

Proactis Topco Limited (formerly Café Topco Limited)

Strategic Report, Directors' Report
and Financial Statements
Registered number 13340672
Period Ended 31 July 2022



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Company Information

Directors

M Potter
D Dawson
D Morrison
M Branigan

Registered office

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Wetherby
LS22 6LE

Auditor

BDO LLP
Central Square
29 Wellington Street
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LS1 4DL

Solicitor

Walker Morris Solicitors
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LS1 4DL

Principal banker

HSBC Bank plc
13 Parliament Street
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Strategic Report

Overview

The Group's long-term strategy is to build an international business focused on delivering best value to its customers through the digital transformation of their procurement systems and processes with the application of the Group's software technology and provision of its expert services.

The Group's strategy to address what the Board believes to be a large and rapidly-growing market for business spend management software solutions can be illustrated as follows:

- Providing a leading modular, end-to-end, cloud-based SaaS solution focused on meeting the needs of mid-market corporates and government entities, which the Board believes is the most rapidly-growing and underserved segment of the market;
- Accelerate momentum in new business across all the territories the Group operates in, primarily being the UK, the USA, France, DACH, and the Benelux regions through investing in sales and marketing;
- Maximise the opportunity within the Group's current customer base of over 1,000 clients through focusing on cross and up-sell of the Group's modular solution set, as well as continuing to provide leading support and investing in the product base to continue high levels of retention; and
- Promote a positive workplace culture to make Proactis an employer of choice, to help the Group attract and retain leading talent in all functional areas of the business, and to act as a responsible corporate citizen.

This strategy is designed to deliver a strong financial proposition of profitable, cash generative organic growth with a high level of visibility illustrated by its annual recurring revenue ("ARR") across both buyer and supplier paid products.

The Group aims to drive organic growth into its business spend management solutions by retaining existing and winning new customers through continually improving its best-in-class procurement solutions with high service levels and excellent user support as well as a focused approach to the up-selling of the Group's extensive range of solutions, creating even broader and deeper customer relationships.

Following the end of the financial period, the Group announced Proactis Rego as its new platform. This platform combines the best of our current modular product offering. Proactis Rego is a powerful Source-to-Pay software platform specifically designed for mid-market organisations. It's easy to use and integrate, giving our customers control over their spend and supply-chain risks.

During the period, the Board have formed an overall ESG strategy which includes targets by each area. Initial actions have included the Group joining the UN Global Compact, and setting a Net Zero agenda. Other actions are being worked through.

Proactis acquisition by Pollen Street Capital and DBAY Advisors

Proactis Holdings Limited was acquired by Proactis Bidco Limited (then named Café Bidco Limited) on 27 July 2021 as part of a deal structure which saw funds advised by Pollen Street Capital Limited and DBAY Advisors acquire control of the entire group. At that point Proactis Holdings Limited (then Proactis Holdings plc) was de-listed from AIM.

As a consequence of the deal structure, Proactis Topco Limited became the company with the highest level of consolidation requirement in the structure. Proactis Topco Limited was incorporated on 16 April 2021, and therefore the financial statements for the period ended 31 July 2022 are the first to be delivered. Proactis Topco Limited did not trade between 16 April 2021 and 27 July 2021. No comparatives are shown for the group or company as a result of the change in consolidation requirement.

Strategic performance

Progress in the financial period has been encouraging, with the Group making progress in a range of key strategic areas focused on building a business capable of delivering long term profitable growth, including:

- Expanding the senior management team, including the appointments of a Chief Technology Officer, Chief Operating Officer, Chief Marketing Officer, and Chief Product Officer, as well as adding a highly experienced Non Executive Director to the Board of Proactis Holdings Limited;

Strategic Report *(continued)*

- Developing and preparing to launch the Group's leading cloud-based, modular mid-market focused product suite, "Proactis Rego";
- Increasing investment in the Group's sales and marketing function to capitalise on strong demand for Rego internationally; and
- Continuing the Group's programme to improve underlying operational performance by simplifying the organisation and integrating historic acquisitions.

Whilst the Board expect the benefits of the strategic progress to primarily be reflected in the financial year to 31 July 2023 and beyond, the performance in the current financial period has also been encouraging.

Total Contract Value ("TCV") of new business signed was strong at £19.0m (+20%), being a third record year in a row for the Group. This reflects the Group continuing to experience robust demand for its solutions across its five key territories, and its strong sales and marketing, account management, and implementation capabilities.

The Group's reported revenues were £45.7m, of which £40.1m was from SaaS based contracts, and £5.6m from professional services. Due to the nature of SaaS based subscription model that the business operates, the full year impact of both new ARR won and customer churn is reflected in subsequent year revenues. This performance demonstrates the robustness of the Group's business model throughout the COVID-19 pandemic as a result of its primarily recurring revenue model.

Group Adjusted EBITDA was £10.7m (refer to additional information, page 70), which has benefitted from a focus on operating efficiency across the Group whilst also reflecting the increased investment in the team and in sales and marketing. The Board considers this financial performance to be in line with expectations and positions the Group well to continue to capitalise on the opportunities available to it.

Reported EBITDA was £8.9m and loss before tax was £6.7m.

Annual Recurring Revenue

The Group reported total ARR of £38.2m at 31 July 2022.

The Board considers that the primary value of the Group is driven by the value and momentum of its Annual Recurring Revenue ("ARR") and the Group's strategy is designed to achieve strong organic growth in that metric, whilst improving profitability. This metric is a function of the following key performance indicators, which are reviewed in detail below:

- The rate and value of new deal intake and up-sell activity; and
- The value of customer churn.

The Group secured an aggregate TCV of £19.0m, being a 20% increase from the wider Group's previous financial year, and another record year for the Group.

TCV was delivered from 56 new name customers (£7.7m of TCV) of which 52 were subscription deals. The number of up-sell deals sold to existing customers remained at very strong levels with 518 deals delivering £11.3m of TCV.

Total churn (lost ARR) in the period was £2.2m, which the Board considers a good performance and a strong validation of the quality of the Group's product base and the value it delivers its clients.

Solutions and markets performance review

Business Spend Management (Buyer) solutions

The Group provides business spend management solutions to customers that enable those customers to reduce the cost of goods or services purchased through enhanced sourcing activities, access efficiencies through the automation of manual processes using technology and also to provide an enhanced level of corporate governance and compliance through work flows designed into the technology.

Buyer revenues for the period were £38.6m.

Strategic Report *(continued)*

Supplier solutions

The Group provides access to technology that enables suppliers to transact digitally with their customers. This technology, being driven by a buyer decision to make a supplier pay, is often referred to as networking technology and the technology can allow multiple documents in any format to be passed between suppliers and their customers and it can also allow greater collaboration between suppliers and their customers through the provision of other trading information. In addition, the Group uses its technology to deliver tailored new business opportunities to suppliers through its search and selection of a vast number of new business opportunities, tenders, from a number of international sources.

Revenues for the period were £7.1m. The Tenders Direct business in the UK was stable and delivered revenue of £4.1m. Revenue arising from the Group's networking technology was £3.0m. The Board is aware of the variability in volume related areas of the Group's business and will continue to monitor performance closely.

Markets

The Group offers true multi-company, multi-currency and multi-language capabilities and this remains an essential differentiator as the Group increases its presence across more sectors worldwide. The Group continues to sell its solutions to customers operating across several continents and many different sectors.

The Group competes on various levels; local vendors, Enterprise Resource Planning ("ERP") vendors and international procurement vendors and this mix makes for an extremely competitive environment. The "end-to-end" message and tight integration techniques mitigate this and positions the Group as a value led solution against both big ticket, consultancy led ERP vendors, international procurement vendors' solutions and potential multi-vendor software led solutions. This value proposition is particularly compelling for mid-sized commercial and public sector organisations, both of which the Group is focused on across all of its business segments.

The Group's go-to-market strategy is based on a targeted and efficient deployment of its marketing and sales resource within each market segment it operates in. Within those segments, the Group seeks to maximise its return by selecting verticals where its solutions fit well and are referenceable and, with thorough research and with experiential grounding, can attain a leading position as the default provider. This strategy is at varying levels of maturity within the Group's business segments and the Board looks forward to the potential accelerated growth rates that could result.

Key risks

Although the directors seek to minimise the impact of risk factors, the Group and Company are subject to a number of risks which are as follows:

Risk	Potential impact	Mitigation
Loss of key personnel	<p>Loss of key management could have adverse consequences for the Group.</p> <p>While the Group has entered into service agreements / employment contracts with each of its key management, the retention of their services or those of other key personnel cannot be guaranteed.</p>	Retention risk is considered and discussed at length at Board and Leadership Team meetings. Appropriate actions are agreed if a particular risk is raised.

Strategic Report (continued)

Competition	<p>Competitors may be able to develop products and services that are more attractive to customers than the Group's products and services.</p> <p>In order to be successful in the future, the Group will need to continue to finance research and development activities and continue to respond promptly and effectively to the challenges of technological change in the software industry and competitors' innovations.</p> <p>An inability to devote sufficient resources to product development activities in order to achieve this may lead to a material adverse effect on the Group's business.</p>	<p>The Group continues to invest substantially in the development of its technology and other solutions to enable it to meet the challenge of fast changing market demand and ever-increasing levels of technological advancement.</p> <p>The Group has an extensive product portfolio arising from the Group's acquisition history. The Board recognises this and has projects underway to better leverage those products that deliver in line with the Group's strategic plan.</p>
Acquisitions	<p>The Group has historically been acquisitive and has stated that it will consider acquiring suitable companies which fit certain criteria.</p> <p>The Group recognises that there is a risk of operational disturbance in course of integrating acquired companies into the Group's existing operations.</p> <p>Acquisitions may also be made where the desired synergy benefits may fail to materialise, may take longer than anticipated or may be lower than have been or where the targets results or cash flows may not match the Group's expectations.</p>	<p>The Group mitigates this risk by way of due diligence, a detailed planning process and continued monitoring of the progression of integration of acquisition into the wider group.</p>
Internal operations	<p>The Group is subject to the risks and challenges in managing an organisation operating in various countries.</p> <p>If the Board and Leadership Team are unable to manage the international aspects of the Group's business and ensure that global processes are sufficiently well developed and robust, its operating results and overall business will be significantly and adversely affected.</p>	<p>Monthly meetings are held with regional management teams to discuss progress against the Group's strategy.</p> <p>Matters arising from these meetings are discussed at Board and Leadership Team meetings and appropriate actions agreed, if required.</p>
Government policy	<p>There may be changes in future government policy in relation to eProcurement which may have a material adverse effect on the Group's business, such as Brexit, eGov, gCloud and legislation conflicts between the various jurisdictions that the Group will operate in following Completion.</p>	<p>The Board and Leadership Team monitor this area regularly.</p>

Strategic Report (continued)

<p>Privacy or data protection failures</p>	<p>The Group's operations are subject to a number of laws relating to privacy and data protection. Such laws and regulations govern the Group's ability to collect and use personal information.</p> <p>The Group relies on third party contractors and its own employees to collect personal data and to maintain its databases and therefore the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection requirements.</p> <p>If the Group is found not to comply with the data protection laws and regulations, this may result in investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK or similar regulatory authorities in other jurisdictions in which the Group operates. This in turn could damage its reputation, lead to negative publicity and result in the loss of the goodwill of its existing customers and deter new customers, all of which would have a material adverse effect on the Group's business, results of operations and financial condition.</p>	<p>All critical suppliers to the business are first evaluated by the Group's Compliance Team.</p> <p>Depending on the nature and scope of the services various processes will then be enacted commensurate with their perceived risk to the business.</p> <p>Each of these suppliers will need to undergo a full Data Protection Impact Assessment and only on successful conclusion of that exercise, can the service then be utilised.</p> <p>Proactis is GDPR Compliant and all employees are required to undertake annualised Security and GDPR re-training.</p> <p>All employees are also required to annually, review all corporate policies and sign confirmation and acceptance.</p>
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Section 172 (1) statement

The Board of Directors of Proactis Topco Limited consider both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a)-(f) of the Companies Act 2006) in the decisions taken during the period ended 31 July 2022. Specific matters with regards to s172(1)(a)-(f) are discussed further in the Directors' Report on page 9.


