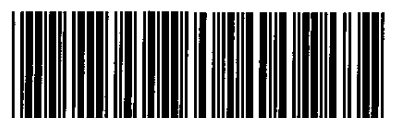


AI Wertheimer Parentco UK Limited
Annual Report and Financial Statements
Company registered number 11083865
31 December 2022

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Company information

Company registered number
11083865

Directors

J Brocklebank
C Benson
G McGaghey

Registered office

1-5 Poland Street
London
England
W1F 8PR

Independent auditors

PricewaterhouseCoopers LLP
The Maurice Wilkes Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS

Strategic report

Strategic report for the year ended 31 December 2022

The directors present their strategic report for AI Wertheimer Parentco UK Limited (the "Company") and its subsidiary companies (together the "Group") for the year ended 31 December 2022.

Ownership

The Group is owned by funds containing institutional investors. It is controlled by funds advised by Advent International Corporation, a private equity investment company.

Advent International Corporation ('Advent') is one of the largest and most experienced global private equity firms. With offices on four continents, Advent has established a globally integrated team of more than 580 investment professionals, focused on buyouts and growth equity investments in five core sectors. Since its founding in 1984, Advent has invested \$70 billion in over 405 private equity investments across 42 countries, and as of 31 December 2022, managed \$93 billion in assets. For more than 30 years Advent has sought to invest in well-positioned companies and partner with management teams to create value through sustained revenue and earnings growth.

AI Wertheimer Parentco UK Limited was incorporated on 27 November 2017 and its immediate parent is AI Wertheimer Holdings Limited which is the ultimate parent company of the Williams Lea Tag Group. The board of AI Wertheimer Holdings Limited directs and controls the operating and financing activities of the Williams Lea Tag Group.

History of the Group

The Williams Lea Tag business began in 1820 when Wertheimer Lea was established to supply printing services to the financial sector.

In 2006 Deutsche Post DHL Group acquired the Williams Lea Group enhancing its global reach. By November 2017 and following the acquisition of Tag Worldwide in 2011, the Williams Lea Tag Group was a single global business, delivering integrated marketing and communications services and offering skilled business-critical support services worldwide.

In November 2017, AI Wertheimer Holdings Limited and its Williams Lea Tag subsidiaries were acquired by funds advised by Advent International Corporation.

Business model

The Williams Lea Tag Group is a global provider of marketing production and skilled business-critical support services worldwide. The Group comprises two strategic business units, Williams Lea and Tag. There is a clear distinction in the services that Tag & Williams Lea entities provide.

Williams Lea generates revenue from document workflow & publishing services as well as outsourced business, legal and administration professional services support. The concentration of Williams Lea clients fall within the Legal, Financial Services & Professional Services sectors.

Tag is a creative production agency and generates revenue from Strategy & Consulting, Creative Content & Production, Sourcing & Channel activation and Technology. The concentration of Tag clients are luxury brands within the Food & Beverage, Automotive, Life Sciences and Retail & Consumer industries.

The Group's purpose is to create value for its clients by working smarter, leveraging technology, enhancing efficiencies, improving their customers' experience and strengthening their brand reputation. The Group's clients and their customers are at the heart of everything the business does. Long-term partnerships, strong relationships, exceptional employees and leading technology have been the driving force behind the Group's success.

Strategic report (continued)

Williams Lea is a high growth provider of tech-enabled business support services for a hybrid workforce, serving some of the world's largest financial, legal and consulting firms, connecting people, processes and technology to streamline key business and administrative functions and helping organisations adapt to a more virtual and digital workplace.

Built on a strong heritage, great client relationships and world-class talent, Williams Lea is a trusted global outsourcing provider to clients in highly regulated environments.

