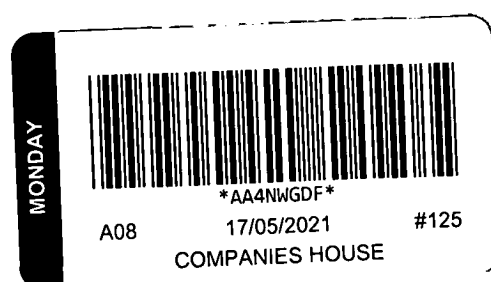


SHL GLOBAL MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



SHL GLOBAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Andrew James Bradshaw Christopher Michael Graham Thomas Michael Lightowler John Gerard Moore Andrew William Myers (resigned 31 July 2020) Paul John Greensmith (appointed 31 July 2020)
Registered number	11172367
Registered office	The Pavilion 1 Atwell Place Thames Ditton Surrey KT7 0NE
Independent auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The Directors present the Strategic Report for the year ended 31 December 2020.

Review of the Group's Business

Founded in 1977 SHL is widely recognised as a leader in talent assessment solutions throughout the employee journey. SHL is truly global with 52 offices in 22 countries serving over 10,000 customers in 150+ countries.

Since its acquisition in April 2018 by Exponent, a UK based private equity firm, and a small number of other co investors, SHL's strategy, delivery and focus have been significantly refreshed in order to fully leverage SHL's best in class science and unrivalled data.

On 27 November 2019 SHL acquired Aspiring Minds. Aspiring Minds' ground breaking products, including coding, language and video interviewing powered by industry leading Artificial Intelligence (AI) have been integrated into SHL's global offering giving customers access to a unique product set.

2020 has been an unprecedented year. The Covid-19 pandemic has severely impacted our customers, colleagues and other stakeholders. The Board's primary concern has been the safety of customers, candidates, employees, contractors and other stakeholders who have shown remarkable resilience during this public health crisis. SHL's technology, business continuity planning and the flexibility of the team allowed SHL to transition to remote working with minimal disruption to trading or delivery of services to customers.

The Group achieved revenue of \$181M and net loss from operations was \$8.1M. Adjusting for one off restructuring and integration costs associated with the change of ownership and professional fees related to the acquisition of Aspiring Minds and restructuring costs due to the global pandemic, EBITDA was in line with management targets.

Cash at the end of the year was \$38M with undrawn committed borrowing facilities of \$14M.

Financial key performance indicators

The Board tracks the following KPIs

	2020 \$M	2019 \$M
Revenue	181	192
Gross Margin	99	103
Gross Margin %	55	54
EBITDA before Exceptional items	25	34
Cash	38	36

In addition to these financial KPIs the Board also track several non financial KPIs including Employee Engagement, Energy Consumption, Customer Satisfaction and Compliance metrics.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal risks and uncertainties facing the SHL Group

The Board regularly reviews the principal risks and uncertainties that face the business. The principal risks are:

Economic and Market risk – adverse global economic and business conditions can affect SHL's performance and impact its customers' ability and willingness to invest in SHL's products and services. SHL is focused on putting the customer first. Investment to improve our customer proposition has included new products, processes and internal systems. The acquisition of Aspiring Minds adds to SHL's suite of products.

Covid 19 – this pandemic has impacted the financial and social fabric across the globe and its consequences can be expected to continue for the foreseeable future. SHL's primary focus has been the safety of customers, candidates, employees, contractors and other stakeholders. SHL has instigated remote working protocols that have allowed it to continue servicing customers as well as developing its products, particularly those that support the enforced global trends towards more remote working and assessment.

Data security – SHL holds sensitive data around the world, the management of which is subject to contractual and legislative oversight. Data security is taken very seriously and SHL has robust processes and controls in place over the access, storage and movement of data, including third party verification and testing. The Directors are satisfied that the Group's data security is appropriately managed.

People – SHL is a people business and relies upon the quality of its team. Its people strategy centres around attracting and retaining a talented and agile workforce through the provision of competitive compensation, flexible ways of working, training, and great facilities to work in.

Financial risk – the Group carries third party debt. This has been structured on a basis that mitigates the risk of non performance and facilities being withdrawn. For more information, see "Financial instruments, risk management objective and policies" in Note 23 to the consolidated financial statements.

SHL GLOBAL MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' statement of compliance with duty to promote the success of the Group

SHL is committed to creating long term sustainable success for all its stakeholders and the Directors have acted in a way that they considered, in good faith, to be most likely to promote this.

The Board has identified the following key stakeholders and undertook a variety of activities to engage with these stakeholders to bring their views into the Board's principal decisions.

Customers – are at the heart of SHL's business. The Board received regular updates throughout the year on key customer issues through performance updates and business reviews. The directors and executive team also met with a range of customers during the year.

Colleagues – the Board recognises the importance of its colleagues and engages through multiple channels, including regular townhalls, quarterly surveys and employee representation on key projects.

Investors – investors receive a monthly reporting pack with key management information. The Board also regularly engages with SHL's investors.

Suppliers – the Board recognises the key role its suppliers play in enabling SHL to deliver to its customers. Paying suppliers in accordance with agreed terms is a key focus. Members of the Board and key executives also meet regularly with those key strategic suppliers.

Community and Environment – SHL is committed to the communities that it operates in as well as its wider economic impacts. SHL supports multiple local groups through its Community Impact day and other community engagement projects. The Board regularly tracks SHL's impact on the environment.

The board makes all of its decisions taking into account impacts on the key stakeholders in any decision. Two particular areas are key for the success of the Company, its products and solutions available to customers and the engagement of colleagues in delivering these.

In terms of engaging with Customers a large amount of different data and inputs are examined of both a qualitative and quantitative nature. From regular account planning sessions with the account manager, to understanding usage data, to candidate satisfaction scoring. All of these inputs help steer the solutions and product development plans so that the emerging requirements are well understood. These requirements then enable the board to make informed investment decisions that ensure that the Company's customer offerings are relevant timely and market leading.

Key to understanding the engagement of colleagues again comes from a variety of qualitative and quantitative inputs. The Company has run quarterly surveys for nearly three years, with consistent questions to enable a powerful time sequenced set of data, which are examined by team and country across the business. In addition informal listening circles, formal information cascades are used to gather the feedback from colleagues about specific programmes and investments. During 2020 this was a particular feature of how the Company and Board made decisions about such matters as offices openings, support for colleagues, flexible working patterns and other matters to ensure that Colleagues were well supported through their individual challenges related to the Covid pandemic.

This report was approved by the board on 29 March 2021 and signed on its behalf.



Paul John Greensmith
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the consolidated financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and the group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, [directors' remuneration report and corporate governance statement] that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' responsibility statement (DTR 4.1)

The directors confirm, to the best of their knowledge.

- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Directors : The directors who served during the year were:

Andrew James Bradshaw
Christopher Michael Graham
Thomas Michael Lightowler
John Gerard Moore
Andrew William Myers (resigned 31 July 2020)
Paul John Greensmith (appointed 31 July 2020)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Dividend

There were no interim dividends paid in the period. The Directors do not recommend the payment of a final dividend.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Going concern

The Directors have prepared cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the 2020 financial statements. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future trading performance. The Directors have considered sensitivities to this forecast trading performance, especially around Covid 19. While based in the UK the Company trades and operates using 25 subsidiaries selling into 150 countries around the world, which provides resilience to variations in economic conditions in any one territory and minimises cross border trading. The forecasts show that the Group will be able to operate within its current committed borrowing facilities and show continued compliance with the Group's financial covenants.

On the basis of the exercise described above and the Group's available committed borrowing facilities, the Directors consider that the Group and Company have adequate resources to continue in operational existence and support its growth and investment plans for a period of at least 12 months from the date of signing of these accounts. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

Further detail is provided in Note 2 to the financial statements.

Financial instruments

The financial risk management objectives and policies of the Group are detailed in Note 1 to the consolidated financial statements.

Research and development activities

The Group continually invests in research and development to ensure that its products and solutions remain at the forefront of the science in its industry. During the year ended 31 December 2020 the Group capitalised \$8.7 million (2019 \$4.8m) and expensed \$2.2million (2019 \$2.2m) of research and development.

Employees

The Group attaches importance to good communications and relations with employees. Employee involvement and consultation is managed in a variety of ways including via employee surveys, team updates, town halls, and online collaborative platforms.

The Group has a diverse workforce and an equal opportunity policy in place. The Group aims to employ people who reflect the diverse nature of society and values employees and their contributions irrespective of age, sex, disability, sexual orientation, race, colour, religion, marital status or ethnic origin.

The Group does not have any trade union representation and appropriate consultation processes are in place, as required under employment legislation, in the event of restructuring activities.

The Group aims to provide awareness of financial and economic factors affecting the performance of the business and further encourages the involvement of employees in the Group's performance through its bonus scheme arrangements.

The Group does not tolerate harassment or bullying. Procedures are in place to respond to accusations of workplace discrimination, harassment and victimization. An effective employee grievance procedure is in place and has been fully communicated to employees.