David Dawson
Director

Riverview Court, Castle Gate
Wetherby LS22 6LE

22 December 2022

Directors' Report

The directors present their directors' report and the audited financial statements for the period ended 31 July 2022.

Principal activities

The principal activity of the Group is the development and sale of business software and associated services.

Business review

The turnover in the period of £45.7m was in line with the Board expectation. Operating loss was £4.8m.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. Retained loss of £6.2m has been transferred to reserves.

Directors

The directors who held office during the period and up to the date of this report are listed below:

M Potter (appointed 16 April 2021)
D Dawson (appointed 16 April 2021)
D Morrison (appointed 27 July 2021)
M Branigan (appointed 27 July 2021)

Directors' duties

The directors of the Company, as those of all UK companies, must act in accordance with a set of general rules. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole and, in doing so, have regard (amongst other matters) to:

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

As part of their induction, a director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent advisor. It is important to recognise that in our Group the directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Group.

The following paragraphs summarise how the directors fulfil their duties:

Risk Management

As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Directors' Report *(continued)*

Our people

The Group is committed to being a responsible business. Our behaviour is aligned with the expectation of our people, clients, investors, communities and society as a whole. People are at the heart of our business and for our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.

Business relationships

Our strategy prioritises our relationships with existing customers as well as bringing new customers into the Group. In order to be successful in our strategy we need to develop and maintain strong customer and supplier relationships.

Environmental Social & Governance

We want to leverage our expertise and enable our people to support communities around us. During the period, the Board have formed an overall ESG strategy which includes targets by each area. Initial actions have included the Group joining the UN Global Compact, and setting a Net Zero agenda. Other actions are being worked through.

Research and development

The Group capitalised £7.8m during the period on development of software products and on software for own use.

Political and charitable donations

The Group made no political donations during the period. The Group made charitable donations during the period of £1,700.

Employee involvement

It is the Group's policy to involve employees in its progress, development and performance. Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Financial instruments

An indication of the financial risk management objectives and policies and the exposure of the group to price risk, credit risk, liquidity risk and cash flow risk is provided in Note 20 to the financial statements.

Qualifying third party indemnity

The Group has provided an indemnity for the benefit of its current directors which is a qualifying third-party indemnity provision for the purpose of the Companies Act 2006.

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

Environment, Social and Governance

The Group is currently exempt from the streamlined energy and carbon reporting (SECR) disclosures relating to greenhouse gas emissions as each of the subsidiary entities would not meet the reporting criteria and therefore can be excluded from the Group calculation. In line with the Group's **Our planet** value, the Group is considering how disclosures in respect of greenhouse gas emissions, energy consumption and energy efficiency action can be developed for future annual reports.

Directors' Report *(continued)*

Disclosure of information to auditor

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board



David Dawson
Director

Riverview Court
Castle Gate
Wetherby LS22 6LE

22 December 2022

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the group and company 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 company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Proactis Topco Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2022 and of the Group's loss and the Parent Company's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Independent Auditor's Report to the Members of Proactis Topco Limited *(continued)*

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

The audit team was structured with the appropriate experience and competence, including component audit teams, and specialists were used where further specific knowledge was required including in areas relating to laws and regulations, for example an independent tax review.

Independent Auditor's Report to the Members of Proactis Topco Limited (continued)

As part of the audit, we gained an understanding of the legal and regulatory framework applicable to the Company, the industries and geographies in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, company law and tax legislation in the jurisdictions within which the Company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to improve performances and management bias in accounting estimates. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made in significant accounting estimates;
- Specific reviews over journal entries to revenue to ensure postings to revenue were reasonable, required and not arbitrarily improving performance;
- Identifying and testing journal entries on the areas where we identified significant risks, being cash, revenue, material postings, and any with unusual entry combinations;
- Holding discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Review of minutes of Board meetings throughout the period, to identify any inconsistencies with our audit work or matters of which we needed to be aware.

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

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

Use of our report

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

DocuSigned by:

Mark Langford

FD4C63A81681495...

Mark Langford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Leeds, UK

22 December 2022

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

Consolidated Income Statement for the period ended 31 July 2022

	Notes	2022 £000
Revenue	2	45,670
Cost of sales		(5,188)
Staff costs	3	(23,257)
Other operating expenses		(9,970)
Depreciation of property, plant and equipment	8	(1,850)
Amortisation of intangible assets	9	(10,216)
Operating loss	4	(4,811)
Finance income	5	2
Finance expenses	6	(1,914)
Loss before taxation		(6,723)
Income tax credit	7	489
Loss for the period		(6,234)
Loss attributable to:		
Owners of the Company		(6,188)
Non-controlling interests	25	(46)
		(6,234)

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

Consolidated Statement of other Comprehensive Income for the period ended 31 July 2022

	2022 £000
Loss for the period	(6,234)
Other comprehensive income/(loss)	
Items that are or may be reclassified to profit or loss	
Foreign operations – foreign currency translation differences	(5,018)
Items that will not be reclassified to profit or loss	
Remeasurements of defined benefit pension schemes	148
Other comprehensive loss, net of tax	(4,870)
Other comprehensive loss attributable to:	
Owners of the Company	(4,368)
Non-controlling interests	(502)
	(4,870)
Total comprehensive loss attributable to:	
Owners of the Company	(10,556)
Non-controlling interests	(548)
	(11,104)

The following notes form an integral part of these financial statements

Consolidated Balance Sheet as at 31 July 2022

	Notes	2022 £000
Non-current assets		
Property, plant & equipment	8	4,428
Intangible assets	9	136,290
Deferred tax asset	14	619
		<hr/>
		141,337
		<hr/>
Current assets		
Trade and other receivables	10	15,204
Cash and cash equivalents	11	6,297
		<hr/>
		21,501
		<hr/>
Total assets		162,838
		<hr/>
Current liabilities		
Trade and other payables	12	13,256
Lease liabilities	17	1,135
Contract liabilities	13	15,529
Loans and borrowings	17	6,374
		<hr/>
		36,294
		<hr/>
Non-current liabilities		
Contract liabilities	13	140
Deferred tax liabilities	14	7,414
Loans and borrowings	17	28,999
Lease liabilities	17	2,622
Employee benefit liabilities	19	498
		<hr/>
		39,673
		<hr/>
Total liabilities		75,967
		<hr/>
Net assets		86,871
		<hr/>

Consolidated Balance Sheet as at 31 July 2022 *(continued)*

	Notes	2022 £000
Equity		
Called up share capital	15	97,377
Foreign exchange reserve	16	(4,496)
Retained earnings		(6,060)
Equity attributable to equity holders of the Company		86,821
Non-controlling interest	25	50
Total equity		86,871

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

The financial statements on pages 16 to 59 were approved by the Board of Directors on 22 December 2022 and signed on its behalf by:



David Dawson

Director

Proactis Topco Limited (formerly Café Topco Limited)
Strategic Report, Directors' Report and Financial Statements
Period Ended 31 July 2022

Consolidated Statement of Changes in Equity

	Share capital £000	Foreign exchange reserve £000	Retained earnings £000	Total £000	Non-controlling interest (NCI) £000	Total equity £000
At 16 April 2021	-	-	-	-	-	-
Result for the period	-	-	(6,188)	(6,188)	(46)	(6,234)
Other comprehensive income/(loss)	-	(4,496)	128	(4,368)	(502)	(4,870)
Total comprehensive income for the period	-	(4,496)	(6,060)	(10,556)	(548)	(11,104)
Issue of ordinary shares	97,377	-	-	97,377	-	97,377
Acquisition of subsidiary with NCI	-	-	-	-	598	598
At 31 July 2022	97,377	(4,496)	(6,060)	86,821	50	86,871

Details of the nature of each component of equity are given in Note 16.

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

Consolidated Cash Flow Statement for the period ended 31 July 2022

	Notes	2022 £000
Operating activities		
Loss for the period		(6,234)
Amortisation of intangible assets	9	10,216
Depreciation	8	1,850
Net finance expense	5&6	1,912
Income tax credit	7	(489)
Foreign exchange impacts		(4,742)
Sale of MSS business		(1,305)
Operating cash flow before changes in working capital		1,208
Movement in trade and other receivables		4,399
Movement in trade and other payables and contract liabilities		(5,134)
Operating cash flow from operations		473
Finance expense		(1,553)
Income tax paid		(607)
Net cash flow used in operating activities		(1,687)
Investing activities		
Purchase of property, plant and equipment	8&9	(324)
Development expenditure capitalised	9	(7,821)
Payments to acquire subsidiary undertakings, net of cash acquired	26	(66,747)
Net cash flow used in investing activities		(74,892)
Financing activities		
Proceeds from issue of shares	15	97,377
Repayment of borrowings	17	(12,828)
Payment of lease liabilities	17	(1,424)
Net cash flow from financing activities		83,125
Effect of exchange rate movements on cash and cash equivalents		(249)
Net increase in cash and cash equivalents		6,546
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		6,297

Notes to the Consolidated Financial Statements

1 Accounting policies

Significant accounting policies

Proactis Topco Limited (the "Company") is a company incorporated and domiciled in the United Kingdom, with subsidiary undertakings in the United Kingdom, United States, France, Germany, Netherlands, Ireland, Belgium, New Zealand and Australia. The address of its registered office is Riverview Court, Castle Gate, Wetherby, LS22 6LE.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Company financial statements present information about the Company as a separate entity and not about its Group.

The Group is principally engaged in the development and sale of business software and associated services.

The following paragraphs summarise the significant accounting policies of the Group, which have been applied consistently in dealing with items which are considered material in relation to the Group's consolidated financial statements.

