD and the fluctuation against pound sterling being unfavourable.

### **Principal risk and uncertainties**

The principal risk and uncertainty to the business would be foreign currency fluctuations as its liabilities are held in GBP and USD denominated securities.

The company is reliant on the performance of its subsidiaries as it has no material external customers.

#### ***Macro-economic environment***

A significant change in regional market conditions could adversely impact performance and thereby reduce profitability and liquidity.

The K2 group mitigates this risk with diversified operations across geographical regions, technology cluster spread and a mix of permanent and contract business.

#### ***Availability of external business associates***

Expanding into newly identified technology clusters, as well as enabling training through K2 Education to protect against lower number of business associate availability in mature markets.

#### ***Treasury risk***

A material adverse movement in foreign exchange rates may reduce company's profitability. The Board has approved in certain circumstances for the group treasury function to use derivative instruments as part of its daily treasury cash management to provide the company with protection against adverse currency movements.

#### ***Interest rate risk***

The company's policy is to manage its cost of borrowing using a mix of fixed and variable rate debt depending upon market conditions.

#### ***Liquidity risk***

The company seeks to mitigate liquidity risk by managing cash generations by its operations and applying cash collection targets throughout the group.

## **Kili Midco Limited**

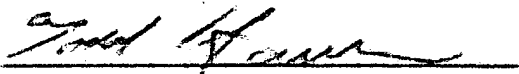
### **Strategic report (continued)**

for the year ended 31 December 2022

#### **Future Developments**

The directors aim to maintain the management policies which have resulted in the company's growth in recent years and to invest in projects that will drive improved profitability. The directors do not anticipate a change in the principal activities of the company. The financial statements have been prepared on a going concern basis.

The strategic report was approved by order of the Board on 8<sup>th</sup> September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T Hauser', is written over a horizontal line.

T Hauser  
Director

## **Kili Midco Limited**

### **Section 172 statement**

Under s.172 of the Companies Act 2006 the directors have a duty to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

*The below statement has been drafted from the perspective of the company and its subsidiaries.*

#### **(the "s.172(1) Matters")**

At each meeting of the Board of Directors a reminder of these duties is included as a rolling agenda item. Furthermore, on appointment of new directors an explanation of directors' duties in general and 172(1) Matters, is addressed prior to admittance to the Board.

In preparation for the company's implementation of the UK Corporate Governance Code July 2018 (the "2018 Code"), the Board undertook a review of the actions it currently undertakes to comply with s.172.

The review included an analysis of how the Board currently engages with its stakeholders and considered recommendations on how such engagement could be enhanced.

Further information on the steps taken during 2021 to prepare for full compliance with the 2018 Code is set out below.

Information on how the Directors have had regard to the s.172(1) Matters can be found below:

#### **Annual governance reviews**

The Board reviewed Matters Reserved for the Board, Board Committee terms of reference and other relevant corporate documents to ensure they are in line with the provisions of the 2018 Code.

#### **Board reports**

The Board reviewed its key stakeholders and the ways in which it engages with them.

Some key examples of the action taken are set out below:

- A standing Board paper setting out K2's stakeholders (as determined by the Board) and why they are important to us has been included in every Board pack;
- The executive summary of Board papers has been broadened to require authors to note stakeholders' interests in matters being considered by the paper and to clearly demonstrate how proposals put forward have taken those interests into account;

## **Kili Midco Limited**

### **Section 172 statement (continued)**

#### ***Board reports (continued)***

- A risk assessment has been devised relating to remuneration policy and practices to ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- The Chief compliance officer ensures that minutes of Board discussions clearly record how stakeholder views have been considered as part of the decision-making process; and
- We have formalised the reports back to the Board of the matters considered by Board Committees and such reports address how stakeholder factors have been considered.

#### ***Staff Associate***

The Board considers that the Staff Associate role, introduced in 2020, represents an appropriate method of engaging with staff as it provides a two-way communication channel to create greater understanding of the role of the Board amongst staff.

This enables the Board to hear more of staff views thereby ensuring that the Board appropriately considers the interests of staff when making decisions.

Our Staff Associate continues to share blogs on his Board experiences with all Staff via Group intranet site and uses this forum to explain how key decisions impacting colleagues made by the Board during the year were reached. He also attends Board engagement days alongside our NEDs.