Disabled persons have equal opportunities when applying for vacancies and the Company has procedures to ensure that disabled colleagues are fairly treated in line with the Equality Act (2010). Where employees become disabled during their employment, the Group endeavours to ensure continuing of employment through the arrangement of appropriate Occupational Health, Training and Employee Assistance support.

SHL GLOBAL MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Political and charitable contributions

No political or charitable contributions were made during the period.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year for the UK are detailed in the below table:

	Site	kWh	%	kg Co2e	%
Electricity		527,386	50	134,800	57
Gas		473,382	45	87,031	37
Transport		<u>53,958</u>	<u>5</u>	<u>13,563</u>	<u>6</u>
Total		1,054,726		235,394	
Staff number		337		337	
Ratio		3,130		698	

The methodology used is based on the existing Energy Saving Opportunity Scheme (ESOS) regulatory scheme.

The carbon figures have been calculated using the UK Government Greenhouse Gas (GHG) conversion factors for company reporting – standard set.

The intensity ratio for SHL is the total carbon used, divided by the business metric. The business metric used is number of staff. This figure includes all UK staff working at the Thames Ditton offices.

Directors' statement as to disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.


Post year end events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 March 2021 and signed on its behalf.



Paul John Greensmith
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of SHL Global Management Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group Consolidated Income Statement, the Group and Parent company Balance Sheet, Group statement of cash flows, the Group statement of comprehensive income, the Group and Parent statement of changes in equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards for the Group and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) for the Parent in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting.

- In conjunction with our walkthrough of the group's financial close process, we had discussions with management before the year end to confirm our understanding of management's going concern assessment processes well as the review controls in place on the going concern model and management's Board memoranda and compared cash on hand, and forecast cash generation to forecast liability settlement to assess liquidity risk.
- We performed our own independent analysis of events and factors that we would expect to be considered by management prior to inspecting its going concern analysis, in order to determine if there were any scenarios or factors not included.
- We obtained management's going concern assessment, including the cash flow forecasts and covenant calculations for the going concern period through to 31 December 2022. As well as a base case forecast, the group has modelled a number of adverse scenarios in its cash flow forecasts and covenant calculations in order to assess the impact of these adverse scenarios on the liquidity of the group.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED
(CONTINUED)**

- We assessed the flexibility of the business model to respond to reduced revenues;
- Audited the reasonableness of all key assumptions, namely each revenue stream, and overheads through reconciliation to the budget approved by the Board and comparison with recent actuals, as well as their consistency with other areas of the audit including impairment assessment.
- Compared the reduction in revenue derived costs to the levels of reduction we would expect through our other audit work.
- We audited the reasonableness of all the key assumptions included in each scenario for the cash flow forecasts and covenant calculations and we considered the impact of Covid-19 included in each forecasted scenario through reconciliation to the budget approved by the Board and comparison with recent actuals, as well as their consistency with other areas of the audit including impairment assessment.
- We considered the appropriateness of the methods used to calculate the cash flow forecasts and covenant calculations and determined through inspection and testing of the methodology and calculations that the methods were appropriately sophisticated to be able to make a going concern assessment for the entity.
- We inspected management's reverse stress testing in order to identify what events or conditions could lead to the group exhausting all liquidity or breaching the financial covenants during the going concern period. We considered the likelihood of those events or conditions arising and the possible mitigating actions that management could take in such a scenario. This included a review of the group's non-operating cash outflows and evaluating the group's ability to control these outflows as mitigating actions if required. We also verified credit facilities available to the group and considered repayments required of these facilities in the going concern period assessed.
- We read the group's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 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 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 set out on page , 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED (CONTINUED)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are International Accounting Standards in conformity with the requirements of the Companies Act 2006 for the group and UK GAAP for the Parent company and the relevant tax compliance regulations in the jurisdictions in which the group operates.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur through our discussions with management through various parts, and geographies, of the business to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested certain internal controls designed by the group to prevent, deter and detect fraud.
For those areas where the risk was considered to be higher, we designed and performed audit procedures to address the identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and exceptional items, group-level adjustments and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.
- Any instances of non-compliance with laws and regulations were communicated by/to components and considered in our audit approach, if applicable.

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

Ernst & Young LLP

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 March 2021

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$000	2019 \$000
Revenue	6	180,899	191,731
Cost of sales		(82,062)	(88,911)
Gross profit		98,837	102,820
Administrative expenses		(100,650)	(92,110)
Exceptional items	10	(6,304)	(8,177)
(Loss)/profit from operations	7	(8,117)	2,533
Finance income	11	21	93
Finance expense	11	(60,930)	(48,137)
Other finance income / (expenses)	11	1,128	(705)
Loss before tax		(67,898)	(46,216)
Tax credit	12	4,147	6,457
Loss for the year		(63,751)	(39,759)
Loss for the year attributable to:			
Owners of the parent		(63,761)	(39,782)
Non-controlling interest		10	23
		(63,751)	(39,759)

SHL GLOBAL MANAGEMENT LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 \$000	2019 \$000
Loss for the year	(63,751)	(39,759)
Exchange gains arising on translation on foreign operations	(24,420)	(6,316)
Other comprehensive income for the year, net of tax	(24,420)	(6,316)
Total comprehensive income	(88,171)	(46,075)
Total comprehensive income attributable to:		
Owners of the parent	(88,176)	(46,085)
Non-controlling interest	5	10
	(88,171)	(46,075)

SHL GLOBAL MANAGEMENT LIMITED
REGISTERED NUMBER: 11172367

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Assets			
Non-current assets			
Property, plant and equipment	13	21,397	28,220
Intangible assets	14	486,795	500,720
Deferred tax assets	12	17,932	8,822
		<u>526,124</u>	<u>537,762</u>
Current assets			
Contract assets		9,735	7,283
Trade and other receivables	16	47,789	53,056
Tax recoverable		6,034	10,122
Cash and cash equivalents		37,786	35,971
		<u>101,344</u>	<u>106,432</u>
Total assets		<u>627,468</u>	<u>644,194</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	17	3,157	2,296
Loans and borrowings	18	640,535	581,027
Provisions	19	1,252	1,252
Deferred tax liability	12	45,070	42,840
		<u>690,014</u>	<u>627,415</u>
Current liabilities			
Trade and other liabilities	17	40,316	37,000
Contract liabilities		51,707	48,391
Loans and borrowings	18	12,819	10,189
Derivative financial liabilities		3,458	2,658
Income tax payable		2,599	3,816
		<u>110,899</u>	<u>102,054</u>
Total liabilities		<u>800,913</u>	<u>729,469</u>
Net liabilities		<u>(173,445)</u>	<u>(85,275)</u>

SHL GLOBAL MANAGEMENT LIMITED
REGISTERED NUMBER: 11172367

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Issued capital and reserves attributable to owners of the parent	21		
Share capital		64	64
Share premium reserve		1,336	1,335
Foreign exchange reserve		(1,670)	22,745
Retained earnings	21	(173,287)	(109,526)
		<u>(173,557)</u>	<u>(85,382)</u>
Non-controlling interest		112	107
TOTAL EQUITY		<u><u>(173,445)</u></u>	<u><u>(85,275)</u></u>

The financial statements on pages 14 to 69 were approved and authorised for issue by the board of directors on 29 March 2021 and were signed on its behalf by:



Paul John Greensmith
Director

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Retained earnings \$000	Total attributable to equity holders of parent \$000	Non- controlling interest \$000	Total equity \$000
At 1 January 2020	64	1,335	22,745	(109,526)	(85,382)	107	(85,275)
Comprehensive income for the year							
Loss for the year	-	-	-	(63,761)	(63,761)	10	(63,751)
Other comprehensive income	-	-	(24,415)	-	(24,415)	(5)	(24,420)
Total comprehensive income for the year	-	-	(24,415)	(63,761)	(88,176)	5	(88,171)
Contributions by and distributions to owners							
Issue of share capital	-	1	-	-	1	-	1
Total contributions by and distributions to owners	-	1	-	-	1	-	1
At 31 December 2020	64	1,336	(1,670)	(173,287)	(173,557)	112	(173,445)

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Retained earnings \$000	Total attributable to equity holders of parent \$000	Non- controlling interest \$000	Total equity \$000
At 1 January 2019	63	1,251	29,048	(69,744)	(39,382)	97	(39,285)
Comprehensive income for the year							
Loss for the year	-	-	-	(39,782)	(39,782)	23	(39,759)
Other comprehensive income	-	-	(6,303)	-	(6,303)	(13)	(6,316)
Total comprehensive income for the year	-	-	(6,303)	(39,782)	(46,085)	10	(46,075)
Contributions by and distributions to owners							
Issue of share capital	1	84	-	-	85	-	85
Total contributions by and distributions to owners	1	84	-	-	85	-	85
At 31 December 2019	64	1,335	22,745	(109,526)	(85,382)	107	(85,275)