Basis of preparation

The Group consolidated financial statements have been prepared in accordance with UK adopted international accounting standards, IFRIC interpretations and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has elected to prepare its Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are presented in pounds sterling, which is the functional currency of the parent Company and the presentational currency of the Group, and in round thousands.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the Group financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 23.

Going concern

The financial statements have been approved on the assumption that the Group remains a going concern. The following paragraphs summarise the issues and basis on which the directors have reached their conclusion.

The Group's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Strategic Report on page 4. Notwithstanding net current liabilities at 31 July 2022 of £14.8m, the directors have prepared the financial statements on a going concern basis. Net current liabilities at 31 July 2022 include £15.5m of contract liabilities, which does not represent expected cash outflows. Excluding this, the Group has net current assets of £0.7m.

The bank facilities with HSBC consist of £35m debt facility including a £20m Term Loan and a £15m Revolving Credit Facility, both with a ratcheted coupon rate of at least 2.5% over SONIA and no higher than 6.5% over SONIA. The financial covenants of this facility include net leverage, interest cover, and cashflow cover.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Net bank debt at 31 July 2022 was £29.1m, comprising cash balances of £6.3m and gross bank debt of £35.4m. At 31 July 2022 the Group was fully drawn down on the Revolving Credit Facility with the next amortisation being due on the Term Loan on 30 November 2022.

At 30 November 2022 an amendment to the facilities was signed and included the following amendments:

- A change to the profit definition on the Interest Cover covenant to use Adjusted Cash EBITDA rather than Adjusted EBIT; and
- Updated covenant suite.

The directors have prepared Group forecasts covering the period to 31 July 2024 and have assessed the ability of the Group to meet its liabilities as they fall due in the 18 month period from the date of the approval of these financial statements. These forecasts reflect the directors' plausible assumptions about trading performance, including a number of assumptions in relation to recurring revenue, new business wins and discretionary spend category cost savings. In this scenario, the Group is expected to maintain sufficient liquidity and remain in compliance with covenants throughout the forecast period.

Whilst the Group's cash flow forecasts have been prepared using current trading assumptions, the operating environment presents a number of challenges which could negatively impact the actual performance achieved. These risks include, but are not limited to, achieving forecast recurring revenue and new business wins and also the directors' ability to implement cost saving initiatives in areas of discretionary spend where required. If future trading performance significantly underperforms the Group's forecasts, this could impact the ability of the Group to comply with its covenant tests over the period of the forecasts.

The directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of at least 12 months from the date of approval of these financial statements. Accordingly, the Company's financial statements have been prepared on a going concern basis.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

New standards, amendments to standards or interpretations

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Standards in effect in 2022

- Amendments to IFRS 4 Insurance Contracts: deferral of IFRS 9 (effective date 1 January 2021);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform: Phase 2 (effective date 1 January 2021); and
- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (effective date 1 April 2021).

These have been adopted in the period. The adoption of these standards and amendments did not have a material impact on these financial statements.

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 17 Insurance contracts including Amendments to IFRS 17 (effective date 1 January 2023);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective date 1 January 2023);
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective date 1 January 2022);
- Annual Improvements to IFRSs (2018-2020 Cycle) - IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, IAS 41 (effective 1 January 2022);
- Amendments to IAS 8 - Definition of Accounting Estimates (effective date 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies (effective date 1 January 2023);
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023); and
- Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 -Comparative Information (effective date 1 January 2023).

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may require adoption by the Group in future reporting periods.

The following principal accounting policies have been applied consistently to all periods presented in these Group financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Company. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and its ability to affect those returns through its power to direct the activities of the entity.

The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, are eliminated fully on consolidation.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are recognised in the statement of comprehensive income.

The assets and liabilities of foreign operations are translated to the Group's presentational currency (sterling), at foreign exchange rates ruling at the balance sheet date. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign exchange reserve.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of property, plant and equipment over their estimated useful lives as follows:

Computer equipment	– 10 to 50%
Office fixtures and fittings	– 10 to 25%

Intangible assets – goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Acquired intangible assets – business combinations

Intangible assets that are acquired as a result of a business combination but that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the consolidated statement of comprehensive income over their expected useful economic lives. For the Group's intangible assets this has been assessed to be between 3 and 22 years depending on the individual asset.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment at least annually or when events or a change in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Research and development

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets are amortised over their useful economic life, over a period not exceeding four years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Development costs capitalised and included as an asset within the financial statements have not been treated as a realised loss for the purpose of determining distributable reserves.

Impairment

The carrying amount of the Group's non-financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each CGU. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows.

Goodwill is initially allocated between the Group's CGUs by reference to the expected benefits from synergies of the combination. There are currently six CGUs: United Kingdom, United States, France, Germany, The Netherlands and Proactis Tenders.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs (group of units) and then, to reduce the carrying amount of the other assets of the unit (group of units) on a pro-rata basis.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Trade and other receivables

Trade receivables are recognised initially at fair value. Trade receivables that are past due are considered individually for impairment. The Group has applied the IFRS 9 simplified approach to measuring expected credit losses. An expected credit methodology based on two-year historic data has been used as an indicator for impairment. The Group has no reason to expect that the two-year historic data would not provide a fair indicator of the future impairment.

Trade receivables that are not yet due for payment and relate to services to be provided in the future are netted off with the associated contract liability as is required under IFRS 15.

Trade receivables that are not yet due for payment and relate to services that have already been provided are classified as contract assets as is required under IFRS 15.

Financial assets

The Group classifies its financial assets as loans and receivables measured at amortised cost and cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (trade debtors). They are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

Contingent consideration

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

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group has convertible loan notes that have been issued and depending on the terms of the agreement these are either measured as a single instrument at fair value or as a hybrid instrument with the derivative element measured at fair value and the host liability measured at amortised cost.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Revenue recognition

IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard requires revenue earned to be recognised in line with performance obligations based on a five-step model. The Group identifies its performance obligations with respect to the different services being provided. The following summarises the performance obligations that the Group has identified for significant revenue lines and provides information regarding the performance obligation and the revenue recognition policy.

Customers are split between Buyer and Supplier customers across the Group's product and service portfolio. The definition for each type of revenue recognition across SaaS and Service revenues is also identified by customer type after each definition.

SaaS revenue:

- Revenue from hosted software subscription fees, software maintenance, software support and hosting services are recognised on a straight-line basis as their separate performance obligations are met over the period of supply. The period of supply being from the date of go-live, as defined in the contract, over the term of the contract. *(Buyer and Supplier customers)*;
- Revenue from non-hosted software fees usually consists of two performance obligations being the issue of a licence to a customer which enables them to utilise the software and the ongoing maintenance and support for the customer. The provision of the licence is recognised at a point in time as performance obligations are met at the point of the supply given that the performance obligation is deemed to have been discharged with no ongoing obligations following the activation of the licence. In this instance, the transaction price is allocated according to the observable standalone selling price of the relative components. The software maintenance is a separate performance obligation that is met, as noted above, over the period of supply. It should be noted that only the UK has product that is sold as non-hosted and that the significant proportion of software sales within the Group are hosted. *(Buyer customers)*; and
- Revenue from managed services is recognised as performance obligations are met over the period of supply. The period of supply being from either the contract date or the point of go live (as defined in the contract), over the term of the contract. The managed services may either be met on a straight-line basis over the period of supply or on a utilisation basis (as defined in the contract) depending on whether the contract states an unlimited or limited number of events are to be delivered by the Group. Managed services include provision of tender information services, scanning services and auction services. *(Buyer customers)*

Services revenue:

- Revenue from consultancy services is recognised systematically over the period of time that delivery to a customer has occurred in line with the work completed. Consultancy services include services such as installation and implementation (technical configuration) services, training and ad hoc technical and consultancy services. The provision of implementation services does not create an asset with an alternative use for the Group and the Group has an enforceable right to payment for the performance of the work completed to date. *(Buyer and Supplier customers)*

Customers pay a fee annually (generally) for a defined contractual term, normally three or five years. In the case where a single contract involves the combination of any or all of the revenue types described above, the amount of consideration is derived from an assessment of the fair value of each of the individual constituent elements of the goods and services provided. The revenue allocated to each element is recognised as outlined above. The Group is able to reliably measure the fair value of each element of these contracts using a combination of factors including the contract price agreed with the client, through consideration of the relative value of each element of the contract and through the contract price charged for those elements in similar circumstances with other clients.

Revenue invoiced but not recognised in the income statement under this policy is classified as contract liabilities in the balance sheet. Revenue billed in arrears is accrued only if it is highly probable that it will not significantly reverse and is classified as trade and other receivables in the balance sheet.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

The Group utilises business partners to access certain markets as distributors. Where a business partner sells the Group's products or services and Proactis retains the control and responsibility for the product, the sale is treated as revenue by the Group and the commission payable to the business partner is capitalised and expensed over the life of the contract as a cost of sale. Proactis approves the pricing structures between the business partners and the end customer.

As is required under IFRS 15, trade receivables that are not yet due for payment and relate to services to be provided in the future are netted off with the associated contract liability. Trade receivables that are not yet due for payment and relate to services that have already been provided are classified as contract assets.

Leases

Following the transition to IFRS 16, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use ("ROU") asset and a lease liability on the balance sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or alternatively, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Maintenance payments which vary are not included within the measurement of the initial lease liability; these are instead recognised in the consolidated income statement in line with their usage.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit and loss if the ROU asset is already reduced to zero.

As permitted, the Group has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Instead of recognising a ROU asset and lease liability, the payments in relation to these are recognised as an expense in consolidated income statement on a straight-line basis over the lease term.

ROU assets have been included in property, plant and equipment and lease liabilities have been included within their own category in the consolidated balance sheet.

Post-retirement benefits

Defined contribution plans

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in an independently administered fund.

A Group entity pays an agreed contribution to a separate entity, relieving it of any liability for future payments. These obligations are expensed in the consolidated income statement when due.

Defined benefit plans

All plans which do not meet the definition of a defined contribution plan are classified as a defined benefit plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. The amount of the obligation is discounted to present value.

Employee obligations of the Group are calculated using the projected unit credit method. This method is based on the probability of personnel remaining with companies in the Group until retirement, the foreseeable changes in future compensation, and the appropriate discount rate. Specific discount rates are adopted for each monetary area. They are determined based on the yield offered by bonds issued by leading companies (rated AA) or treasury bonds where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant region. This results in the recognition of pension-related assets or provisions in the consolidated balance sheet and the recognition of the related net expenses.

Pursuant to IAS 19, Employee Benefits, actuarial gains and losses are recognized in other comprehensive income.

Share-based payments

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies (continued)

Provisions

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Non-controlling interests ("NCIs")

NCIs are measured initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Cost of sales

Cost of sales includes direct external costs incurred in the course of delivering revenue for the Group. It includes third party reseller commission costs, hosting fees, external consultancy costs and licence fees.