#### **Engagement with principal investors**

Communication with our investors is extremely important for the Board. By maintaining dialogue with our investors, we aim to ensure that their views are heard and that our objectives are understood.

#### ***Why is this group Important to K2?***

They are our providers of capital without whom we could not grow and invest for future success.

#### ***Their Concerns?***

Our investors are concerned with a broad range of issues including, but not limited to, K2's financial and operational performance, strategic execution, investment plans and capital allocation.

#### ***How are their concerns addressed, how the Board engages?***

- Communications such as monthly trading results & annual reports; and
- Monthly feedback from the NED that attends each Board meeting on their behalf.

#### ***How they influenced the Board's decision-making***

Investors' opinions were taken into account in the shaping of the Group's strategy and operational performance, remuneration policy and capital structure.

#### **Engagement with minority shareholders and staff**

Communication with staff and minority shareholders is extremely important for the Board. By maintaining dialogue with our staff, we aim to ensure that their views are heard and that our objectives are understood.

In addition to publishing quarterly trading updates, they also participate in annual presentations that take place in various of the group's global office locations.

## **Kili Midco Limited**

### **Section 172 statement (continued)**

#### **Engagement with minority shareholders and staff (continued)**

##### ***Why is this group Important to K2?***

###### ***Our colleagues***

They are a key resource, dedicated to creating, selling and supporting solutions that provide solutions for our customers so that their businesses can grow.

###### ***What are their main concerns, how does the Board engage?***

Our staff are concerned with opportunities for personal development and career progression; a culture of inclusion and diversity; compensation and benefits; and the ability to make a difference within K2.

###### ***Types of Engagement***

- Various activities and forums to foster participation in Group events, invite opinions, questions and ideas;
- Regular colleague opinion surveys to canvas views; and
- Multimedia channels for sharing information and as a depository of in-house news items of interest.

###### ***How the Board engages***

- K2 regularly broadcasts presentations of strategy and quarterly performance updates by the CEO and CFO;
- Representation at Board meetings through the Staff Associate;
- 'Talent lunches' allowing Directors to meet promising individuals from the executive teams;
- Keen focus on whistleblowing reports; and
- Human Resource Officer report on activities to enhance colleague engagement and senior leadership capability.

###### ***How they influenced the Board's decision making***

A key initiative during the year was the creation of corporate values and behaviours. A culture day was initiated in all K2 offices initiated by the Board. The Board also sought the views of the Staff Associate to understand the impact to our staff of the move from the Head office premises at West London to Central London.

The Board continued to encourage leaders to search internally to fill open positions, proactively manage career development for high potential colleagues and enable them to drive their own career paths.

#### **Engagement with our customers**

##### ***Our customers and Why they matter?***

Only through good services to our customers can their business improve and as a result our business flourish.

##### ***What Concerns them?***

Our customers are at the cutting edge of digital innovation and require the very best talent to enable them to get to the next level of achievement. K2 finds that talent innovates and is always attuned to the market to ensure it meets its clients' needs every step of the journey.

##### ***How does the Board monitor and meet customer needs?***

- Receives regular competitor updates and monitors customer and contractor needs via its K2 connect platform; and
- Regular Marketing reports reviewed monthly by the Board.

## **Kili Midco Limited**

### **Section 172 statement (continued)**

#### **Engagement with our customers (continued)**

##### ***How they influenced the Board's decision-making***

It is K2's mission to source and provide the best talent globally to its customers.

#### **Engagement with our business partners**

##### ***Our business partners and Why they matter?***

Our business partners are an extension of K2, helping us become preeminent in the global marketplace in which we both operate. They help us work in unison and as such serve our customers locally and creating an ecosystem of complementary solutions and services.

##### ***What matters to them***

Our partners harness K2's innovative technology to develop business growth through supported sales and marketing programmes, as well as technical training.

##### ***Type of engagement***

- Partners adhere to K2's business terms defining expectations of responsible business and behaviour, underlining K2's strategic focus and on the needs of its customers; and
- Board reports, including updates on performance and key partner issues.

##### ***How they influenced the Board's decision making***

The Board routinely considered the interests of our Partners.

#### **Engagement with our Contractors**

##### ***Our contractors & Why they matter?***

K2's business cannot operate without the contractors engaged by it. They are the face of K2 within our customers' organisations worldwide, and in many respects are the face of K2. They enable K2 to be preeminent in the global marketplace and serve K2's customers' needs.