Tag is a leading global end-to-end, tech enabled, marketing activation platform. Tag's global footprint and offerings have expanded substantially as a highly successful standalone business that is now one of the world's leading omnichannel digital marketing production companies. It has developed an end-to-end proprietary marketing execution platform called Digital Interact ('di') and, through acquisitions, has enhanced its CGI, e-commerce, content origination, and data analytics capabilities. Tag Together is a global project which has fundamentally changed Tag's delivery model, transforming its global operating model by off-shoring activities and providing clients with scalable solutions and round-the-clock coverage. Tag Together gives the business a unique competitive edge and enables clients to access the best expertise at the highest levels of quality which can be networked from wherever they are located. With a global presence and a diverse world-class leadership team, Tag's end-to-end platform provides digital, personalised marketing for many of the world's leading brands.

On 7 March 2023, it was announced that Advent had agreed to sell the Group's Tag business to Dentsu Group Inc. ('dentsu'), one of the world's largest global marketing and advertising agency networks. The transaction has been approved by the boards of directors of both the Group and dentsu and is anticipated to close in mid-2023 subject to receipt of required antitrust approvals and customary closing conditions.

Strategy

The Group's key future strategies are to deliver growth as follows:

- The operation of two strategic business units – Williams Lea (Business Support Services) and Tag (Marketing Production and Sourcing Services) with separate leadership teams and business plans to drive profitable growth;
- Investment in digital capabilities to improve the client offerings, creating stronger client relationships and driving efficiencies;
- Relentlessly drive customer excellence programmes to deliver commercial effectiveness and enhance client experience and value;
- Build the mergers and acquisition pipeline to bolster strategic capabilities and to strengthen or extend service lines through continued geographical expansion.

Review of the business

The key performance indicators of the business are set out in the table below:

Key performance indicators	Year ended 31 December 2022	Year ended 31 December 2021
Revenue*	€1,059.9m	€903.9m
EBITDA before exceptional costs*	€57.9m	€55.6m
Exceptional items*	€23.1m	€31.3m
Operating cash flow	€7.2m	€22.4m

* from continuing operations

Revenue from continuing operations for the year ended 31 December 2022 amounted to €1,059.9m (2021: €903.9m) and EBITDA before exceptional items from continuing operations was €57.9m (2021: €55.6m). The business exited 2021 with strong growth, recovering from the uncertainty resulting from the global COVID-19 pandemic in 2020 and early 2021.

Strategic report (continued)

Actions undertaken by the Group in 2021 and 2022 to invest in customer capability programmes as well as key customer technology platforms enabled the Group to return to strong turnover growth. Improved gross margins across both Williams Lea and Tag through offshoring and leveraging technology has driven significant improvements in EBITDA. The Group ended 2022 with a substantially stronger new sales pipeline which it anticipates to realise in 2023. Furthermore, significant cost reduction initiatives across the Group in the second half of 2022 have allowed the Group to exit 2022 with improved gross margins.

During the year, Williams Lea acquired Intelligent Office and Tag acquired Lednyak & Associates and The Gate Films. The acquisitions contributed €10.4m to revenue from continuing operations and €0.6m to EBITDA from continuing operations. Further details can be found in this strategic report on page 7 and in note 27 to the financial statements. The Group's customer communications business, WL CCM Limited ('CCM'), formally named Williams Lea CCM Limited, was sold in the year realising a profit of €5.1m. Further details can be found on page 7 of this strategic report and in note 7 to the financial statements.

Exceptional items of €23.1m (2021: €31.3m) incurred during the year included:

- business transformation and restructuring which included costs to complete the separation of Williams Lea and Tag into two independent business units and insourcing of back office finance functions;
- the Tag Together global project which has fundamentally changed Tag's delivery model, providing the business with a unique competitive edge by transforming its global operating model to off-shoring activities and providing clients with scalable solutions and access to the best expertise at the highest levels of quality, networked from wherever they are located;
- costs incurred on the refinancing of the Group's borrowings on 6 May 2022;
- professional fees for legal, accounting and tax advice in relation to the Group's sale of CCM on 1 April 2022 and business rationalisation and separation costs as a result of the sale; and
- professional fees for legal, accounting and tax advice in preparation for the Group's sale of the Tag business.