Notes to the Consolidated Financial Statements *(continued)*

2 Operating segments

Basis for segmentation

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is considered to be the Group's Chief Operating Decision Maker ("CODM").

IFRS 8 requires consideration of the CODM within the Group. In line with Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board of Directors, which reviews internal monthly management reports, budget and forecast information as part of this. Accordingly, the Board of Directors is deemed to be the CODM.

Operating segments have been identified based on the internal reporting information and management structures within the Group and take into consideration the relative size of the operation. The Board has determined there are two reportable segments being the Business Spend Management ("Buyer") and the Supplier business, based on how the Group goes to market. As the Group continues to develop and expand, the number of reportable segments will be kept under review.

Each reportable segment derives its revenues from the sale of business software and associated services.

Information about reportable segments

Information related to each reportable segment is set out below. Segment revenue is analysed below, split as Software as a Service ("SaaS") revenue and professional services revenue.

Segment contribution is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Contribution is defined as revenue less direct costs.

2022	Buyer £000	Supplier £000	Total £000
SaaS revenue	33,444	6,623	40,067
Services revenue	5,113	490	5,603
Segment revenue	38,557	7,113	45,670
Direct costs	(19,782)	(1,970)	(21,752)
Segment contribution	18,775	5,143	23,918

Notes to the Consolidated Financial Statements *(continued)*

2 Operating segments (continued)

Reconciliations of information on reportable segments to IFRS measures

	2022 £000
Total contribution reportable segments	23,918
Central costs (including non-core net expenditure)	(16,663)
Depreciation	(1,850)
Amortisation	(10,216)
Net interest cost	(1,912)

Consolidated loss before tax	(6,723)

Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2022 £000
Revenue	
UK	21,877
US	7,258
Netherlands	6,728
France	5,910
Germany	3,897

	45,670

There are no customers who represent more than 10% of revenue for the current period.

	2022 £000
Non-current assets	
UK	127,994
US	4,751
Mainland Europe	7,635
Rest of World	338

	140,718

Non-current assets exclude financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements *(continued)*

3 Employees and directors' remuneration

	2022 £000
Staff costs :	
- Wages and salaries	24,439
- Social security costs	3,065
- Other pension costs	1,086
	<hr/> 28,590
Amounts capitalised within development costs and software for own use (Note 9)*	(5,333)
	<hr/> 23,257
Average number of employees (including directors) during the 12 months to 31 July 22**	
- Sales and production	449
- Administrative	50
	<hr/> 499

*Note that capitalised development costs (see Note 9) include staff costs and other external costs incurred. The figure above of £5,333,000 represents only the internal staff costs within the total capitalised amount.

**Note that the entity had no employees until the acquisition of Proactis Holdings Ltd on 27 July 2021. These averages are based on the 12 months to the period end.

Directors' remuneration

There were 4 directors of Proactis Topco Ltd in the period, however none of them have been remunerated by this entity and none are in the group's defined contribution pension scheme.

The directors are remunerated by DBAY UK Limited (D Morrison and M Branigan) and PSC Service Company Limited (D Dawson and M Potter).

Notes to the Consolidated Financial Statements *(continued)*

4 Operating loss

	2022
	£000
Operating loss is stated after charging/(crediting) :	
Depreciation of property, plant and equipment (Note 8)	1,850
Amortisation of software for own use and development costs (Note 9)	8,078
Amortisation of customer related intangible assets (Note 9)	1,828
Amortisation of brand intangible asset (Note 9)	310
Profit on sale of Managed Sourcing Services (MSS) business in the US	(972)
Lease rentals on short-term leases arising under IFRS 16	38

	2022
	£000
Auditors' remuneration:	
Audit of these financial statements	135
Amounts receivable by auditors and their associates in respect of:	
Audit of financial statements of subsidiaries pursuant to legislation	131
Other services relating to taxation compliance	1
Other tax services	-
Other professional services	244

Notes to the Consolidated Financial Statements *(continued)*

5 Finance income

	2022 £000
Other interest receivable	2

6 Finance expenses

	2022 £000
Bank interest	1,652
Other interest	152
Net foreign exchange loss on convertible loan notes	98
Net financial expense from employee defined benefit plans	12

	1,914

Notes to the Consolidated Financial Statements *(continued)*

7 Taxation

Recognised in the income statement

2022
£000

Current tax

Current period	466
Adjustment in respect of prior periods	161
Total current tax	627

Deferred tax

Adjustment in respect of prior periods	(159)
Effect of change in tax rates on deferred tax	(85)
Recognised in current period	(872)
Total deferred tax	(1,116)

Total tax in income statement (489)

Reconciliation of effective tax rate

2022
£000

Loss before tax for the period	(6,723)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(1,277)
Effect of differential foreign tax rates	(484)
Current tax adjustments in respect of prior periods	161
Deferred tax adjustments in respect of prior periods	(159)
Disallowable net expenses	208
Losses used not previously recognised ²	(394)
Relief from governmental tax incentives ¹	(41)
Effect of change in tax rates on deferred tax (see below)	(85)
Current period losses for which no deferred tax asset is recognised	1,467
Reassessment of DT asset utilisation	115
Total tax credit	(489)

Note 1: This item includes the effect of tax relief in respect of qualifying governmental tax incentives.

Note 2: The Group has substantial tax losses in some of its subsidiary undertakings which have been utilised during the period. These are reviewed annually and a deferred tax asset based on the next three years' profitability is recognised in these numbers.

It was announced that the current corporation tax rate of 19% would be increased to 25% with effect from 1 April 2023. This change was enacted in May 2021. The UK deferred tax asset and liabilities at 31 July 2022 have been calculated based on these rates.

Notes to the Consolidated Financial Statements *(continued)*

8 Property, plant and equipment

	Computer equipment £000	Office fixtures & fittings £000	Right-of-use assets £000	Total £000
Cost				
At 16 April 2021	-	-	-	-
On acquisition	561	506	4,050	5,117
Additions	227	15	1,106	1,348
Remeasurements	-	-	(385)	(385)
Effect of movements in exchange rates	25	6	286	317
Disposals	(26)	(16)	(84)	(126)
At 31 July 2022	787	511	4,973	6,271
Depreciation				
At 16 April 2021	-	-	-	-
Charge for the period	353	161	1,336	1,850
Effect of movements in exchange rates	26	2	43	71
Disposals	(26)	(9)	(43)	(78)
At 31 July 2022	353	154	1,336	1,843
Net book value				
At 16 April 2021	-	-	-	-
At 31 July 2022	434	357	3,637	4,428

Net book value of ROU assets of £3,637,000 includes land and buildings £2,098,000, motor vehicles £511,000, computer hardware £992,000 and other office equipment £36,000.

Additions in relation to ROU assets of £1,106,000 includes land and buildings £798,000, motor vehicles £271,000, computer hardware £37,000 and other office equipment £Nil.

Depreciation charge in relation to ROU assets of £1,336,000 includes land and buildings £866,000, motor vehicles £193,000, computer hardware £246,000 and other office equipment £31,000.

During the period a break clause was utilised in relation to one of the Group's properties. This meant a change in the original assessment of the lease term of the property and as such a remeasurement of the lease liability and right-of-use asset balance. The lease liability was remeasured reflecting the revised lease term and cash flows. The carrying value of the lease liability was adjusted by £385,000 which is offset by the same adjustment to the right-of-use asset balance.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets

	Goodwill £000	Customer related intangibles £000	Brand £000	Development costs £000	Software for own use £000	Total £000
Cost						
At 16 April 2021	-	-	-	-	-	-
On acquisition	92,472	28,728	3,121	15,169	410	139,900
Internally developed	-	-	-	7,821	-	7,821
Additions	-	-	-	-	44	44
Disposals	-	(728)	(156)	(1,032)	(74)	(1,990)
Effect of movements in exchange rates	-	-	-	695	6	701
At 31 July 2022	92,472	28,000	2,965	22,653	386	146,476
Amortisation and impairment						
At 16 April 2021	-	-	-	-	-	-
Amortisation for the period	-	1,828	310	7,898	180	10,216
Impairment in the period	-	-	-	-	-	-
Disposals	-	(38)	(13)	(531)	(74)	(656)
Effect of movements in exchange rates	-	-	-	625	1	626
At 31 July 2022	-	1,790	297	7,992	107	10,186
Carrying amounts						
At 16 April 2021	-	-	-	-	-	-
At 31 July 2022	92,472	26,210	2,668	14,661	279	136,290

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

The goodwill and other intangible assets are allocated to the Group's Cash Generating Units ("CGUs") as follows:

	Buyer					Supplier	Total
	United Kingdom	United States	France	Germany	Netherlands	Proactis Tenders	
2022	£000	£000	£000	£000	£000	£000	£000
Goodwill	38,862	4,771	8,281	15,897	16,694	7,967	92,472
Other intangible assets	13,517	4,950	2,557	9,261	8,468	5,065	43,818
Total intangible assets	52,379	9,721	10,838	25,158	25,162	13,032	136,290

The CGUs reflect the lowest level within the Group which goodwill is monitored for internal management purposes. The UK, US, France, Germany and Netherlands CGUs consolidate into the Business Spend Management ("Buyer") reportable segment. The Proactis Tenders CGU consolidates into the Supplier reportable segment. The CGUs are deemed to represent the lowest level of assets generating largely independent cash inflows.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

Goodwill impairment testing

In accordance with IFRS, the Group tests the carrying value of goodwill and intangible assets for impairment annually and whenever events or circumstances change.

Impairment testing is performed by comparing the carrying value of those assets within each CGU to the recoverable amount, determined on the basis of the CGU's value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each CGU.

The Group's CGUs for the purposes of impairment testing, consist of United Kingdom, United States, France, Germany, Netherlands and Proactis Tenders.

The value-in-use calculations are based upon detailed budgets and forecasts prepared over a four-year period, followed by an extrapolation into perpetuity for the terminal value of expected cash flows at growth rates given below, discounted at the rates provided below. Growth rates used reflect the best estimates of the long-term growth rate for each CGU. The discount rates reflect the different risk profiles the directors attach to each income stream and CGU.

Key assumptions used in the value-in-use calculations are as follows:

	2022
	%
Long term growth rate	2.00
Discount rate (pre-tax rate) UK CGU	12.03
Discount rate (pre-tax rate) NL CGU	12.07
Discount rate (pre-tax rate) US CGU	11.56
Discount rate (pre-tax rate) FR CGU	10.10
Discount rate (pre-tax rate) DE CGU	12.83
Discount rate (pre-tax rate) Proactis Tenders CGU	11.67
Budgeted overall revenue growth rate (average of next 4 years) ¹	13.36
Budgeted staff costs growth rate (average of next 4 years)	(1.30)

¹The budgeted average revenue growth rates range from around 1% in the most established CGUs to in the region of 28% in the smaller expanding CGUs, which are growing from a lower base.