##### ***What matters to them***

Our contractors harness K2's innovative technology to meet customer needs.

##### ***How they influenced the Board's decision making***

The Board routinely considered the interests of its contractors, as ultimately it is on these group of talented selected individuals that are at the core of K2's business and its ability to grow in the global market in which it operates.

#### **Engagement with our community**

##### ***Why does the community matter?***

We demonstrate K2's culture and commitment to doing business the right way, charitable giving and supporting our local communities in each country in which we have a presence. Freeing staff to volunteer in our communities for charitable work, helping to build a workforce fit for tomorrow by creating routes into education, work and entrepreneurship for marginalised young people, women and people of all cultures and backgrounds.

##### ***How the Board engages***

- Regular Board updates such charitable work and approval of charitable giving; and
- Endorses a culture of giving back time, skills and technology with staff & customers.

## **Kili Midco Limited**

### **Section 172 statement (continued)**

#### **The Environment and Green Policy**

The Directors recognizes environmental protection as one of the guiding principles of, and a key component of sound business performance. Further to this, the K2 Group is thus committed to continually providing a quality service in a manner that ensures the organization minimizes its potential impact on the environment. The K2 Group will operate in compliance with all relevant environmental legislation and endeavour to achieve pollution prevention and environmental best practice in all aspects of our business. To ensure that Directors are able to commit to the above objectives it will focus on the following items:

##### ***Best Practice***

Comply with all relevant environmental legislation, regulations, and approved codes of practice.

##### ***Waste Management***

Operate effective arrangements for the reduction, reuse, and recycling of waste, and for the safe storage and disposal of waste that cannot be avoided.

##### ***Materials & Resources***

Maximize the efficient use of materials and resources, including gas, electricity and water, the use of paper made from sustainable sources, and the introduction of Eco Fonts to reduce printer ink usage.

##### ***Responsible Procurement***

Use contractors who also share a commitment towards the environment and take into account lifetime costs of materials when repairing, altering or rebuilding premises.

##### ***Business Travel***

Promote the use of public transport and increased use of email, phone, video conferencing and online webinars to reduce the impact of business travel upon the environment.



## **Kili Midco Limited**

### **Directors' report**

for the year ended 31 December 2022

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

The company is part of the K2 group of companies and its principal activity is a holding company. The K2 group of companies provide recruitment and staffing solutions largely in the information technology and communications sectors.

### **Directors' responsibilities**

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Directors**

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

- A Gulino
- A Mainwaring, resigned on 18<sup>th</sup> July 2022
- T Hauser
- R Dagger, resigned on 18<sup>th</sup> July 2022

## **Kili Midco Limited**

### **Directors' report (continued)**

for the year ended 31 December 2022

#### **Third party indemnity insurance**

The company has put in place qualifying third party indemnity insurance for all the directors of the company.

#### **Information included in the strategic report**

Presented in the strategic report is information on exposure to principle risks including treasury risk, interest risk and liquidity risk, the future developments of the company and going concern considerations.

#### **Auditor**

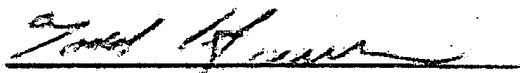
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor are aware of that information. The directors are not aware of any relevant audit information of which the auditor are unaware.

MHA MacIntyre Hudson were appointed during the year by the directors.

Following a rebranding exercise on 15 May 2023, the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

#### **Approval**

This Directors' Report was approved by order of the Board on 8<sup>th</sup> September 2023 and signed on its behalf by:



T Hauser

**Director**

# **Kili Midco Limited**

## **Independent auditor's report to the members of Kili Midco Limited**

### **Opinion**

We have audited the financial statements of Kili MidCo Limited (the 'Company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The 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 Auditors' 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Kili Midco Limited**

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified 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 on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Enquiry of management, those charged with governance and the company's in-house legal team together around actual and potential litigation and claims;
- Enquiry of company staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;

## Kili Midco Limited

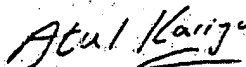
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### Use of our report

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



Atul Kariya FCCA (Senior statutory auditor)

for and on behalf of  
MHA  
Statutory Auditors  
London, United Kingdom

Date: 11 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

## Kili Midco Limited

### Statement of comprehensive income for the year ended 31 December 2022

	Notes	2022 £	2021 £
Administrative expenses		(36,415)	(25,177)
<b>Operating loss</b>	<b>2</b>	<b>(36,415)</b>	<b>(25,177)</b>
Net finance expense	4	(12,385,892)	(7,640,176)
<b>Loss before tax</b>		<b>(12,422,307)</b>	<b>(7,665,353)</b>
Taxation	5	-	-
<b>Loss for the year and comprehensive income</b>		<b>(12,422,307)</b>	<b>(7,665,353)</b>

All amounts relate to continuing activities.