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 \$000	2019 \$000
Cash flows from operating activities		
Loss for the year	(63,751)	(39,759)
Adjustments for		
Depreciation of property, plant and equipment	5,220	4,332
Amortisation of intangible fixed assets	21,779	18,597
Exceptional items	6,304	8,177
Finance income	(21)	(93)
Finance expense	59,802	48,842
Gain on sale of property, plant and equipment	-	(21)
Income tax expense	(4,147)	(6,457)
	25,186	33,618
Movements in working capital:		
Decrease/(increase) in trade and other receivables	3,901	(8,823)
Increase/(decrease) in trade and other payables	7,299	(5,593)
Outflows relating to exceptional and non-recurring items	(6,304)	(7,799)
Cash generated from operations	30,082	11,403
Income taxes refunded / (paid)	624	(1,625)
Lease interest paid	(1,288)	(1,121)
Net finance costs paid	(13,796)	(13,740)
Net cash from/(used in) operating activities	15,622	(5,083)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(1,314)	(53,060)
Purchases of property, plant and equipment	(1,824)	(5,934)
Proceeds from disposal of property, plant and equipment	-	56
Purchase of intangibles	-	(3,500)
Development expenditure	(8,716)	(14,435)
Net cash used in investing activities	(11,854)	(76,873)
Cash flows from financing activities		
Issue of ordinary shares	1	84
Issue of convertible debt	345	-
Proceeds from bank borrowings	634	92,310
Payment of lease liabilities	(3,597)	(2,947)
Net cash (used in)/from financing activities	(2,617)	89,447

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$000	\$000
Net cash increase in cash and cash equivalents	1,151	7,491
Cash and cash equivalents at the beginning of year	35,971	28,992
Exchange gains/(loss) on cash and cash equivalents	664	(512)
Cash and cash equivalents at the end of the year	37,786	35,971

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies**1.1 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.1 Basis of consolidation (continued)****Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.2 Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.2 Business combinations (continued)**

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 1.2) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)

1.4 Revenue from contracts with customers

Revenue in the Consolidated Income Statement represents the value of goods and services provided to external clients net of sales tax and trade discounts and is accounted for in accordance with IFRS 15.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The core principle of IFRS 15 is that revenue is recognised as the promised goods or services are transferred to customers, in an amount reflecting the consideration which is expected to be received in exchange for those goods or services. IFRS 15 applies the following five-step model to achieve this principle:

- Identify all contracts with customers;
- Identify the performance obligations in those contracts;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when, or as, the performance obligations are satisfied.

The principles of IFRS 15 are applied to the Group's different revenue streams as follows:

Subscriptions and Licence fees: subscription and licence contracts provide access to use of the Group's on-line offering, generally for a period of 12 months. Revenue from these contracts is recognised on a straight line basis over the life of the contract, which best reflects the usage pattern by the client and satisfaction of the performance obligations in the contract.

Unit usage product revenue: revenue from web-based unit sales is recognised on usage.

Non-unit usage product revenue: non-unit usage product revenue includes sales of paper and pencil and PC based products. Revenue from these sales is recognised on delivery to the customer.

Professional Services revenue: includes consulting, training and outsourced assessment revenue. Consulting revenue is recognised over the life of the project according to the stage of completion. In some cases, clients receive access to a defined number of consulting days when they purchase units or a subscription contract. In this situation the consulting revenue is recognised when the consultant performs the work. Training revenue is recognised on delivery of the training to the client. Outsourced assessment revenue is recognised over the life of the project according to the stage of completion.

Where a single contract involves the delivery of more than one revenue stream, the contract price is allocated over each stream based on pre-determined list prices. Most of the Group's contracts cover a period of a year or less, and so significantly all of any contract liability balance at the end of a period is recognised as revenue in the following reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.5 Leasing**

IFRS 16 was endorsed by the EU in October 2017 replacing IAS 17 Leases and is effective for accounting periods beginning on or after 1 January 2019. The Group has elected to apply the standard early, using the modified retrospective approach, with an initial application date of 3 April 2018.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is included in the 'Loans and borrowings' line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group has elected not to assess whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.5 Leasing (continued)****The Group as a lessee (continued)**

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 1.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred directly in connection with the borrowing of funds.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.7 Employee benefits****Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

1.8 Pension costs

The Group operates a number of defined contribution pension schemes. Obligations for contributions are recognised as an expense in the Consolidated Income Statement as incurred. The assets of the schemes are held separately from those of the Group in independently administered funds.

1.9 Research and development expenditure

Research: expenditure on research activities is recognised in the Consolidated Income Statement as an expense in the year in which it is incurred.

Development: development is the application of research findings for the production of new or substantially improved products, processes and services before the start of commercial production. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development expenditure is recognised in the Consolidated Income Statement as an expense in the year in which it is incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses and is amortised on a straight-line basis over the estimated useful life of the development.

1.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.10 Taxation (continued)****(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.11 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the asset's purchase price and all costs directly attributable to bringing the asset to the location and condition necessary for it to be operated as intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Right of Use of Assets	Over the remaining life of the lease
Leaseholds improvements	Over the remaining life of the lease
Equipment & fixtures	3-5 years straight-line

Equipment and fixtures includes office equipment, furniture, fittings, computer equipment and computer software, which excludes internally developed software.

The depreciation method, residual values and estimated useful lives are reviewed, and changed if appropriate, at least at each financial year-end. An asset's carrying amount is immediately written down to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)

1.12 Foreign currencies

The individual financial statements of each Group entity are prepared in their functional currency, which is the currency of the primary economic environment in which that entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into US dollars, which is the presentational currency of the Group.

Reporting foreign currency transactions in functional currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

- Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the Consolidated Income Statement; and
- Non-monetary items measured at historical cost in a foreign currency are not retranslated.

Translation from functional currency to presentational currency

When the functional currency of a Group entity is different from the Group's presentational currency (US dollars), its results and financial position are translated into the presentational currency as follows:

- Assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- Income and expense items are translated at average exchange rates for the period, except where the use of such average rates does not approximate the exchange rate at the date of a specific transaction, in which case the transaction rate is used; and
- All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity and are reclassified to profit or loss in the period in which the foreign operation is disposed.

1.13 Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Development expenditure	Over the estimated useful life of each project
Trademarks	12 years
Licences	3 years
Customer relationships	15 years , order back log 1 year

Customer and marketing related intangible assets are amortised over their estimated useful lives on a straight-line basis. Technology related intangible assets are amortised over their estimated useful lives in a manner that reflects the obsolescence profile of the underlying asset, with lower rates of obsolescence in both the first and last 4 years of the assets' lives.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.13 Intangible assets (continued)****(ii) Internally-generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.14 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)**

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 1.11).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see Note 1.11).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)**1.16 Cash and short-term deposits**

Cash and short-term deposits in the Consolidated Balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Financial instruments

- **Financial assets**

At initial recognition, financial assets are measured at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade and other receivables: trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses. The Group applies the simplified approach to recognising expected credit losses on its trade receivables, as per the scope exception in IFRS 9 in which all loss allowances for trade receivables are measured at initial recognition and throughout its life at an amount equal to lifetime expected credit losses. This is consistent with the nature of the Group's trade receivables, which do not include a significant financing component.

Cash and short-term deposits: cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

- **Financial liabilities**

At initial recognition, financial liabilities are measured at their fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Summary of significant accounting policies (continued)

1.18 Financial instruments (continued)

Financial liabilities are 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Interest-bearing loans and borrowings: Interest-bearing loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost, using the effective interest method.

Lease liabilities: Lease liabilities are recognised in accordance with IFRS 16 (see note above 1.5).

Trade and other payables: trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

2. Reporting entity

SHL Global Management Limited (the 'Company') is a limited company incorporated in UK. The Company's registered office is at The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing solutions for clients as they assess candidates when making hiring decisions (talent acquisitions) and current employees to make talent development, promotion and restructuring decisions (talent mobility).

Going concern

The Directors have prepared cash flow forecasts for the Group for a period through to 31 December 2022. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future trading performance. The Directors have considered sensitivities to this forecast trading performance.

While based in the UK the Company trades and operates using 25 subsidiaries selling into 150 countries around the world, which provides resilience to variations in economic conditions in any one territory and minimises cross border trading. The forecasts, including the stress case, show that the Group will be able to operate within its current committed borrowing facilities and show continued compliance with the Group's financial covenants.

On the basis of the exercise described above and the Group's available committed borrowing facilities, the Directors consider that the Group and Company have adequate resources to continue in operational existence and support its growth and investment plans for a period of at least 12 months from the date of signing of these accounts. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of directors on 29 March 2021.

Details of the Group's accounting policies, including changes during the year, are included in note 1.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Income Statement or Statement of Comprehensive Income in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

3.1 Basis of measurement

Except for the assets and liabilities recognised on 3 April 2018 on the acquisition of the SHL group and 27 November 2019 on the acquisition of Aspiring Minds, which have been recognised at fair value, the Consolidated Financial Statements have been prepared on a historical cost basis.