The value-in-use calculations performed at 31 July 2022 were prepared based on management's best estimates of future performance, taking into account market conditions and the historic performance of each CGU. Based on the value-in-use calculations prepared there was no requirement for an impairment to be recognised.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount in the Proactis Tenders CGU. A 1.5% movement in the discount rate or a 3.9% reduction in initial revenue growth would remove the headroom in the Proactis Tenders CGU.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount in the German CGU. A 0.7% movement in the discount rate or a 3.4% reduction in initial revenue growth would remove the headroom in the German CGU.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

Management does not believe a reasonable possible change in key assumptions would erode the headroom in the UK, French, Dutch and US CGUs.

Other intangible assets

The directors determine the initial recognition of development costs and software for own use by reference to the amount of time spent by relevant staff on development, subject to the expectation that the development will be completed and there will either be an external market for the development or the asset will be used internally to assist in generating future economic benefits. The directors currently consider that the full direct salary costs of the Group's development and technical teams and all of the costs of development resource bought in from third parties meet the criteria to be capitalised. The employees are solely tasked with development of the Group products and as such it is appropriate to fully capitalise the costs of employee benefits under IAS19 and IAS38. This estimate has not changed during this period.

Amortisation and impairment

The amortisation charge is recognised in the following line items in the income statement:

	2022
	£000
Development costs	7,898
Customer-related intangible assets	1,828
Brand intangible asset	310
Software for own use	180
Impairment of goodwill	-

Administrative costs	10,216

Development costs, customer-related intangibles, brand and software for own use are amortised on a straight-line basis over their useful life, which is the period during which they are expected to generate revenue. The estimated useful life of development costs and software for own use is in the range three to four years which resulted in an amortisation charge of £7,898,000 and £180,000 respectively. The directors consider that three years is a suitably short estimate of the useful economic life of the development costs capitalised because of the fast rate of change of technological advancement and market demand and this estimate has not changed during this or the previous financial years for the individual entities within the group. The estimated useful life of the customer-related intangible assets are in the range 15 to 22 years. This has resulted in a charge of £1,828,000. The estimated useful life of the brand intangible asset is 10 years. This has resulted in a charge of £310,000.

Notes to the Consolidated Financial Statements (continued)

10 Trade and other receivables

	2022 £000
Trade receivables (net of expected credit loss provision of £362,000)	8,702
- IFRS15 offset with contract liabilities	(1,907)
- IFRS15 transfer to contract assets	(521)

Net trade receivables	6,274
Prepayments	5,002
Contract assets	2,660
Deferred contract costs	1,127
Income tax	141

	15,204

Included within trade and other receivables is £Nil expected to be recovered in more than 12 months.

Trade and other receivables denominated in currencies other than sterling comprise £936,000 of trade receivables denominated in US dollars, £1,315,000 denominated in euros, £77,000 denominated in Australian dollars and £30,000 in other currencies including New Zealand dollars, Norwegian krone and Canadian dollars. The fair values of trade and other receivables are the same as their book values.

The deferred contract costs balance relates to reseller commission costs and is recognised in the income statement at the same time as associated revenues. Where revenue is generated through resellers, which is usually SaaS in nature, the revenue is recognised in line with the accounting policies stated in Note 1. Contract costs to the value of £1,952,000 were recognised within the P&L during the period.

The movement on the Group's provisions against trade receivables are as follows:

	2022 £000
On acquisition	469
Utilised in the period against uncollectable amounts	(72)
Credited to the income statement	(51)
Effect of movements in exchange rates	16

At the end of the period	362

Trade receivables that are past due are considered individually for impairment. The Group uses an expected credit methodology based two-year historic data as an indicator for impairment. The Group has no reason to expect that the two-year historic data would not provide a fair indicator of the future impairment. The summarised ageing analysis of trade receivables past due but not impaired is as follows:

	2022 £000
Under 30 days overdue	1,086
Between 30 and 60 days overdue	190
Over 60 days overdue	(14)

	1,262

Notes to the Consolidated Financial Statements *(continued)*

10 Trade and other receivables (continued)

Trade receivables that are under 30 days overdue have a loss rate of between 0% and 14.6% applied to them dependant on the entity and type of sale. Trade receivables that are between 30 and 60 days overdue have a loss rate of between 5.8% and 19.8% applied to them. Trade receivables that are over 60 days overdue have a loss rate of between 8.9% and 100% applied to them.

The other classes within trade and other receivables do not contain impaired assets.

As is required under IFRS 15, trade receivables that are not yet due for payment and relate to services to be provided in the future are netted off with the associated contract liability. Trade receivables that are not yet due for payment and relate to services that have already been provided are classified as contract assets.

11 Cash and cash equivalents

	2022 £000
Cash and cash equivalents	6,297

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £451,000 denominated in US dollars, £1,378,000 denominated in euros and £126,000 in other currencies.

12 Trade and other payables

	2022 £000
Trade payables	6,255
Other taxes and social security	1,383
Accruals and other creditors	5,618

	13,256

Trade and other payables denominated in currencies other than sterling comprise £2,100,000 of trade payables denominated in US dollars, £2,955,000 in euros and £244,000 of trade payables in other currencies.

Notes to the Consolidated Financial Statements *(continued)*

13 Contract liabilities

Contract liabilities arise from certain products and services sold by the Group. In return for a single upfront payment or series of upfront payments, the Group commits to a fixed term contract to provide those products and services to customers. In these circumstances, income is recognised evenly over the term of the contract.

	2022 £000
Gross contract liabilities due within one year	17,436
IFRS15 offset with trade receivables	(1,907)

Net contract liabilities due within one year	15,529

Movement in the Group's gross contract liabilities during the current period are as follows:

	2022 £000
Balance on acquisition	18,175
Income deferred to future periods	17,236
Release of income deferred from previous periods	(17,666)
Release of income on the sale of the MSS business	(606)
Effects of movements in exchange rates	437

	17,576

The contract liabilities are due as follows:

Within one year	17,436
After more than one year	140

	17,576

Revenue recognised during the period is as follows:

Revenue received	45,240
Revenue deferred to future periods	(17,236)
Release of revenue deferred from previous periods	17,666

Income recognised in the period	45,670

Transaction price allocated to the remaining performance obligations

Amounts of a customer contract's transaction price that are allocated to the remaining performance obligations represent contracted revenue that has not yet been recognised. This includes amounts recognised as contract liabilities and amounts that are contracted but not yet invoiced.

The transaction price allocated to performance obligations that are not yet satisfied or are partially satisfied as at 31 July 2022 is £45.6m. This amount mostly comprises obligations to provide software support and subscriptions as the Group's respective contracts typically have durations of one or multiple years.

A significant proportion of this amount is expected to be recognised over the next 12 months, which is judgemental as it includes management estimates of possible future contract modifications. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by a number of factors, including:

- Currency movements; and
- The timing of contract renewals.

Notes to the Consolidated Financial Statements (continued)

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are analysed below and are disclosed as non-current assets or liabilities in the balance sheet.

	2022 £000
<i>Deferred tax assets</i>	
Trading losses arising in foreign operations	619

	2022 £000
<i>Deferred tax liabilities</i>	
On customer-related intangible assets, development costs and software for own use	7,690
Trading losses	(276)

	7,414

Movement in deferred tax for the period ended 31 July 2022

	On acquisition	Foreign exchange movements	Tax rate change	Income statement	As at 31 July 2022
	£000	£000	£000	£000	£000
<i>Deferred tax assets</i>					
Trading losses arising in foreign operations	708	(12)	-	(77)	619
	-----	-----	-----	-----	-----
	On acquisition	Foreign exchange movements	Tax rate change	Income statement	As at 31 July 2022
	£000	£000	£000	£000	£000
<i>Deferred tax liabilities</i>					
On customer-related intangible assets, development costs and software for own use	9,067	-	(85)	(1,292)	7,690
Trading losses	(460)	-	-	184	(276)
	-----	-----	-----	-----	-----
	8,607	-	(85)	(1,108)	7,414
	-----	-----	-----	-----	-----

<i>Deferred tax assets not recognised</i>	2022 £000
Accessible tax losses - not recognised as future economic benefit is uncertain	14,976
Deductible temporary differences	14,679

The Group has not recognised a deferred tax asset in relation to these tax losses as there is not sufficient certainty regarding the likelihood that the entities will be in a position to utilise these in the future. The deductible temporary differences are subject to an ongoing revaluation following the acquisition of Proactis Holdings in July 2021.

Notes to the Consolidated Financial Statements *(continued)*

15 Share capital

	2022 £000
Allotted, called up and fully paid	
- 63,295,007 A ordinary shares of £1 each	63,295
- 34,081,927 B ordinary shares of £1 each	34,082
	<hr/> 97,377 <hr/>

The Company made the following share issues in the period ended 31 July 2022

10p shares issued on 16 April 2021 and 27 July 2021 totalling £1 were converted to 1 £1 A ordinary share on 27 July 2021.

61,345,006 £1 A ordinary shares and 33,031,927 £1 B ordinary shares were issued on 27 July 2021.

1,950,000 £1 A ordinary shares and 1,050,000 £1 B ordinary shares were issued on 29 July 2022.

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. During 2022, the Group's strategy was to maximise net cash and as such no dividends were paid in the current period. Gross cash at 31 July 2022 was £6,297,000.

16 Capital and reserves

Foreign exchange reserve

The foreign exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as any foreign currency differences arising from the retranslation of intercompany balances which are in effect a net investment in a foreign operation.

17 Loans and borrowings

	2022 £000
Non-current liabilities	
Secured bank loans	28,999
Lease liabilities	2,622
	<hr/> 31,621 <hr/>
Current liabilities	
Secured bank loans	6,374
Lease liabilities	1,135
	<hr/> 7,509 <hr/>

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 20.

Notes to the Consolidated Financial Statements *(continued)*

17 Loans and borrowings *(continued)*

The terms and conditions of the outstanding loans are as follows.

	Currency	Nominal interest rate	Year of maturity	2022 Face value £000	2022 Carrying amount £000
Term facility	GBP	SONIA +2.5% - 6.5%	2024	20,230	20,230
Revolving facility	GBP	SONIA +2.5% - 6.5%	2024	15,143	15,143
Lease liabilities	GBP/EUR/USD			3,757	3,757
Total interest-bearing liabilities				39,130	39,130

The Term Loan and the Revolving Credit Facility are secured by way of a debenture over the assets of the Group and have certain performance criteria related to their ongoing availability.