The notes on pages 17 to 25 form part of these financial statements.

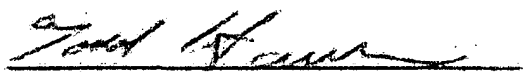
# Kili Midco Limited

## Balance sheet

at 31 December 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Investments	6	26,842,051	26,842,051
<b>Total fixed assets</b>		<b>26,842,051</b>	<b>26,842,051</b>
<b>Current assets</b>			
Debtors amounts falling due in more than one year	7	117,447,699	-
Debtors amounts falling due within one year	7	3,358,523	31,116,802
<b>Total current assets</b>		<b>120,806,222</b>	<b>31,116,802</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(77,383)</b>	<b>(689,735)</b>
<b>Net current assets</b>		<b>120,728,839</b>	<b>30,427,067</b>
<b>Total assets less current liabilities</b>		<b>147,570,890</b>	<b>57,269,118</b>
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(167,598,663)</b>	<b>(85,634,584)</b>
<b>Net liabilities</b>		<b>(20,027,773)</b>	<b>(28,365,466)</b>
<b>Capital and reserves</b>			
Share capital	10	20,760,001	1
Retained losses		(40,787,774)	(28,365,467)
<b>Total deficit</b>		<b>(20,027,773)</b>	<b>(28,365,466)</b>

The financial statements were approved by the board of directors and authorised for issue on 8<sup>th</sup> September 2023 and signed on its behalf by:



T Hauser  
Director

Company registered number: 10631732

The notes on pages 17 to 25 form part of these financial statements.

# Kili Midco Limited

## Statement of changes in equity for the year ended 31 December 2022

	Share capital £	Share premium £	Retained losses £	Total deficit £
Balance at 01 January 2021	1	-	(20,700,114)	(20,700,113)
<b>Comprehensive income</b>				
Loss for the year	-	-	(7,665,353)	(7,665,353)
<b>Balance at 31 December 2021</b>	<b>1</b>	<b>-</b>	<b>(28,365,467)</b>	<b>(28,365,466)</b>
Balance at 1 January 2022	1	-	(28,365,467)	(28,365,466)
<b>Comprehensive income</b>				
Loss for the year	-	-	(12,422,307)	(12,422,307)
<b>Transactions with owners of the company</b>				
Share issue	2,000,000	18,760,000	-	20,760,000
<b>Balance at 31 December 2022</b>	<b>2,000,001</b>	<b>18,760,000</b>	<b>(40,787,774)</b>	<b>(20,027,773)</b>

The notes on pages 17 to 25 form part of these financial statements.



# Kili Midco Limited

## Notes to the financial statements

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# **Kili Midco Limited**

## **Notes to the financial statements**

### **1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

#### **1.1 General information**

Kili Midco Limited ('the company') is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the company's registered office is 2<sup>nd</sup> Floor, Broad Street House, 55 Old Broad Street, London, England, EC2M 1RX. The company was incorporated on 21 February 2017.

The company is part of the K2 group of companies (the Group) which provide recruitment services in the IT sector.

#### **1.2 Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, all amounts in the financial statements have been rounded to the nearest £1.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash-flow statement, intra-group transactions and remuneration of key management personnel.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis. The company has a net liability position; however, a letter of financial support is in place. The directors consider that it is appropriate to use the going concern basis in preparing the financial statements on the basis of confirmation of ongoing support from Climber Topco Limited, its ultimate parent undertaking, to provide adequate funds to enable the company to meet its liabilities as and when they fall due.

The Directors have assessed the company's ability to adopt a going concern basis of accounting. In coming to their conclusion, this assessment has been performed on a Group basis, because the company benefits from the Group's cash flow management through a centralised treasury function which ensures all entities in the group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the group loan facility so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis for the company. The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. In coming to their conclusion, the Directors have considered the Group's profit and cash flow plans for the coming period.