3.2 New standards**i) New standards, interpretations and amendments effective from 1 January 2020****Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Basis of preparation (continued)**3.2 New standards (continued)****i) New standards, interpretations and amendments effective from 1 January 2020 (continued)****Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Basis of preparation (continued)**ii) New standards, interpretations and amendments not yet effective (continued)**

insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Basis of preparation (continued)**ii) New standards, interpretations and amendments not yet effective (continued)****IAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

4. Functional and presentation currency

The Company's functional currency is pounds sterling. The Consolidated Financial Statements are presented in US dollars. All amounts have been rounded to the nearest thousand (000), unless otherwise indicated.

5. Accounting estimates and judgments**5.1 Judgment**

The most significant judgements made by management in the process of applying the Group's accounting policies relate to the measurement of the stage of completion of certain professional services project work, where project milestones may be used to recognise revenue. Management believe the resulting revenue recognised is not materially different from the revenue that would be recognised using a percentage completion approach.

5.2 Estimates and assumptions

Information is provided below about the assumptions and other sources of estimation uncertainty that could have the greatest risk of resulting in material adjustments to the carrying value of assets or liabilities in the next financial year.

Impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Accounting estimates and judgments (continued)**5.2 Estimates and assumptions (continued)**

amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note .

Capitalisation of development expenditure

Development expenditure is capitalised when the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. In determining that future economic benefits are probable, management use DCF models which are sensitive to estimates of the discount rate used as well as the expected future cash-inflows and growth rate assumptions. The Group's capitalised development expenditure is disclosed in Note 14.

Deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In determining whether deferred tax assets should be recognised management make assumptions about future profitability and the tax rates at which deductible differences may be realised. The Group's deferred tax assets are disclosed in Note 12.2.

Leases

The Group capitalises its leases based on the present value of the minimum lease payments. The calculation of the present value is particularly sensitive to the value of the discount rate and the duration of the lease term, which involves management's assumptions as to whether or not extension options will be exercised. The Group's right-of-use assets are disclosed in Note 13.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 16.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2020 \$000	2019 \$000
Non-unit usage product revenue	10,270	14,058
Subscription and licence fees	72,583	78,954
Unit usage product revenue	25,134	16,651
Professional services revenue	72,912	82,068
	<u>180,899</u>	<u>191,731</u>

Timing of revenue recognition:

	2020 \$000	2019 \$000
Goods and services transferred at a point in time	7,294	10,081
Goods and services transferred over time	173,605	181,650
	<u>180,899</u>	<u>191,731</u>

The contract liability balance in the Consolidated Balance Sheet of \$51.7m (2019: \$48.4m) represents deferred revenue from contracts with customers. As described in note 1.4 above, the Group's subscription and licence contracts generally provide access to use of the Group's on-line offering for a period of 12 months and, consistent with this, significantly all of the \$48.4m opening balance was recognised as revenue in the period to 31 December 2020.

7. Operating loss

Operating loss is stated after charging

	2020 \$000	2019 \$000
Depreciation of property, plant and equipment and loss on disposal	5,220	4,285
Amortisation of intangible assets	21,779	18,597
Total depreciation, loss on disposal and amortisation expense	<u>26,999</u>	<u>22,882</u>
Total employee benefits expenses	107,443	103,577
Total research and development expenditure	2,251	2,200
Fees payable to the Company's auditor for the audit of the Company and Consolidated Financial Statements	360	427
Audit of the Company's subsidiaries	268	229
Total auditor's remuneration	<u>628</u>	<u>656</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employee benefit expenses

Group

	2020 \$000	2019 \$000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	96,448	92,046
National insurance	7,836	7,997
Defined contribution pension cost	3,159	3,534
	<u>107,443</u>	<u>103,577</u>

Key management personnel compensation

The remuneration of the Group's key management personnel which includes the directors of the Company listed on page 1, and the Group's senior leadership team is set out below.

	2020 \$000	2019 \$000
Short term employee benefits	3,816	3,455
Social security	361	363
Defined contribution scheme costs	120	119
Compensation for loss of office	303	249
	<u>4,600</u>	<u>4,186</u>

Employees benefit

	2020 \$000	2019 \$000
Director's remuneration		
Aggregate remuneration in respect of qualifying services	1,451	1,005
Aggregate value of contribution paid to defined contribution pension schemes	50	51
	<u>1,501</u>	<u>1,056</u>

Three directors had benefits accruing under a defined contribution pension scheme. The highest paid Director was paid \$678,000 (2019 : \$699,000). Fees paid to a related party for the provision of Directors' services to the Company was \$702,000 (2019: \$526,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees benefit (continued)

Average monthly number of employees

	2020	2019
Sales, professional services and operations	612	573
Global customer support	230	217
IT support	208	157
Finance, legal and administration	161	137
Product development	161	77
Marketing	53	34
Total employee numbers by function	<u>1,425</u>	<u>1,195</u>

9. Pensions

The Group operates a number of defined contribution pension schemes, the most significant of which are those in the United States and the United Kingdom. The cost of the schemes for the period ended 31 December 2020 was USD 3,159,000 (2019: USD 3,534,000).

10. Exceptional Items

Professional fees	1,680	4,111
Redundancy costs	3,541	2,834
Other	1,083	1,232
	<u>6,304</u>	<u>8,177</u>

The exceptional costs shown in the table above were in relation to the acquisition and integration of Aspiring Minds and restructuring of the group following the global COVID19 pandemic. Included in other are amounts related to GST for Aspiring Minds for periods prior to acquisition and lease termination costs due to COVID19 Pandemic.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Finance income and expense

Recognised in profit or loss

	2020 \$000	2019 \$000
Finance income		
Interest on:		
- Bank deposits	21	93
Total interest income	<u>21</u>	<u>93</u>
Total finance income	<u>21</u>	<u>93</u>
Finance expense		
Interest payable	45,697	33,852
Finance leases (interest portion)	1,288	1,121
Net change in fair value of cash flow hedges transferred from equity	830	948
Dividends paid on redeemable preference shares	13,033	12,179
Foreign exchange (profit) / loss on financing activities	(1,128)	705
Other interest payable	82	37
Total finance expense	<u>59,802</u>	<u>48,842</u>
Net finance expense recognised in profit or loss	<u>(59,781)</u>	<u>(48,749)</u>

	2020 \$000	2019 \$000
Finance expenses:		
Foreign exchange (profit)/ loss on financing activities	(1,128)	705
Other finance expenses	60,930	48,137
Total finance expenses	<u>59,802</u>	<u>48,842</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Tax expense**12.1 Income tax recognised in profit or loss**

	2020 \$000	2019 \$000
Current tax		
Current tax on profits for the year	2,473	2,813
Adjustments in respect of prior years	(179)	(2,497)
Total current tax	2,294	316
Deferred tax expense		
Origination and reversal of timing differences	(6,441)	(6,773)
Total deferred tax	(6,441)	(6,773)
	(4,147)	(6,457)
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(4,147)	(6,457)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2020 \$000	2019 \$000
Loss for the year	(63,751)	(39,760)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	(4,147)	(6,457)
Loss before income taxes	(67,898)	(46,217)
Tax using the Company's domestic tax rate of 19% (2019:19%)	(12,901)	(8,781)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	12,148	7,599
Higher rate taxes on overseas earnings	430	123
Adjustments to tax charge in respect of prior periods	(179)	(2,497)
Recognition of previously unrecognised DTA	(4,186)	(3,189)
Other differences leading to an increase/(decrease) in the tax charge	37	158
Withholding taxes	504	130
Total tax expense	(4,147)	(6,457)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tax expense (continued)

12.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2020 \$000	2019 \$000
Deferred tax assets	17,932	8,822
Deferred tax liabilities	(45,070)	(42,840)
	<u>(27,138)</u>	<u>(34,018)</u>

	Opening balance \$000	Recognised in profit or loss \$000	Recognised in other comprehensive income \$000	Closing balance \$000
2020				
Property, plant and equipment	(2,069)	382	-	(1,687)
Intangible assets	43,559	(7,384)	-	36,175
Deferred income	(1,739)	368	-	(1,371)
Other items	(5,733)	193	(439)	(5,979)
	<u>34,018</u>	<u>(6,441)</u>	<u>(439)</u>	<u>27,138</u>

	Opening balance \$000	Recognised in profit or loss \$000	Acquisitions/ disposals \$000	Closing balance \$000
2019				
Property, plant and equipment	(3,282)	2,320	(1,107)	(2,069)
Intangible assets	44,987	(9,784)	8,356	43,559
Deferred income	(2,466)	2,176	(1,449)	(1,739)
Other items	(4,835)	(1,558)	660	(5,733)
	<u>34,404</u>	<u>(6,846)</u>	<u>6,460</u>	<u>34,018</u>

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12.2. Deferred tax balance (continued)

The group has recognised deferred tax assets of \$17,932k. Of these assets \$10,300k represent potential UK tax losses that are only recognised to the extent that they offset against the consolidated deferred tax liability arising on intangible assets recognised on consolidation.