Reconciliation of movements of liabilities arising from financing activities

	Bank loans and borrowings £000	Convertible notes £000	Lease liabilities £000	Total £000
On acquisition	41,890	6,006	4,215	52,111
<i>Changes from financing cashflows</i>				
Repayment of borrowings	(6,724)	(6,104)	-	(12,828)
Finance lease payments	-	-	(1,424)	(1,424)
Total changes from financing cashflows	(6,724)	(6,104)	(1,424)	(14,252)
The effect of changes in foreign exchange rates	10	98	232	340
<i>Other changes</i>				
Capitalised borrowing costs	57	-	-	57
Interest expense	1,057	-	121	1,178
Interest paid	(917)	-	-	(917)
New lease contracts	-	-	1,040	1,040
Leases disposed	-	-	(40)	(40)
Lease remeasurement	-	-	(387)	(387)
Balance at 31 July 2022	35,373	-	3,757	39,130

Notes to the Consolidated Financial Statements *(continued)*

17 Loans and borrowings (continued)

	2022
	£000
Non-current	
Secured bank loans	28,999
Lease liabilities	2,622

Total non-current	31,621

Current	
Secured bank loans	6,374
Lease liabilities	1,135

Total current	7,509

Total borrowings	39,130
Less:	
Cash and cash equivalents	6,297

Net debt	32,833

18 Leases

Information in respect of ROU assets, including the carrying amount, additions and depreciation, are set out in Note 8 of these financial statements. Information in respect of the carrying value and interest arising on lease liabilities is set out in Note 17. A maturity analysis of lease liabilities is set out below.

The Group also enters into short-term leases and low value leases which are not recognised as ROU assets and lease liabilities. The expense recognised in the period in relation to these leases is disclosed in Note 4.

The total cash outflow for leases is included in the consolidated cashflow statement.

Maturity analysis – contractual undiscounted cash flows	2022
	£000
- Within one year	1,362
- Between one and two years	1,168
- Between two and five years	1,265
- After more than five years	120

	3,915

Amounts recognised in Income statement	2022
	£000
Interest on lease liabilities adopted under IFRS 16	121

Notes to the Consolidated Financial Statements *(continued)*

19 Employee benefit liabilities

Liabilities for employee benefits comprise:

	2022
	£000
Defined benefit schemes	498
Categorised as:	
	2022
	£000
Non-current	498
	498

Estimates and assumptions

The costs, assets and liabilities of the defined benefit schemes operating by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out below. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated balance sheet.

Defined benefit schemes

The Group operates two post-employment defined benefit schemes for its employees in France and The Philippines.

France

In France, the defined benefit obligation for all plans totalled £327,000 as of 31 July 2022. The obligation relates to retirement indemnities (legally required payments) paid in a lump sum on retirement. These indemnities represent a number of months' salary based on seniority and are legally required by the applicable collective-bargaining agreement to be paid on an employee's retirement. This obligation is unfunded.

The Philippines

In the Philippines, the defined benefit obligation for all plans totalled £171,000 as of 31 July 2022. The obligation relates to retirement indemnities (legally required payments) paid in a lump sum on retirement. These indemnities represent a number of months' salary and are legally required to be paid on an employee's retirement. This obligation is unfunded.

The schemes are exposed to a number of risks, including:

- Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation
- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

In the financial period to 31 July 2023, the Group does not expect to contribute to its defined benefit schemes.

Notes to the Consolidated Financial Statements *(continued)*

19 Employee benefit liabilities *(continued)*

Reconciliation of defined benefit obligation

Both Schemes are exposed to materially the same risks and therefore the reconciliation below is presented in aggregate.

	2022
	£000
On acquisition	569
Service cost – current	76
Interest cost	12

Included in profit or loss	88
Remeasurement loss/(gain)	
Actuarial loss/(gain) from:	
- Financial assumptions	(151)
- Adjustments (experience)	3

Included in other comprehensive income	(148)
Benefits paid	(19)
Effects of movements in exchange rates	8

Balance at 31 July	498

Split as:	
France	327
The Philippines	171

	498

Defined benefit obligation - actuarial assumptions

The principal actuarial assumptions used in determining calculating the present value of the defined benefit obligations (weighted average) include:

	2022
Discount rate	3.9%
Growth in future salaries	2.0%

The weighted-average duration of the defined benefit obligation at 31 July 2022 was 16.9 years.

Notes to the Consolidated Financial Statements *(continued)*

19 Employee benefit liabilities *(continued)*

Defined benefit obligation – sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

	Reasonably possible change	Defined benefit obligation	
		Increase £000	Decrease £000
<i>Actuarial assumption</i>			
Discount rate	(+/- 1.00%)	36	(73)
Growth in future salaries	(+/- 1.00%)	74	(63)

20 Financial risk management

Overview

The Group has exposure to the following risks

- Credit risk
- Interest rate risk
- Currency risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives and processes for managing this risk. Further disclosures are included throughout these consolidated financial statements.

Financial instruments policy

Treasury and financial risk policies are set by the Board. All instruments utilised by the Group are for financing purposes. The day-to-day financial management and treasury function is controlled centrally for all operations.

Financial assets and liabilities

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Notes to the Consolidated Financial Statements *(continued)*

20 Financial risk management (continued)

Interest rate risk

The Group manages its cash position in a manner designed to minimise interest payable on its structured finance facilities. Surplus cash funds are used to reduce debt. At the period-end date there was exposure to movements in interest rates and a 1% increase in interest rates would reduce profit before tax by approximately £354,000.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring both forecast as well as actual cash flows to enable matching of the maturity profiles of financial assets and liabilities. Sufficient cash is retained to service short-term financing needs.

Currency risk

The Group is exposed to fluctuations in exchange rates as the majority of its future revenues will be denominated in foreign currencies, comprising US dollars, euros, Australian dollars and New Zealand dollars. The Group seeks to remove this risk by invoicing in sterling but this is largely not possible. Where it is not possible, the Group may hedge such transactions through foreign exchange forward contracts. The Group also has a majority of its future costs denominated in the same currencies which provides a natural hedge.

Interest rate and currency profile

	2022
	£000
<i>Financial assets</i>	
Gross trade receivables	9,064
Cash at bank	6,297
	<hr/>
	15,361
	<hr/>

Cash at bank attracted no interest.

	2022
	£000
<i>Financial liabilities</i>	
Trade payables	6,255
Other short-term liabilities	1,383
Bank borrowings	35,373
Lease liabilities	3,757
	<hr/>
	46,768
	<hr/>

All of the financial assets and liabilities detailed above are recorded at amortised cost. Bank borrowings are in the form of a £35m debt facility including a £20m term loan and a £15m revolving credit facility, with a ratcheted coupon rate of at least 2.50% over SONIA and no higher than 6.50% over SONIA. The term loan and the revolving credit facility are secured by way of a debenture over the assets of the Group and has certain performance criteria related to its ongoing availability.

Notes to the Consolidated Financial Statements *(continued)*

20 Financial risk management (continued)

	2022 £000
<i>Maturity profile of financial liabilities</i>	
In one year or on demand	15,125
In one to two years	30,334
In two to five years	1,309
	----- 46,768 -----

The currency profiles of the financial assets and financial liabilities are explained in the respective notes.

Fair value of financial instruments

At 31 July 2022 the difference between the book value and the fair value of the Group's financial assets and liabilities measured at amortised cost was £Nil.

Sensitivity analysis

The Group is materially exposed to changes in interest rates and the Board estimates that a 1% change in interest rate would result in a £354,000 reduction in profit before tax. The Group is also materially exposed to changes in the exchange rates, specifically the US dollar and the euro, and the Board estimates that a 5% weakening in sterling would impact the Group's profit before tax by £277,000 and £171,000 respectively.

21 Commitments

Capital commitments

There was a capital commitment at 31 July 2022 in respect of IT equipment for £217,000.

22 Pensions

The Group operates a defined contribution pension scheme for its employees. In addition, in France and the Philippines there are requirements for a pension payment should an employee reach retirement age whilst employed by the Company (Note 19).

The pension cost charge for the period represents contributions payable by the Group to the defined contribution pension schemes, other personal pension plans and the French and Philippines defined benefit pension service cost. The cost in the period amounted to £1,086,000. There were outstanding contributions at 31 July 2022 of £106,000 and a defined benefit obligation of £498,000.

Notes to the Consolidated Financial Statements *(continued)*

23 Accounting estimates and judgements

The directors discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The accounting policies are set out in Note 1.

The directors consider that the key estimates made in preparation of the financial statements are:

Identification of, valuation of and carrying value assessment of intangible fixed assets

The Group has undertaken a fair value assessment of acquisition related intangible assets acquired during the period. This assessment includes a detailed analysis of the accounting policies and methods adopted by the acquired businesses and an estimate of the value of separately identifiable intangible assets, principally customer-related intangible assets, brand assets, capitalised development costs and software for own use, along with discount and customer attrition rates. This estimate requires the Directors to estimate the likely revenues from and costs of the delivery of future services to the customers of the acquired businesses at the date that the businesses were acquired.

A number of commercial and financial assumptions and estimates have been made to support both the initial recognition and the current carrying values of the intangible asset categories of goodwill, customer-related intangible assets, brand assets, capitalised development costs and software for own use. These are described within Note 9.

The directors consider that the key judgements made in preparation of the financial statements are:

Allocation of goodwill across cash generating units

Goodwill is initially allocated between the Group's CGUs by reference to the expected benefits from synergies of a business combination. Judgement was required to allocate the goodwill. Goodwill was split based on an externally provided valuation report.

24 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

Remuneration of key management personnel

The directors are not remunerated by the Group as described in Note 3.

Notes to the Consolidated Financial Statements *(continued)*

25 Non-controlling interest

The following subsidiaries have material non-controlling interests ("NCI").

Name	Principal place of business/country of incorporation	Ownership interests held by NCI
		2022 %
Proactis Bidco Ltd	United Kingdom	5.15
Proactis SA	France	11.49

The following is summarised financial information for the Proactis SA subgroup, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before intercompany eliminations with other companies in the Group.

	Proactis SA subgroup
	2022 £000
Revenue	8,284
Profit after tax	2,467
Profit/(Loss) attributable to NCI	284
Current assets	10,272
Non-current assets	8,551
Current liabilities	(11,524)
Non-current liabilities	(2,838)
Net assets	4,461
Net assets attributable to NCI	513
Cash flows from operating activities	1,721
Cash flows from investing activities	(1,696)
Cash flows from financing activities	(303)
Effect of exchange rate movements on cash and cash equivalents	168
Net decrease in cash and cash equivalents	(110)

The Group's equity interest in Proactis SA remained at 88.51% throughout the financial period.

Notes to the Consolidated Financial Statements *(continued)*

25 Non-controlling interest (continued)

The following is summarised financial information for the Proactis Bidco Ltd subgroup, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before intercompany eliminations with other companies in the Group.

	Proactis Bidco Ltd subgroup
	2022 £000
Revenue	45,670
Loss after tax	(6,107)
Profit/(Loss) attributable to NCI	(330)
Current assets	21,502
Non-current assets	48,865
Current liabilities	(39,168)
Non-current liabilities	(39,674)
Net liabilities	(8,475)
Net liabilities attributable to NCI	(463)
Cash flows from operating activities	1,323
Cash flows from investing activities	(8,146)
Cash flows from financing activities	(14,154)
Effect of exchange rate movements on cash and cash equivalents	(358)
Net decrease in cash and cash equivalents	(21,335)

The Group's equity interest in Proactis Bidco remained at 94.85% throughout the financial period.