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

# Kili Midco Limited

## Notes to the financial statements

### 1.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying amounts of investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an investment is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 1.5 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash and cash equivalents, trade and other debtors and creditors, loans from related parties and other third parties and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loan and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 1.6 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences

# **Kili Midco Limited**

## **Notes to the financial statements**

between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **1.7 Foreign currency**

Foreign currency transactions are translated into the company's functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

### **1.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

### **1.9 Judgements made and critical accounting estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount the company applies the

# Kili Midco Limited

## Notes to the financial statements

overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

### ***Amortisation/useful life and residual value intangible assets***

Management reviews the useful life and residual values of intangible assets, at least once a year. Such lives are dependent upon an assessment of estimation of the 'value in use' of the assets acquired considering internal and external factors. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

'Value in use' is derived from discounted projections, using an appropriate pre-tax discount rate. The projection period is, in the opinion of the Directors, an appropriate period over which to view the future results of the Group's businesses for this purpose.

Changes to the assumptions used in making these forecasts could significantly alter the Directors' assessment of the carrying value of intangible assets.

### ***Going Concern***

The directors' considerations on going concern can be found as per going concern policy in note 1.3.

## **2 Operating loss**

This is arrived at after charging:

	2022 £	2021 £
<b>Independent auditor's remuneration and other services</b>		
Audit - Statutory	6,182	4,200
Tax advisory services	22,181	11,430

## **3 Employee costs**

During 2022 there were no employees. No directors were remunerated by the company in the year, directors are remunerated in K2 Partnering Solutions Holding Co Ltd and Kili Bidco Ltd.

## **4 Finance income and expense**

	2022 £	2021 £
Interest received from group undertakings	(3,362,324)	887,648
Interest on loan notes	(5,105,519)	(8,379,024)
Net foreign exchange income/(expense)	(3,918,049)	(148,800)
<b>Net finance expense</b>	<b>(12,385,892)</b>	<b>(7,640,176)</b>

# Kili Midco Limited

## Notes to the financial statements

### 5 Taxation

	2022	2021
	£	£
Current income tax on profits for the year	-	-
<b>Total corporate income tax expense for the year</b>	<b>-</b>	<b>-</b>

The standard rate of Corporation Tax in the UK is 19%. Accordingly, the company's result from this period is taxed at an effective rate of 19.0% (2021: 19.0%).

The rate of corporation tax increased to 25% on 1 April 2023. Deferred tax has been calculated at 25%.

A tax reconciliation explaining differences from the expected statutory rate is summarised below:

<b>Loss before tax</b>	<b>(12,422,307)</b>	<b>(7,665,353)</b>
Corporate income tax expense calculated at standard rate	(2,360,238)	(1,456,417)
Non-deductible expenses/permanent differences	4,467,175	13,697
Group tax relief given claimed	1,252,348	(113,681)
Unrecognised DTA	(3,359,285)	1,556,401
<b>Total corporate income tax expense for the year</b>	<b>-</b>	<b>-</b>

Deferred tax asset not recognised £nil (2021: £3,129,361).

### 6 Investments

Investments in group undertakings are measured at cost. The investments in group undertakings are as follows:

	2022	2021
	£	£
<b>Group undertakings</b>		
Balance at the beginning of the year	26,842,051	26,842,051
Additions	-	-
<b>Balance at 31 December</b>	<b>26,842,051</b>	<b>26,842,051</b>