13. Property, plant and equipment

Group

	Right of Use of Assets \$000	Leasehold improvements \$000	Equipment & fixtures \$000	Total \$000
Cost or valuation				
At 1 January 2019	32,551	1,317	2,643	36,511
Additions	4,691	3,195	2,739	10,625
Disposals	(9,516)	(387)	(97)	(10,000)
Foreign exchange movement	99	80	219	398
At 31 December 2019	27,825	4,205	5,504	37,534
Additions	1,737	488	1,346	3,571
Disposals	(5,942)	-	-	(5,942)
Foreign exchange movement	1,083	236	614	1,933
At 31 December 2020	24,703	4,929	7,464	37,096

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. Property, plant and equipment (continued)

	Right of Use of Assets \$000	Leasehold improvements \$000	Equipment & Fixtures \$000	Total \$000
Accumulated depreciation and impairment				
At 1 January 2019	3,204	219	1,204	4,627
Charge owned for the year	3,276	434	1,237	4,947
Disposals	(487)	(8)	(62)	(557)
Foreign exchange movement	-	82	215	297
At 31 December 2019	5,993	727	2,594	9,314
Charge owned for the year	3,682	705	1,055	5,442
Disposals	(505)	-	-	(505)
Foreign exchange movement	794	116	538	1,448
At 31 December 2020	9,964	1,548	4,187	15,699
Net book value				
At 1 January 2019	29,347	1,098	1,439	31,884
At 31 December 2019	21,832	3,478	2,910	28,220
At 31 December 2020	14,739	3,381	3,277	21,397

The right-of-use assets in the table above relate to the Group's leasehold office properties.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Intangible assets

Group

	Goodwill \$000	Development expenditure \$000	Acquired technology related \$000	Acquired marketing related \$000	Licences \$000	Acquired Customer related \$000	Total \$000
Cost							
At 1 January 2019	206,487	5,637	157,023	24,173	-	50,000	443,320
Additions	37,782	14,435	27,451	935	3,500	1,620	85,723
Foreign exchange movement	(201)	770	2	-	-	-	571
At 31 December 2019	244,068	20,842	184,476	25,108	3,500	51,620	529,614
Additions	-	8,716	-	-	-	-	8,716
Revaluation	(221)	-	-	-	-	-	(221)
Foreign exchange movement	(859)	1,231	(626)	(21)	124	(37)	(188)
At 31 December 2020	242,988	30,789	183,850	25,087	3,624	51,583	537,921

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Intangible assets (continued)

	Goodwill \$000	Development expenditure \$000	Acquired technology related \$000	Acquired marketing related \$000	Licences \$000	Acquired Customer related \$000	Total \$000
Accumulated amortisation and impairment							
At 1 January 2019	-	635	5,888	1,209	-	2,773	10,505
Charge for the year	-	5,464	7,851	1,612	-	3,358	18,285
Foreign exchange movement	-	104	-	-	-	-	104
At 31 December 2019	-	6,203	13,739	2,821	-	6,131	28,894
Charge for the year	-	5,801	9,274	1,934	1,151	3,423	21,583
Foreign exchange movement	-	551	31	7	58	2	649
At 31 December 2020	-	12,555	23,044	4,762	1,209	9,556	51,126
Net book value							
At 1 January 2019	206,487	5,002	151,135	22,964	-	47,227	432,815
At 31 December 2019	244,068	14,639	170,737	22,287	3,500	45,489	500,720
At 31 December 2020	242,988	18,234	160,806	20,325	2,415	42,027	486,795

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Intangible assets (continued)

	2020 \$000	2019 \$000
The Goodwill has been allocated across the Group's three CGUs as shown below:		
SHL	197,206	197,356
PDRI	9,294	9,131
Aspiring Minds	36,488	37,581
	<u>242,988</u>	<u>244,068</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Tangible and intangible asset impairment testing**15.1. Methodology**

The Directors regularly review the performance of the business and the external business environment to determine whether there is any indication that the Group's tangible and intangible assets have suffered an impairment loss. If such indication exists, the recoverable amount (the higher of the value in use and the fair value less costs to sell) of the asset is estimated and compared with the carrying value in order to determine the extent, if any, of the impairment loss. In addition, goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) expected to benefit from the combination and the Directors carry out annual impairment testing of the carrying value of each CGU to assess the need for any impairment of the carrying value of the associated goodwill and other intangible and tangible assets.

If the recoverable amount of a CGU is less than its carrying amount, the resulting impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

15.2. Key assumptions

The recoverable amount of each of the CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The projected cash flows have been updated to reflect the impact of Covid 19. The cashflows beyond the five year period for each CGU are extrapolated using the long term average growth rate for the industry.

The calculation of value in use for both SHL and PDRI CGUs is most sensitive to the following assumptions:

Sales growth
Discount rates

Sales growth – sales growth is based on management's expectations. Over the period of the cash flow projections the SHL CGU is expected to benefit from the significant investment in its product set since the group's acquisition in 2018 and the growth in the human capital market generally. The Aspiring Minds CGU is expected to benefit from the global reach of the SHL sales force and customer base. The PDRI CGU projections are based on historic performance.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rates calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on interest bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors based on publicly available market data.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Trade and other receivables

Group

	2020 \$000	2019 \$000
Trade receivables	42,043	46,108
Less: provision for impairment of trade receivables	(1,689)	(1,579)
Trade receivables - net	40,354	44,529
Prepayments and accrued income	3,244	4,043
Other receivables	4,191	4,484
Total trade and other receivables	47,789	53,056
Less: current portion - trade receivables	(40,354)	(44,529)
Less: current portion - prepayments and accrued income	(3,244)	(4,043)
Less: current portion - other receivables	(4,191)	(4,484)
Total current portion	(47,789)	(53,056)
Total non-current portion	-	-

Movements in the impairment allowance for trade receivables are as follows:

	2020 \$000	2019 \$000
At 1 January	1,579	533
Movements in the year	110	1,046
	1,689	1,579

Movements in the impairment allowance for receivables from contracts with customers are as follows:

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. Trade and other receivables (continued)

Analysis of trade receivables

		Gross \$000	Impairment \$000	2020 Net \$000	Gross \$000	Impairment \$000	2019 Net \$000
Trade Receivables	-current	31,385	(279)	31,106	30,787	(98)	30,689
	-1-30 days past due	4,525	(45)	4,480	6,192	(94)	6,098
	-31-60 days past due	548	(11)	537	3,961	(77)	3,884
	-61-90 days past due	1,264	(63)	1,201	1,758	(270)	1,488
	-over 90 days past due	4,321	(1,291)	3,030	3,411	(1,040)	2,371
		<u>42,043</u>	<u>(1,689)</u>	<u>40,354</u>	<u>46,109</u>	<u>(1,579)</u>	<u>44,530</u>

All the Group's operating companies have policies and procedures in place to assess the creditworthiness of the customers with whom they do business. Impairment provisions are based upon a provision matrix using historical default rates adjusted for management's view of future economic conditions. Given the nature of the Group's business model, historical default rates on the Group's trade receivables are low. Due to the large number of customers that the Group transacts its business with, none of which represents a significant proportion of the total outstanding trade receivables balance, the Group is not exposed to any significant concentration of credit risk.

There is no significant difference between the fair value of the Group's trade and other receivable balances and the amount at which they are reported in the Consolidated Balance Sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Trade and other payables

	2020	2019
	\$000	\$000
Current		
Trade payables	5,657	5,652
Other payables	13,217	10,032
Accruals	21,442	21,316
	40,316	37,000

Non current Trade payables and other payables consist exclusively of other payables \$3,157,000 (2019:\$2,296,000) .

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Loans and borrowings**Group**

The book value and fair value of loans and borrowings are as follows:

	Book value 2020 \$000	Fair value 2020 \$000	Book value 2019 \$000	Fair value 2019 \$000
Non-current				
Bank loans - secured	279,219	284,546	254,768	256,513
Loan notes - unsecured	194,508	195,644	170,755	171,792
Redeemable preference shares	153,767	135,155	134,951	118,651
Lease liabilities	13,041	13,041	20,554	20,554
	640,535	628,386	581,028	567,510
Current				
Bank loans - secured	8,755	8,755	6,610	6,610
Lease liabilities	4,064	4,064	3,579	3,579
	12,819	12,819	10,189	10,189
Total loans and borrowings	653,354	641,205	591,217	577,699

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The currency profile of the Group's loans and borrowings is as follows:

	2020 \$000	2019 \$000
US Dollars	198,342	188,918
Pounds sterling	343,830	303,132
Euros	66,132	59,283
Australian dollars	42,492	36,258
Other	2,558	3,626
	653,354	591,217

Bank borrowings and liabilities

The Group has undrawn committed borrowing facilities at 31 December, for which all conditions have been met, as follows:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Loans and borrowings (continued)

2020	Floating rate \$000	Total \$000
Loans and borrowings	13,525	13,525
	<u>13,525</u>	<u>13,525</u>
2019	Floating rate \$000	Total \$000
Loans and borrowings	15,562	15,562
	<u>15,562</u>	<u>15,562</u>

Bank loans - secured

The senior term loan facilities: interest on the senior term loan facilities is charged at a margin of 7.5% plus in relation to a loan in euro, EURIBOR; a loan in Australian dollars, BBSY; and in relation to a loan not in euro or Australian dollars, LIBOR. Accrued interest is payable quarterly in arrears, with the applicable EURIBOR, BBSY or LIBOR determined at the beginning of the relevant quarter. The maturity date is 3 March 2025.