Notes to the Consolidated Financial Statements (continued)

26 Acquisition

On 27 July 2021, the Group acquired 94.85% of the voting equity interests of Proactis Holdings Ltd ('Proactis').

For the 12 months ended 31 July 2022, Proactis and its subsidiary contributed revenue of £45,670,000 and loss before tax of £899,000.

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	£000
Cash	51,455
Ordinary shares issued	18,299

Total consideration transferred	69,754

The Group incurred acquisition-related costs of £4,165,000 on legal fees and due diligence costs. These costs were incurred in the current financial period and have been expensed in profit and loss.

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

	Book value	Adjustments	Fair value
			£000
Property, plant and equipment	5,117	-	5,117
Goodwill	73,945	(73,945)	-
Customer related intangible assets	25,264	3,464	28,728
Capitalised development costs	15,970	(801)	15,169
Other intangible assets	410	3,121	3,531
Deferred tax assets	708	460	1,168
Trade and other receivables	20,993	202	21,195
Cash	3,374	-	3,374
Loans and borrowings	(47,896)	-	(47,896)
Trade and other payables	(21,048)	-	(21,048)
Lease liabilities	(4,215)	-	(4,215)
Deferred revenue	(18,175)	-	(18,175)
Deferred tax liabilities	(7,846)	(1,222)	(9,068)
	-----	-----	-----
Total identifiable net liabilities acquired	46,601	(68,721)	(22,120)
	-----	-----	-----

The fair value adjustments relate to the recognition of intangible assets in accordance with IFRSs.

Pre-acquisition carrying amounts were determined based on applicable IFRSs, immediately prior to the acquisition. The values of assets and liabilities recognised are estimated fair values.

Goodwill arising from the acquisition has been recognised as follows:

	£000
Consideration transferred	69,754
NCI, based on their proportionate interest in the recognised amounts of the net assets of the Proactis SA sub-group	(495)
NCI, based on their proportionate interest in the recognised amounts of the net assets of the Proactis Bidco Ltd sub-group	1,165
Fair value of identifiable net liabilities	(22,120)

Goodwill	91,204

Notes to the Consolidated Financial Statements *(continued)*

26 Acquisitions (continued)

The goodwill is attributable to the skilled labour force of the acquired business, expected future growth and enhancement of market share. These values were not recognised as a separate intangible asset on the basis that they could not be separated from the value generated from the business as a whole. None of the goodwill recognised is expected to be deductible for tax purposes.

27 Post balance sheet events

On 30 November 2022 an amendment to the banking facilities was signed and included the following amendments:

- A change to the profit definition on the Interest Cover covenant to use Adjusted Cash EBITDA rather than Adjusted EBIT; and
- Updated covenant suite.


The Group's forecasts and projections show that the Group should be able to operate within the level of its facilities and new banking covenants.

Company Balance Sheet as at 31 July 2022

	Notes	2022 £000
Non-current assets		
Investments	30	94,377
Debtors : Amounts due after more than one year	31	3,000
		<hr/>
		97,377
Current assets		
Debtors : Amounts due within one year		-
Cash at bank and in hand		-
		<hr/>
		-
Creditors – amounts falling due within one year	32	(126)
		<hr/>
Net current assets		97,251
		<hr/>
Total assets less current liabilities		97,251
Creditors – amounts falling due after more than one year		-
		<hr/>
Net assets		97,251
		<hr/>
Capital and reserves		
Called up share capital	33	97,377
Loss for the period	34	(126)
Profit and loss account	34	(126)
		<hr/>
Shareholders' funds		97,251
		<hr/>

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

The balance sheet was approved by the Board of Directors on 22 December 2022 and signed on its behalf by:


David Dawson
Director

Company Statement of Changes in Equity

	Share capital £000	Retained earnings £000	Total £000
At 16 April 2021	-	-	-
Result for the period	-	(126)	(126)
Total comprehensive loss for the period	-	(126)	(126)
Issue of ordinary shares	97,377	-	97,377
At 31 July 2022	97,377	(126)	97,251

Details of the nature of each component of equity are given in Note 34.

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

Company Cash Flow Statement for the period ended 31 July 2022

	Notes	2022 £000
Operating activities		
Loss for the period		(126)
Operating cash flow before changes in working capital		(126)
Movement in trade and other payables and contract liabilities		(2,874)
Operating cash flow used in operations		(3,000)
Net cash flow used in operating activities		(3,000)
Investing activities		
Payments to acquire subsidiary undertakings, net of cash acquired	30	(94,377)
Net cash flow from investing activities		(94,377)
Financing activities		
Proceeds from issue of shares	33	97,377
Net cash flow from financing activities		97,377
Effect of exchange rate movements on cash and cash equivalents		-
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		-

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

Notes to the Company Balance Sheet

28 Company accounting policies

Basis of preparation

As used in the financial statements and related notes, the term 'Company' refers to Proactis Topco Limited. The separate financial statements of the Company are presented as required by the Companies Act 2006.

The Company has prepared financial statements that comply with FRS 101 applicable as at 31 July 2022.

These financial statements have been prepared in pounds sterling to the nearest thousand (£'000), which is also the functional currency of the Company.

Where relevant, equivalent disclosures have been given in the Group accounts of Proactis Topco Limited. The Group accounts of Proactis Topco Limited are available to the public and can be obtained as set out in Note 1. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The parent company had a loss of £126,000 for the period ended 31 July 2022.

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Certain disclosures have been included in the consolidated notes section of these financial statements in pages 16 to 59. These include:

- certain disclosures required by IFRS 7 Financial Instrument Disclosures on the basis that the consolidated financial statements include the equivalent disclosures (see Note 20);
- disclosures in respect of capital management (see Note 20); and
- disclosures in respect of Directors remuneration (see Note 3).

The Company's considerations over the going concern assumption are the same as those set out in Note 1 to the Group financial statements. As set out in that note no impairment charge was taken against goodwill at the Group level. This impairment review at a Company level, when reviewing value in use calculations against investment carrying values, delivered no impairment charge.

After making enquiries, subject to the ongoing support of the Group's lending bank, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Investments

Fixed asset investments are stated at cost less provision for impairment where appropriate. The directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the period.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at close to their carrying values or traded in an active market. Liquid resources comprise term deposits of more than seven days.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Notes to the Company Balance Sheet *(continued)*

29 Employees

The only employees of the Company were the directors.

Details of directors' remuneration, and directors' pension entitlements are disclosed in Note 3.

30 Investments

	Shares in subsidiary undertakings £000
Cost	
At 16 April 2021	-
Acquisitions	94,377
	<hr/>
At 31 July 2022	94,377
	<hr/>
Impairment	
At 16 April 2021	-
Impairment in the period	-
	<hr/>
At 31 July 2022	-
	<hr/>
Carrying amounts	
At 16 April 2021	-
	<hr/>
At 31 July 2022	94,377
	<hr/>

Notes to the Company Balance Sheet (continued)

30 Investments (continued)

The companies in which Proactis Topco Limited holds an interest are as follows :

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held	Holding
Proactis Bidco Limited ^a	England and Wales	Intermediate holding company	Ordinary 94.86%	Direct
Proactis Holdings Limited ^a	England and Wales	Intermediate holding company	Ordinary 94.86%	Indirect
Proactis Limited ^a	England and Wales	Software sales and development	Ordinary 94.86%	Indirect
Proactis Overseas Limited ^a	England and Wales	Intermediate holding company	Ordinary 94.86%	Indirect
Proactis Accelerated Payments Limited ^a	England and Wales	Dormant	Ordinary 94.86%	Indirect
InterSources (UK) Limited ^a	England and Wales	Dormant	Ordinary 83.96%	Indirect
Proactis Euro Hedgeco Limited ^a	England and Wales	Intermediate holding company	Ordinary 94.86%	Indirect
Proactis US Dollar Hedgeco Limited ^a	England and Wales	Intermediate holding company	Ordinary 94.86%	Indirect
Proactis Tenders Limited ^b	Scotland	Managed services and software sales	Ordinary 94.86%	Indirect
Proactis Pty Limited ^a	Australia	Software sales	Ordinary 94.86%	Indirect
Proactis Southeast Asia Limited ^m	New Zealand	Intermediate holding company	Ordinary 94.86%	Indirect
Proactis Limited ^m	New Zealand	Software sales	Ordinary 94.86%	Indirect
Esize Holding BV ^q	Netherlands	Software development company	Ordinary 94.86%	Indirect
Proactis BV ^q	Netherlands	Software sales	Ordinary 94.86%	Indirect
Proactis France SAS ^d	France	Software sales	Ordinary 94.86%	Indirect
Proactis SA ^d	France	Software sales and development	Ordinary 83.96%	Indirect
Proactis Designated Activity Company (DAC) ⁱ	Ireland	Managed services	Ordinary 83.96%	Indirect
Proactis GmbH ^j	Germany	Managed services and software sales	Ordinary 83.96%	Indirect
Proactis Deutschland GmbH ^j	Germany	Software sales	Ordinary 94.86%	Indirect
Proactis SA ^k	Belgium	Software sales	Ordinary 83.96%	Indirect
Trade Ranger US Inc. ^c	USA	Intermediate holding company	Ordinary 83.96%	Indirect
Hubwoo USA, Inc. ^c	USA	Intermediate holding company	Ordinary 83.96%	Indirect
Trade-Ranger Management, LLC ^c	USA	Intermediate holding company	Ordinary 83.96%	Indirect
Trade-Ranger Holdings, LLC ^c	USA	Intermediate holding company	Ordinary 83.96%	Indirect
Proactis LP ^c	USA	Software sales	Ordinary 83.96%	Indirect
Proactis Inc ^c	USA	Software sales	Ordinary 94.86%	Indirect
Proactis US Holdings Inc ^c	USA	Intermediate holding company	Ordinary 94.86%	Indirect
Intesource Inc ^c	USA	Managed services	Ordinary 94.86%	Indirect
Perfect Commerce, LLC ⁿ	USA	Software sales	Ordinary 94.86%	Indirect
Commerce One, LLC ⁿ	USA	Dormant	Ordinary 94.86%	Indirect
Perfect Commerce Operations, Inc ⁿ	USA	Dormant	Ordinary 94.86%	Indirect
Perfect Commerce Global Purchasing, LLC ⁿ	USA	Managed services	Ordinary 94.86%	Indirect
Compro Business Services, LLC ⁿ	USA	Managed services	Ordinary 46.48%*	Indirect

Notes to the Company Balance Sheet *(continued)*

30 Investments *(continued)*

Esize Holding BV, Proactis Overseas Limited, Proactis Tenders Limited and Proactis Limited (UK) are subsidiaries of Proactis Holdings Limited. Proactis Holdings Limited is a subsidiary of Proactis Bidco Limited. Proactis US Dollar Hedgeco Limited, Proactis Pty Limited, Proactis Euro Hedgeco Limited, Proactis Southeast Asia Limited and Proactis France SAS are subsidiaries of Proactis Overseas Limited. Proactis US Holdings Inc is a subsidiary of Proactis US Dollar Hedgeco Limited. Proactis Inc, Perfect Commerce LLC and Intesource Inc are subsidiaries of Proactis US Holdings Inc. Commerce One LLC, Perfect Commerce Operations Inc, Perfect Commerce Global Purchasing LLC and Compro Business Services LLC are subsidiaries of Perfect Commerce LLC. Proactis Limited (NZ) is a subsidiary of both Proactis Overseas Limited and Proactis Southeast Asia Limited. Proactis SA (France) and Proactis Deutschland GmbH are subsidiaries of Proactis Euro Hedgeco Limited. Proactis DAC, Proactis SA (Belgium) and Trade Ranger US Inc are subsidiaries of Proactis SA (France). Proactis GmbH is a subsidiary of Proactis DAC. InterSources (UK) Limited is a subsidiary of Proactis SA (Belgium). Hubwoo USA Inc, Trade-Ranger Management LLC and Trade-Ranger Holdings LLC are subsidiaries of Trade Ranger US Inc. Proactis LP is a subsidiary of Trade-ranger Holdings LLC. Proactis Accelerated Payments Limited is a subsidiary of Proactis Limited (UK). Proactis BV is a subsidiary of Esize Holding BV.