## Kili Midco Limited

### Notes to the financial statements

Name	Country of incorporation and registered address	Principal activity	Proportion of share capital held	Ownership
Kili Bidco Limited (*)	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Holding company	100%	Indirect
Kilimanjaro (GSY) Limited	De Catapan House, 1 Grange Terrace, St Peter Port, Guernsey, GY1 2QG	Holding company	100%	Indirect
Kili Finco Limited (*)	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Holding company	100%	Indirect
K2 Partnering Solutions (Pty) Ltd	210/658 Pittwater Road, Brookvale, NSW 2100, Australia	Recruitment Service	100%	Indirect
K2 Partnering Solutions do Brasil Consultoria em Tecnologia da Informacao Ltda.	Avenida Francisco Matarazzo Numero 1500- Torre Los Angeles 20 Andar São Paulo Brasil SP CEP 05001-100	Recruitment Service	99.99%	Indirect
K2 Partnering Solutions de Mexico S.de R.L. de C.V.	Colima 56, Colonia Roma, Delegacion Cuauhtémoc, Distrito Federal, Mexico	Recruitment Service	96.67%	Indirect
K2 Partnering Solutions LLC	Skakovaya street, 17, building 2, 7th floor, office 2712, Moscow, Russia, 125040	Recruitment Service	100%	Indirect
K2 Partnering Solutions Pte Ltd	30 Raffles Place, #12-01, Singapore 048622	Recruitment Service	100%	Indirect
K2 Partnering Solutions SL	Calle Potosi 10, 28016 Madrid, Spain	Recruitment Service	100%	Indirect
K2 Partnering Solutions SA	Rue de Lausanne 11-19 1201 Geneve, Switzerland	Recruitment Service	100%	Indirect
Partners K2 AG	Alderstrasse 49, 8034 Zurich Switzerland, PO Box 3071	Recruitment Service	100%	Indirect
K2 Human Capital Solutions Limited (*)	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Support Service	100%	Indirect
K2 Partnering Solutions Limited	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Recruitment Service	100%	Indirect
K2 Employee Solutions Inc	235 Promenade Street, Suite 104, RI 02908, United States	Support Service	100%	Indirect
K2 Human Capital Solutions Inc	235 Promenade Street, Suite 104, RI 02908, United States	Support Service	100%	Indirect
K2 Partnering Solutions (West) Inc	235 Promenade Street, Suite 104, RI 02908, United States	Recruitment Service	100%	Indirect
K2 Partnering Solutions Inc	235 Promenade Street, Suite 104, RI 02908, United States	Recruitment Service	100%	Indirect
K2 Partnering Solutions GmbH	c/o Mindspace Eurotheum, Neue Mainzer Strasse 66 – 68, 60311 Frankfurt am Main	Recruitment Service	100%	Indirect
Madison Kay Ltd (*)	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Recruitment Service	100%	Indirect
K2 Partnering Solutions Holding Co Limited	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Holding company	100%	Indirect
K2 Partnering Solutions Italy S.r.l.	Corso Europa 15, Milan, 20122, Italy	Recruitment Service	100%	Indirect
Beagle It Internacional S.A. de C.V	Napolés No. 36, piso 6, colonia Juárez, delegación Cuauhtémoc, código postal 06600, Ciudad de México, México	Dormant	99.98%	Indirect

## Kili Midco Limited

### Notes to the financial statements

Name	Country of incorporation and registered address	Principal activity	Proportion of share capital held	Ownership
K2 Partnering Solutions K.K. (Japan)	Akasaka Park Bldg. 1F, 5-2-20 Akasaka, Minato-ku, Tokyo 107-6101, Japan	Recruitment Service	100%	Indirect
K2 Partnering Solutions SAS	Av. Pradilla 900E Centro Chia Local Bogota 2001 Colombia	Recruitment Service	100%	Indirect
K2 Business Consulting (Shanghai) Ltd	Unit A03, 21st Floor, Shanghai Bank No. 168, Yincheng Middle Road, Pudong, Shanghai, 200120, China	Recruitment Service	100%	Indirect
K2 Partnering Solutions S.R.O.	Korunní 2569/108, Vinohrady, 101 00 Praha 10	Recruitment Service	100%	Indirect
K2 Partnering Solutions Projects GmbH	c/o Mindspace Eurotheum, Neue Mainzer. Strasse 66 – 68, 60311 Frankfurt am Main	Recruitment Service	100%	Indirect
K2 Partners do Brasil Locacao de Mao de Obra Temporaria Ltda	Rua Joaquim Manuel de Macedo, 297, Sala 82, Edifício Chicago Building, Barra Funda, São Paulo/SP, CEP 01.136-010	Recruitment Service	99.99%	Indirect
K2 Partnering Solutions (Canada) NS LTD	600-1741 Lower Water Street, Halifax NS B3J 0J2	Recruitment Service	100%	Indirect
Futuro Associates GmbH	Bavariafilmplatz 7, 82031 Grünwald, Germany	Recruitment Service	100%	Indirect
K2 Staffing Solutions, K.K.	Akasaka Park Bldg. 1F, 5-2-20 Akasaka, Minato-Ku, Tokyo 107-6101 JAPAN	Recruitment Service	100%	Indirect
Marlin Green Limited	2nd Floor, Broad Street House, 55 Old Broad Street, London EC2M 1RX, United Kingdom	Recruitment Service	100%	Indirect
Marlin Green GmbH	GAP15, Graf-Adolf-Platz 15, 40213 Düsseldorf	Recruitment Service	100%	Indirect
Astbury Marsden Apac Pte Ltd	30 Raffles Place, #12-01, Singapore 048622	Recruitment Service	100%	Indirect
K2 Partnering Solutions Project ETT	Calle Potosi 10, 28016 Madrid, Spain R	Recruitment Service	100%	Indirect
K2 Partnering Solutions del Peru S.A.C.	Nicolás Rebaza 645, Trujillo 13001, Peru	Recruitment Service	100%	Indirect