Redeemable preference shares

The preference shares carry no voting rights and accrue a fixed cumulative preferential dividend at an annual rate of 10% on a sum equal to the entire nominal and premium amounts paid up on such preference shares. On a return of capital or a winding up, in priority to any payment to the holders of the ordinary shares, entitled to a sum equal to the entire nominal and premium amounts paid up on such preference shares together with the aggregate amount of all arrears and accruals (if any) of the preference dividend and are redeemable on or before 31 December 2028.

Fixed rate unsecured loan notes

Interest on the fixed rate unsecured loan notes is compounded annually and is payable when the notes are repaid.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Loans and borrowings (continued)

Loans maturity analyses

	Interest rate %	Maturity	At 31 December 2020 \$000	At 31 December 2019 \$000
Fixed rate unsecured loan notes				
Pounds sterling	10	31 December 2028	153,776	134,959
Pounds sterling	10	31 December 2029	29,372	25,739
US Dollars	10	27 November 2029	11,008	10,057
US Dollars	10	27 November 2029	352	-
Senior term loan facilities:				
US Dollars	LIBOR+7.5	03 March 2025	172,370	163,990
Euros	EURIBOR+7.5	03 March 2025	64,712	55,069
Australian Dollars	BBSY+ 7.5	03 March 2025	42,137	35,709
Preference shares	10	31 December 2028	153,767	134,951
			<u>627,494</u>	<u>560,474</u>

19. Provisions**Group**

	Dilapidation \$000
At 1 January 2020	1,252
At 31 December 2020	<u>1,252</u>
Due after more than one year	1,252
	<u>1,252</u>

Provisions for dilapidations are recognised on a lease basis and are based on the Group's best estimate of the likely committed future cash outflow.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. Issued share capital and share premium

Full details relating to the Company's share capital and share premium is given in note 8 of the Company's financial statements.

21. Reserves**Retained earnings**

	Reserve for own shares	Other retained earnings	Total retained earnings
	\$000	\$000	\$000
As at 31 December 2018	(2)	(69,742)	(69,744)
Loss for the year 2019	-	(39,782)	(39,782)
As at 31 December 2019	<u>(2)</u>	<u>(109,524)</u>	<u>(109,526)</u>
Loss for the year 2020	-	(63,761)	(63,761)
As at 31 December 2020	<u>(2)</u>	<u>(173,285)</u>	<u>(173,287)</u>

Foreign exchange reserve

	Translation reserve
	\$000
As at 31 December 2018	29,048
Foreign exchange difference on translation of foreign operations for 2019	<u>(6,303)</u>
As at 31 December 2019	<u>22,745</u>
Foreign exchange difference on translation of foreign operations for 2020	<u>(24,415)</u>
As at 31 December 2020	<u>(1,670)</u>

The translation reserve in the table above comprises all foreign exchange differences attributable to the equity owners of the parent. These exchange differences principally arise from the translation of the income statements of foreign operations from the average exchange rates for the period to closing rates and from the retranslation of the opening net assets of foreign operations from opening exchange rates to closing rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. Leases

Group

(i) Leases as a lessee

The Group operates around the world from leasehold offices. The net book values and depreciation charges in respect of these leased assets are disclosed in Note 13.

The total cash outflow in the period in respect of leases was \$4,866,000 (2019: \$4,068,000), disclosed within the following lines in the Consolidated Statement of Cash Flows:

The following amounts in respect of leases have been recognised in profit or loss:

	2020	2019
	\$000	\$000
Interest expense on lease liabilities	1,288	1,121

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020	2019
	\$000	\$000
As at 1 January	24,133	30,637
Accretion of interest	1,288	1,121
Payments	(4,866)	(4,068)
Additions	1,737	4,237
Disposals	(5,942)	(8,676)
Other adjustments and foreign exchange differences	755	882
As at 31 December	17,105	24,133
Current (Note 18)	4,064	3,579
Non-current (Note 18)	13,041	20,554

The maturity analysis of lease liabilities are disclosed in Note 24.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. Financial instruments - fair values

Financial assets

	2020 \$000	2019 \$000
Trade and other receivables	47,789	53,057
Cash and short-term deposits	37,786	35,971
	<u>85,575</u>	<u>89,028</u>

Financial instruments - fair values

Financial liabilities

	2020 \$000	2020 \$000	2019 \$000	2019 \$000
	Carrying value	Fair value	Carrying value	Fair value
Current:				
Lease liabilities	4,064	4,064	3,579	3,579
Derivative financial liabilities	3,458	3,458	2,658	2,658
Trade and other payables	40,316	40,316	37,000	37,000
Loan facilities	8,755	8,755	6,610	6,610
Total current financial liabilities	<u>56,593</u>	<u>56,593</u>	<u>49,847</u>	<u>49,847</u>
Non-current:				
Lease liabilities	13,041	13,041	20,554	20,554
Senior term loan facility - US dollars	172,370	175,909	163,990	166,409
Senior term loan facility - Euros	64,712	65,580	55,069	55,619
Senior term loan facility -Australian dollars	42,137	43,057	35,709	34,485
Pounds sterling fixed rate unsecured loan notes	183,148	184,151	160,698	161,664
US dollars fixed rate unsecured loan notes	11,360	11,497	10,057	10,128
Preference shares	153,767	135,155	134,951	118,651
	640,535	628,390	581,028	567,510
Trade and other payables	3,157	3,157	2,296	2,296
Total non-current financial liabilities	<u>643,692</u>	<u>631,547</u>	<u>583,324</u>	<u>569,806</u>
Total financial liabilities	<u>700,285</u>	<u>688,140</u>	<u>633,171</u>	<u>619,653</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Financial instruments - Fair values (continued)

Derivative financial liabilities in the table above are interest rate swaps with contractual maturities within one year of the balance sheet date.

Senior term loan facility

Interest on the senior term loan facilities is charged at a margin of 7.5% plus in relation to a loan in euro, EURIBOR; a loan in Australian dollars, BBSY; and in relation to a loan not in euro or Australian dollars, LIBOR. Accrued interest is payable quarterly in arrears, with the applicable EURIBOR, BBSY or LIBOR determined at the beginning of the relevant quarter.

Fixed rate unsecured loan notes

Interest on the fixed rate unsecured loan notes is compounded annually and is payable when the notes are repaid.

Fair values

The carrying values of the Group's financial assets and financial liabilities are disclosed in the table above. For those financial assets and liabilities that are classified in the Consolidated Balance Sheet as current, there is no significant difference between their fair value and the amount at which they are reported in the Consolidated Balance Sheet.

Non-current lease liabilities

The Group's lease liabilities are recognised in accordance with IFRS 16 and management believe there is no significant difference between their fair value and the amount at which they are reported in the Consolidated Balance Sheet.

Senior term loan and unsecured loan notes:

There are no quoted prices or other observable inputs from which the fair value of the Group's borrowings under its senior term loans, preference shares and fixed rate unsecured loan notes can be derived. The fair value of these instruments is calculated based upon the discounted cash flows over the remaining term of the loans and redeemable date and is dependent upon the discount rate used. The table below shows the change in fair value resulting from a 1% increase or 1% decrease in the discount rate.

	Change in fair value arising from 1% decrease in rate	Change in fair value arising from 1% increase in rate
Senior term loans	+3.3%	-3.1% to 3.2%
Unsecured loan notes	+8.6% to +18.9%	-7.8% to -15.8%
Preferences shares	+11.4%	-10.4%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. Financial instruments -risk management**24.1 Hedging activities**

The Group is exposed to cash flow interest rate risk on the floating rate component of its borrowings under its senior term loan facility. This risk is managed by floating to fixed rate interest rate swaps denominated in US dollars, Euro and Australian dollars each of which have notional amounts equal to c.70% of the corresponding borrowing. The Group pays a fixed rate on these swaps and receives a floating rate equal to the applicable EURIBOR, BBSY or LIBOR determined at the beginning of each payment quarter. There is an economic relationship between the hedged item (the senior term loans) and the hedging instrument (the interest rate swaps) as the terms of the interest rate swap match the terms of the floating rate component of the senior term loans.

Although providing an economic hedge, the Group has not designated these interest rate swaps as hedging instruments and the change in their fair value is recognised in the Consolidated Income Statement within finance costs or finance income as appropriate. The fair value of the swaps was calculated using level 2 inputs under IFRS 13, Fair value measurement.

24.2 Financial risk management objectives

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, and trade and other payables, which are used to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that are generated by its operations. The principal risks to which the Group is exposed are market risk and liquidity risk.