Registered offices of entities are as noted

^a Riverview Court, Castlegate, Wetherby, LS22 6LE England

^b AB1 Building, 48 Huntly Street, Aberdeen, AB10 1SH Scotland

^c 2111 East Highland Avenue, Suite B-375, Phoenix, AZ 85016 USA

^d 26-28 Quai Gallieni, 92150 Suresnes, France

^e Level 9, 123 Albert Street, Brisbane, QLD 4000 Australia

^g Leeuwendeldseweg 16 A, 1382LX, Weesp, The Netherlands

ⁱ 6th Floor, South Bank House, Barrow Street, Dublin 4 Ireland

^j Berliner Allee 59, 40212 Düsseldorf Germany

^k Avenue Henri Jaspard 117, Boite 3, 1060 saint-Gilles, Belgium

^m Level 1, Australis Nathan Building, 37 Galway Street, Takutai Square, Auckland, 1010, New Zealand

ⁿ One Compass Way, Suite 225, Newport News, VA, 23606, USA

* Although the Group owns 46.48% of the entity, it does in fact have effective control over the entity. The subsidiary is therefore accounted for under the consolidation method.

Notes to the Company Balance Sheet (continued)

30 Investments (continued)

Investment impairment testing

Impairment testing is performed by comparing the carrying value of those assets within each investment to the recoverable amount, determined on the basis of the investment's value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each Cash Generating Unit ("CGU"). The CGUs have been allocated against the appropriate investment for the purposes of impairment testing.

The value-in-use calculations are based upon detailed budgets and forecasts prepared over a four-year period, followed by an extrapolation into perpetuity for the terminal value of expected cash flows at growth rates given below, discounted at the rates provided below. Growth rates used reflect the best estimates of the long-term growth rate for each CGU. The discount rates reflect the different risk profiles the directors attach to each income stream and CGU.

Key assumptions used in the value-in-use calculations are as follows:

	2022
	%
Long term growth rate	2.00
Discount rate (pre-tax rate) UK CGU	12.03
Discount rate (pre-tax rate) NL CGU	12.07
Discount rate (pre-tax rate) US CGU	11.56
Discount rate (pre-tax rate) FR CGU	10.10
Discount rate (pre-tax rate) DE CGU	12.83
Discount rate (pre-tax rate) Proactis Tenders CGU	11.67
Budgeted overall revenue growth rate (average of next 4 years) ¹	13.36
Budgeted staff costs growth rate (average of next 4 years)	(1.30)

¹The budgeted average revenue growth rates range from around 1% in the most established CGUs to in the region of 28% in the smaller expanding CGUs, which are growing from a lower base.

The value-in-use calculations performed at 31 July 2022 were prepared based on management's best estimates of future performance, taking into account market conditions and the historic performance of each CGU.

Management does not believe a reasonable possible change in key assumptions would erode the headroom in the investment in Proactis Bidco Limited.

Notes to the Company Balance Sheet *(continued)*

31 Debtors: Amounts due after more than one year

	2022 £000
Amounts owed by subsidiary undertakings	3,000
	<u>3,000</u>

Amounts owed by subsidiary undertakings are interest free and repayable on demand. However, the directors do not expect to recall the amounts due within 12 months.

32 Creditors: Amounts falling due within one year

	2022 £000
Accruals	126
	<u>126</u>

33 Share capital

	2022 £000
Allotted, called up and fully paid	
- 63,295,007 A ordinary shares of £1 each	63,295
- 34,081,927 B ordinary shares of £1 each	34,082
	<u>97,377</u>

The Company made the following share issues in the period ended 31 July 2022:

1p shares issued on 16 April 2021 and 27 July 2021 totalling £1 were converted to 1 £1 A ordinary share on 27 July 2021.

61,345,006 £1 A ordinary shares and 33,031,927 £1 B ordinary shares were issued on 27 July 2021.

1,950,000 £1 A ordinary shares and 1,050,000 £1 B ordinary shares were issued on 29 July 2022.

34 Reserves

	Profit and loss account £000
At 16 April 2021	-
Loss for the period	(126)
At 31 July 2022	<u>(126)</u>

Notes to the Company Balance Sheet *(continued)*

35 Commitments

There were no capital commitments existing at 31 July 2022.

36 Contingent liabilities

The Company has guaranteed the overdrafts of its subsidiaries, the amount outstanding at 31 July 2022 was £Nil.

37 Post balance sheet events

There are no significant or disclosable post balance sheet events other than those already referenced in Note 27.

Additional Information – Unaudited

Reconciliation of alternative performance measures:

	Reported EBITDA	Adjusted EBITDA	Adjusted operating profit	Adjusted profit before tax
	£000	£000	£000	£000
Loss after tax	(6,234)	(6,234)	(6,234)	(6,234)
Add back:				
Tax credit (Note 7)	(489)	(489)	(489)	(489)
Net interest charge (Notes 5&6)	1,912	1,912	1,912	-
Amortisation (Note 9)	10,216	10,216	-	-
Depreciation (Note 8)	1,850	1,850	-	-
Non-core net expenditure (below)	-	3,486	3,486	3,486
Amortisation charged on customer-related intangible assets (Note 9)	-	-	1,836	1,836
	7,255	10,741	511	(1,401)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit before taxation to exclude the impact of net finance costs, depreciation, amortisation and non-core net expenditure.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	2022 £000
Loss before taxation	(6,723)
Adjustments for:	
Net finance costs	1,912
Depreciation	1,850
Amortisation	10,216
Non-core net expenditure **: <ul style="list-style-type: none"> Costs of restructuring the Group's operations – staff *** Costs of restructuring the Group's operations – other **** Legal and professional fees Profit arising from sale of MSS business Loss arising from asset held for sale Non-core foreign exchange impacts ***** 	2,375 154 5,980 (972) 691 (4,742)
Adjusted EBITDA	10,741

Additional Information – Unaudited *(continued)*

****** Non-core net expenditure includes significant items of income or expenditure associated primarily with the Group's acquisition activity and the restructuring programmes (together, "non-core-net expenditure").

******* Costs of restructuring the Group's operations – staff includes the salary costs of certain staff members in management position who were made redundant during the period. Management do not consider these costs as recurring.

******** Costs of restructuring the Group's operations – other includes the cost of dual running offices during transition and the cost of running offices prior to closure that are considered not to recur next financial period.

********* Non-core foreign exchange impacts relate specifically to the FX impact in the Income Statement of other items of non-core expenditure and is included as such to be consistent.

Proactis Topco Limited (formerly Café Topco Limited)
Strategic Report, Directors' Report and Financial Statements
Period Ended 31 July 2022

Glossary

	Definition	Explanation for use	Reconciliation to IFRS measures
Adjusted EBITDA	Earnings before interest, tax depreciation, amortisation and share based payments excluding significant items of income or expenditure associated primarily with the Group's acquisition activity and the resultant restructuring programmes	The rationale for the inclusion of these APMs is to provide users of the accounts, including but not limited to investors and analysts, with information designed to assist them in understanding the performance of the business when adjusting for items of income or expenditure that are either significant and/or non-recurring. As these items are reported within various statutory captions, it is necessary to provide adjusted measures at each of the statutory caption levels.	See table above
Adjusted operating profit	Operating profit excluding significant items of income or expenditure associated primarily with the Group's acquisition activity and the resultant restructuring programmes		See table above
Adjusted PBT	Profit before tax excluding significant items of income or expenditure associated primarily with the Group's acquisition activity and the resultant restructuring programmes		See table above
Adjusted Free Cash Flow	Net cash flow from operating activities excluding significant items of income or expenditure associated primarily with the Group's acquisition activity and the resultant restructuring programmes less reported purchase of plant and equipment and development expenditure capitalised		See Strategic Report
Non-core net expenditure	Significant items of income or expenditure associated primarily with the Group's acquisition activity and the restructuring programmes		Not applicable, see Strategic Report

Proactis Topco Limited (formerly Café Topco Limited)
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Period Ended 31 July 2022

Glossary (continued)

Total Contract Value ("TCV")	The aggregate value of contracts signed for additional functionality or significant service packages with new or existing customers during the period, specifically excluding renewals of contracts for existing functionality	This is a key performance indicator of the business as it indicates the performance of the Group's marketing and sales capacity and the relevance of its products within its markets. The analysis of TCV between that signed with new customers versus that signed with existing customers is also additive and informative information	Not applicable	
TCV of new name deals	The aggregate value of contracts signed for additional functionality or significant service packages with new customers during the period, specifically excluding renewals of contracts for existing functionality		Not applicable	
TCV of upsell deals	The aggregate value of contracts signed for additional functionality or significant service packages with existing customers during the period, specifically excluding renewals of contracts for existing functionality		Not applicable	
CAGR three-year revenue growth	The compound annual growth rate of revenue over a three-year period	This measure gives users a longer term view on the performance of the Group against its long term objective of creating a Group of scale	Not applicable	
ARR	The Group's estimate of the annualised run rate of subscription, managed service, support and hosting revenues contracted with the Group. It relates to the value of revenue recognised at a point in time, that relates to services which will be provided on a recurring basis in future years, prior to the impact of customer attrition.	This measure enables users to understand the level of cover that the Group has for revenue in future periods	Not applicable	
Gross margin	Revenue less cost of sale, divided by revenue	This measure enables users to understand the non-discretionary costs that are necessarily incurred in the delivery of its revenue	Revenue	£45,670,000
			Cost of sale	(£5,188,000)
			Gross profit	£40,482,000
			Gross margin	88.6%