(\*) This UK Subsidiary is exempt from the requirements relating to the audit of their accounts as Kili Topco Limited has guaranteed their debts under section 479A of the Companies Act 2006.



# Kili Midco Limited

## Notes to the financial statements

### 7 Debtors

Due after more than one year	2022	2021
	£	£
Loans to group companies	117,447,699	-
<b>Balance at 31 December</b>	<b>117,447,699</b>	<b>-</b>

Due within one year	2022	2021
	£	£
Amounts receivable from group undertakings	3,358,523	31,116,802
VAT recoverable	-	-
<b>Total</b>	<b>3,358,523</b>	<b>31,116,802</b>

Loans to group companies earn interest at 11% per annum.

### 8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Loan Notes	33,819	646,169
Trade creditors	4,284	4,284
Amounts owed to group undertakings	17,103	31,082
Accrued expenses and deferred income	22,177	8,200
	<b>77,383</b>	<b>689,735</b>

### 9 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Investor GBP 2023 loan notes	-	67,689,436
Vendor USD 2023 loan notes	33,819	18,591,317
Borrowings from group companies	167,598,663	-
	167,632,482	86,280,753
Current portion of loans and borrowings	(33,819)	(646,169)
<b>Non-current portion of loans and borrowings</b>	<b>167,598,663</b>	<b>85,634,584</b>

	2022	2021
	£	£
In one year or less, or on demand	33,819	646,169
In more than one year but no more than two years	-	85,634,584
In more than two year but no more than five years	167,598,663	-
	<b>167,632,482</b>	<b>86,280,753</b>

## Kili Midco Limited

### Notes to the financial statements

Investor GBP and Vendor USD loan notes were issued on 13 March 2017; interest on the principal amount accrue on a daily basis at 10% and is compounded quarterly on 31 March, 30 June, 30 September, 31 December. The loans maturity date was 13 March 2023 but they were fully repaid on 18 July 2022.

### 10 Share Capital

	Ordinary shares	Total
Balance at 1 January 2022	1	1
Issued (2,000,000 ordinary shares)	2,000,000	2,000,000
Balance at 31 December 2022	2,000,001	2,000,001

	£ Ordinary shares	£ Share Premium	£ Total
Balance at 1 January 2022	1	-	1
Issued (2,000,000 ordinary shares)	2,000,000	18,760,000	20,760,000
Balance at 31 December 2022	2,000,001	18,760,000	20,760,001

Allotted, called up and fully paid share capital consisted of 1 ordinary share of 1 USD.

During 2022, the company issued 2,000,000 ordinary shares of £1.00 each. The shares have attached to them full voting, dividend and capital distribution rights; they do not confer any rights of redemption.

Share Premium Account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

### 11 Related party transactions

The unsecured loan notes from shareholders that had a maturity date of 13 March 2023 were fully redeemed and paid on the 18 July 2022.

### 12 Consolidation exemption and controlling party

The company has not produced consolidated financial statement as it has taken advantage of the exemption under S.400 of the Companies Act 2006. The company (and its subsidiaries) are included in the consolidated financial statements of Kili Topco Ltd, a company incorporated in England and Wales. Copies of the consolidated financial statements can be requested from the address, 2<sup>nd</sup> Floor, Broad Street House, 55 Old Broad Street, London, England, EC2M 1RX.

In 2022 the ultimate parent undertaking of the Group of companies is Climber Topco Ltd, a company incorporated in England and Wales. Inflexion funds are the ultimate controlling party and party with significant influence over the company.