24.3 Market risk

Market risk is the risk that either the fair values or the cash flows of the Group's financial instruments may fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and cash and short-term deposits. The Group is principally exposed to market risk through fluctuations in exchange rates (foreign currency risk) and interest rates (interest rate risk).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Financial instruments -risk management (continued)

24.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
US dollars	(198,342)	(188,918)	3,278	5,579
Pounds sterling	(343,830)	(303,132)	25,160	19,221
Euros	(66,132)	(59,283)	1,701	1,512
Australian dollars	(42,492)	(36,258)	409	1,716
Others	(2,558)	(3,626)	7,238	7,943
	(653,354)	(591,217)	37,786	35,971

Based upon the currency profile shown in the table above, the change in net debt arising from a 10% strengthening of the US dollar would reduce reported profit before tax by \$27.5m (2019:\$25.1) and increase equity by \$39.4m (2019: \$37.7m) and a corresponding 10% weakening of the US dollar would increase reported profit before tax by \$27.5m (2019: \$25.1m) and reduce equity by \$21.9m (2019: \$20.8m).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. Financial instruments -risk management (continued)**24.5 Interest rate risk management**

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Interest rate sensitivity analysis

The fixed rate liabilities shown in note 18 bear interest at 10%. The floating rate financial liabilities bear interest at the inter-bank offered rate of the appropriate currency, plus a margin. The financial assets attract interest at the notional rate of the appropriate currency, as determined by the financial institution.

Based upon the interest rate profile of the Group's net debt, and before the hedging impact from its interest rate swaps, a 1% increase in market interest rates would increase both the Group's net finance costs charged in the Consolidated Income Statement and the net interest paid in the Consolidated Statement of Cash Flows by \$2.4m (2019: \$1.6m) and a 1% reduction in market interest rates would decrease both the net finance costs charged in the Consolidated Income Statement and the net interest paid in the Consolidated Statement of Cash Flows by \$2.4m (2019: \$1.6m).

24.6 Capital management

The Company considers its capital to be equal to the sum of its total equity and net debt. It monitors its capital using a number of KPIs, including operating cash flow and net debt to EBITDA ratios. The Group's objectives when managing its capital are:

To ensure that the Group and all of its businesses are able to operate as going concerns and ensure that the Group operates within the financial covenants contained within its borrowing facilities;
To have available the necessary financial resources to allow the Group to invest in areas that may deliver acceptable future returns; and
To maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Group operated within the requirements of its borrowing covenants throughout the year and has sufficient liquidity headroom within its committed borrowing facilities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. Financial instruments -risk management (continued)

24.7 Liquidity risk management

Liquidity risk is the risk that the Group might have difficulties in meeting its financial obligations. The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents to ensure that it can meet its operational cash flow requirements and any maturing financial liabilities, whilst at all times operating within its financial covenants. The level of operational headroom provided by the Group's committed borrowing facilities and cash and cash equivalents is reviewed monthly as part of Group's regular management reporting process.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Within 1 year \$000	in 1 to 5 years \$000	More than 5 years \$000	Total \$000
2020				
Interest-bearing loans and borrowings (principal and interest)	26,103	369,182	466,356	861,641
Lease liabilities (principal and interest)	4,971	12,562	1,824	19,357
Derivative financial liabilities	3,458	-	-	3,458
Preference shares	-	-	332,909	332,909
Trade and other payables	40,316	3,157	-	43,473
As at 31 December 2020	<u>74,848</u>	<u>384,901</u>	<u>801,089</u>	<u>1,260,838</u>

	Within 1 year \$000	in 1 to 5 years \$000	More than 5 years \$000	Total \$000
2019				
Interest-bearing loans and borrowings (principal and interest)	20,174	80,695	717,909	818,778
Lease liabilities (principal and interest)	4,909	18,185	7,458	30,552
Derivative financial liabilities	2,658	-	-	2,658
Preference shares	-	-	321,175	321,175
Trade and other payables	37,000	2,296	-	39,296
As at 31 December 2018	<u>64,741</u>	<u>101,176</u>	<u>1,046,542</u>	<u>1,212,459</u>

25. Ultimate controlling party

The ultimate controlling party of the Group is Exponent Private Equity LLP, on behalf of the funds under its management. The immediate parent undertaking during the year was Exponent Private Equity Co-Investment GP LP.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Related parties

All transactions with related parties are conducted on an arm's-length basis and in accordance with normal business terms. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

The related parties identified by the Directors are the key management personnel of the Group and Exponent Private Equity LLP, the ultimate controlling party of the Company. The related party transactions were remuneration of the key management personnel, which is disclosed in note 8 above and Exponent Board expenses which were \$702k in 2020 (\$526k in 2019).

27. Changes in liabilities arising from financial activities

	At 1 January 2020 \$000	Foreign exchange movement \$000	Non-cash movement \$000	Cash flow \$000	At 31 December 2020 \$000
Cash and cash equivalents	35,971	(282)	-	2,097	37,786
Borrowing, excluding bank overdrafts					
Current - leases	(3,579)	(177)	(5,174)	4,866	(4,064)
Current - borrowings	(6,610)	(1,511)	-	(634)	(8,755)
Non current - borrowings *	(560,474)	(22,666)	(56,610)	12,256	(627,494)
Non-current - leases	(20,554)	(656)	8,169	-	(13,041)
	<u>(591,217)</u>	<u>(25,010)</u>	<u>(53,615)</u>	<u>16,488</u>	<u>(653,354)</u>
Net liabilities from financing activities	<u>(555,246)</u>	<u>(25,292)</u>	<u>(53,615)</u>	<u>18,585</u>	<u>(615,568)</u>

28. Contingent liabilities

As at 31 December 2020 the Group had provided guarantees on behalf of its subsidiaries totalling \$1,540,000 (2019:\$1,903,922) of which \$1,145,000 (2019:\$1,148,352) related to leasehold rental agreements and \$395,000 (2019:\$755,570) related to performance bonds.

The Group has international operations and is subject to various legal and regulatory regimes. Certain of the Group's subsidiaries are parties to legal proceedings, some of which are insured claims arising in the ordinary course of the operations of the company involved. Whilst the outcome of litigation and other disputes can never be predicted with certainty, having regard to legal advice received and the Group's insurance arrangements, the Directors believe that none of these matters will, either individually or in the aggregate, have a materially adverse effect on the Group's financial condition or results of operations.

SHL GLOBAL MANAGEMENT LIMITED
REGISTERED NUMBER: 11172367

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Fixed assets			
Investments	4	119,271	115,171
		<u>119,271</u>	<u>115,171</u>
Current assets			
Debtors: amounts falling due after more than one year	5	437	208
Debtors: amounts falling due within one year	5	189	183
		<u>626</u>	<u>391</u>
Creditors: amounts falling due within one year	6	(2,154)	(1,272)
Net current liabilities		<u>(1,528)</u>	<u>(881)</u>
Total assets less current liabilities		<u>117,743</u>	<u>114,290</u>
Creditors: amounts falling due after more than one year	7	(153,769)	(134,951)
		<u>(36,026)</u>	<u>(20,661)</u>
Net liabilities		<u>(36,026)</u>	<u>(20,661)</u>
Capital and reserves			
Called up share capital	8	64	64
Share premium account		1,336	1,335
Foreign exchange reserve		(2,601)	(834)
Profit and loss account		(34,825)	(21,226)
Total equity		<u>(36,026)</u>	<u>(20,661)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2021.



Paul John Greensmith
Director

The notes on pages 73 to 83 form part of these financial statements.

SHL GLOBAL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital \$000	Share premium account \$000	Foreign exchange reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	64	1,335	(834)	(21,226)	(20,661)
Comprehensive income for the year					
Loss for the year	-	-	-	(13,599)	(13,599)
Movement for the year	-	-	(1,767)	-	(1,767)
Total comprehensive income for the year	-	-	(1,767)	(13,599)	(15,366)
Shares issued during the year	-	1	-	-	1
Total transactions with owners	-	1	-	-	1
At 31 December 2020	64	1,336	(2,601)	(34,825)	(36,026)

SHL GLOBAL MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital \$000	Share premium account \$000	Foreign exchange reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2019	63	1,251	(113)	(9,040)	(7,839)
Comprehensive income for the year					
Loss for the year	-	-	-	(12,186)	(12,186)
Movement for the year	-	-	(721)	-	(721)
Total comprehensive income for the year	-	-	(721)	(12,186)	(12,907)
Shares issued during the year	1	84	-	-	85
Total transactions with owners	1	84	-	-	85
At 31 December 2019	64	1,335	(834)	(21,226)	(20,661)

The notes on pages 73 to 83 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

SHL Global Management Limited ("the Company") is a private limited company registered in England and Wales that was incorporated on 26 January 2018.

The Company is the ultimate parent undertaking of an international group trading under the name of SHL and providing psychometric and cognitive talent assessment solutions for global businesses.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from publishing its own profit and loss account. The loss generated in the period and included in the financial statements of the Company, amounted to \$13,599,000 (2019:\$12,186,000).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Summary of significant accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these accounts. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Company. Full details regarding going concern are disclosed in Note 2 of the Consolidated Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Summary of significant accounting policies (continued)**2.4 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Summary of significant accounting policies (continued)**2.6 Financial Instruments****Financial assets**

At initial recognition, financial assets are measured at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Other receivables: other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses. The Group applies the simplified approach to recognising expected credit losses on its receivables, as per the scope exception in IFRS 9 in which all loss allowances for receivables are measured at initial recognition and throughout its life at an amount equal to lifetime expected credit losses. This is consistent with the nature of the Group's receivables, which do not include a significant financing component.

Financial Liabilities

At initial recognition, financial liabilities are measured at their fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Financial liabilities are 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Interest bearing loans and borrowings: Interest bearing loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost, using the effective interest method.

2.7 Issue share capital

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.8 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Auditors' remuneration

Fees payable to the auditor are disclosed in note 7 to the Consolidated Financial Statements, which comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Fixed asset investments

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 January 2020	115,171
Additions	4,100
At 31 December 2020	119,271

The subsidiaries of the Company are set out below in Note . With the exception of SHL Global Holdings 1 Limited, which is directly owned by the Company, all the companies listed below are owned by a subsidiary of the Company and all are 100% owned by the Group unless indicated otherwise..

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
Aspiring Minds Assessment Private Limited	24 Pusa Road, 1st Floor, New Delhi, 110005	100%
Aspiring Minds FZ LLC	Exclusive Desk No.32, Ground Floor, Building:16 Dubai, UAE	100%
Aspiring Minds Inc.	1811, Sliverside Road, Wilmington City, New Castle County, 19810-4345	100%
Beijing Aspiring Minds Information Consulting Co Ltd	Suite D 546, 5th Floo, No.16 Yongandongli, Chaoyang District, Beijing, China	100%
Personal Decisions Research Institutes LLC	111 Washington Ave. S, Minneapolis MN 55401 USA.	100%
Savhold BV	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100%
Saville & Holdsworth International B.V.	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100%
Saville & Holdsworth Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL (India) Private Limited	#902, 9th Fl., Peninsula Towers, Peninsula Corporate Park, GanpatRao Kadam Marg, Lower Parel (W), Mumbai, 4000 013 India.	100%
SHL AG	Schulhausstrasse 41, 8002 Zurich, Switzerland.	100%
SHL Australia Pty Limited	Level 2, 99 Elizabeth Street, Sydney, NSW 2000, Australia	100%
SHL Belgium SA	Airport Plaza Building C, Kyoto Leonardo da Vincilaan 19, 1831 Diegem (Machelen) Belgium.	100%
SHL Canada Inc.	c/o DLA Piper, 100 King Street West, Suite 6000, 1 First CanadianPlace, Toronto, Ontario M5X1ED.	100%
SHL China Ltd.	Unit 307-308, 3/F, 233 Taicang Rd., Huangpu District, Shanghai, Postal Code 200020, China.	100%
SHL DebtCo Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL France SAS	3rd Floor, 124-126 rue de Provence, Paris 75008, France.	100%
SHL Global Holdings 1 Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL Global Holdings 2 Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL Global Holdings Midco Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Holding
SHL Global Holdings Proprietary Limited	Block D Southdowns Office Park, Cnr of John Vorster, Irene Ext 54, Centurion, Gauteng, 0157 South Africa. Ext 54, Centurion, Gauteng, 0157 South Africa.	49%
SHL Group Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100%
SHL Hong Kong Limited	16th Floor, 111 Leighton Road, Causeway Bay, Hong Kong.	100%
SHL India Finance Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100%
SHL International Finance 1 Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL International Finance 2 Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL International Management Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100%
SHL Italy Srl Unipersonale	Via Toscana, 1 00187 Rome, Italy.	100%
SHL Middle East and Africa FZ-LLC	Dubai Knowledge Village, Block 2A Suite G46, P.O. Box "500715, Dubai, UAE.	100%
SHL Nederland BV	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100%
SHL New Zealand Limited	Level 10, The Auckland Club Tower, 34 Shortland Street, Auckland New Zealand.	100%
SHL Norge A/S	Dronning Eufemias gate 16, 0191 Oslo, Norway.	100%
SHL People Solutions Group Holdings Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100%
SHL Product Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100%
SHL Saudi Arabia Limited	Suite 1405, 28th Floor, Kingdom Center, PO Box 230888, Riyadh 11321, Saudi Arabia.	100%
SHL Saville and Holdsworth (Deutschland) Limited	Speicherstraße 59, 60327 Frankfurt am Main, Germany.	100%
SHL Saville and Holdsworth (Proprietary) Limited	Block D Southdowns Office Park, Cnr of John Vorster, Irene Ext 54, Centurion, Gauteng, 0157 South Africa.	87.2%
SHL Singapore Pte Limited	Level 5, Marina One East Tower, 7 Straits View, Singapore 018936	100%
SHL Sverige AB	Regeringsgatan 59, 111 56 Stockholm, Sweden.	100%
SHL US Finance Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100%
SHL US LLC	111 Washington Avenue S, Suite 500, Minneapolis MN 55401, USA.	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Holding
SHL US Management LLC	1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA.	100%
SunStone Analytics	1849 Street, Basement level, San Francisco, CA 94117, USA	100%

* These companies are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of the individual accounts by virtue of s479A of the Act.

5. Debtors

	2020	2019
	\$000	\$000
Due after more than one year		
Deferred tax asset	437	208
	437	208
	2020	2019
	\$000	\$000
Due within one year		
Amounts owed by group undertakings	189	153
Other debtors	-	30
	189	183

Amounts due from subsidiary undertakings are repayable on demand and interest is charged between 0% and 10%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Creditors: Amounts falling due within one year

	2020	2019
	\$000	\$000
Amounts owed to group undertakings	1,232	954
Other creditors	16	-
Accruals and deferred income	906	318
	2,154	1,272

Disclosure of the terms and conditions attached to the non-equity shares is made in note 8.

Amounts owed to subsidiary undertakings are repayable on demand and interest is charged at 10%.

7. Creditors: Amounts falling due after more than one year

	2020	<i>As restated</i> 2019
	\$000	\$000
Dividend on Preference shares payable	35,711	20,951
Share capital treated as debt	118,058	114,000
	153,769	134,951

Preference shares – the preference shares carry no voting rights and accrue a fixed cumulative preferential dividend at an annual rate of 10% on a sum equal to the entire nominal and premium amounts paid up on such preference shares. On a return of capital or a winding up, in priority to any payment to the holders of the ordinary shares, entitled to a sum equal to the entire nominal and premium amounts paid up on such preference shares together with the aggregate amount of all arrears and accruals (if any) of the preference dividend and are redeemable on or before 31 December 2028.

8. Share capital

	2020	2019
	\$000	\$000
Shares classified as equity		
Allotted, called up and fully paid		
383,553 (2019 - 383,553) Ordinary shares A1 shares of £0.0100 each	5	5
415,434 (2019 - 415,434) Ordinary shares A2 shares of £0.0100 each	6	6
40,475 (2019 - 40,475) Ordinary shares B shares of £0.0100 each	-	-
72,500 (2019 - 72,500) Ordinary shares C1 shares of £0.5000 each	51	51
84,500 (2019 - 83,590) Ordinary shares C2 shares of £0.0100 each	2	2
	64	64

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Share capital (continued)

	2020	2019
	\$000	\$000
Shares classified as debt		
Allotted, called up and fully paid		
86,229,724 (2019 - 86,229,724) Preferences shares shares of £0.0001 each	12	12
86,229,724 (2019 - 86,229,724) Share premium on preference shares shares of £0.9999 each	118,046	113,988
	<u>118,058</u>	<u>114,000</u>

Share premium amount to \$1,336K in 2020 (\$1,335K in 2019).

Rights attaching to each class of share

A1 ordinary shares ("A1 shares") – subject to the rights of C1 shares (see below), the A1 shares: carry all the voting rights exercisable at a general meeting of the Company; are entitled to payment of dividends ranking equally with the A2 shares, the B shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A2 shares, the B shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

A2 ordinary shares ("A2 shares") – the A2 shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the B shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the B shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

B ordinary shares ("B shares") – the B shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

C1 ordinary shares ("C1 shares") – each holder of C1 shares is: entitled to exercise 5% of the total votes at a general meeting of the Company, provided that the total voting rights held by C1 shares shall never exceed 25%; entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the B shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the B shares and the C2 shares on a return of capital or winding up. The shares are not redeemable.

C2 ordinary shares ("C2 shares") – the C2 shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the B shares and the C1 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the B shares and the C1 shares on a return of capital or winding up; are not redeemable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Ultimate controlling party

The ultimate controlling party of the Company is Exponent Private Equity LLP, on behalf of the funds under its management. The immediate parent undertaking during the year is Exponent Private Equity Co-Investment GP LP.