Further details can be found in note 5 to the financial statements.

Net liabilities at 31 December 2022 increased to €87.9m from €21.7m during the year, primarily driven by a refinancing of the Group's borrowings as described below. Receipts from new senior loan, revolving credit and acquisition facilities of €342.4m were offset by the repayment of senior loans and revolving credit facilities of €282.3m. Operating cash flow decreased by €15.2m during the year to €7.2m, mainly due to an increase in net working capital of €16.6m.

Refinancing of borrowings

On 6 May 2022 the Group completed a refinancing of its existing borrowings whereby a new funding structure was put in place comprising a financing facility of €310m and a further acquisition facility of €50m both repayable in 2027 and a revolving credit facility of €40m repayable in 2025. On 10 May 2022, the existing senior bank and payment in kind loans were repaid in full. Further details can be found in this strategic report on pages 10 and 11 and in note 19 to the financial statements.

Strategic report (continued)

Acquisitions

The Group made three acquisitions during 2022. Below is a summary of the acquisitions made. Further details can be found in note 27 to the financial statements.

Lednyak & Associates

On 29 July 2022, Tag acquired Lednyak & Associates Pty Ltd ('L&A'), a strategic creative social media agency based in Sydney, Australia. L&A has expertise in strategic social consulting, influencer management, campaign development, community management, digital content development, analytics and insights which will complement and enhance Tag's existing social media and digital capabilities. The acquisition contributed €1.9m to 2022 Group revenue in the 5-month period following the acquisition.

Intelligent Office

On 1 October 2022, Williams Lea acquired IO Outsourcing Limited and its wholly-owned subsidiaries (collectively referred to as 'IO'). IO is a UK-based outsourced support solutions provider with an attractive portfolio of office, administrative and secretarial support services for the legal sector. The acquisition contributed €8.5m to 2022 Group revenue in the 3-month period following the acquisition.

The Gate Films

On 30 December 2022, Tag acquired G8 FLM Ltd and its wholly-owned subsidiaries (collectively referred to as 'The Gate'). The Gate is a film production business headquartered in Manchester, UK. The acquisition will enhance the Group's production services, including premium hero and content film production, virtual studio production, animation and the provision of access to a roster of A-list directors. The revenue contributed to the Group for the 1 day since acquisition is not material.

Disposal

CCM

On 1 April 2022, the Group disposed of CCM to Paragon Customer Communications (London) Limited. CCM provided secure personalised customer communications through a transactional print service with limited back office integration into the Group. The sale is in line with Group's overall strategy to streamline operations and focus on the core Williams Lea and Tag business units. Further details can be found in note 7 to the financial statements.

Subsequent events

Disposal of Tag business

On 7 March 2023, it was announced that Advent had agreed to sell the Group's Tag business to Dentsu Group Inc. ('dentsu'), one of the world's largest global marketing and advertising agency networks. The transaction has been approved by the boards of directors of both the Group and dentsu and is anticipated to close in mid-2023 subject to receipt of required antitrust approvals and customary closing conditions.

Strategic report (continued)

Outlook

Williams Lea

Market dynamics are providing Williams Lea with significant growth opportunities. COVID-19 accelerated the tendency to outsource across many industries. This is expected to continue as companies have adapted to the remote management of business workflows. The perceived cost of change in transitioning workflows to third party business process outsource providers, such as Williams Lea, have been significantly overcome. The inflationary cost environment being experienced globally is similarly driving businesses to focus on optimisation and cost saving through outsourcing. Seismic shifts in employment market dynamics driven by COVID-19, whereby working from home has become a more acceptable norm, has made remote service delivery options accepted by clients, which has accelerated the shift to outsourcing. These market shifts, particularly in the legal and investment banking industries where Williams Lea has a strong presence, provide significant growth opportunities. Furthermore, digitalisation and automation are opening up new opportunities to Williams Lea, both in terms of upgrading existing support services, as well as introducing new solutions. Significant investments in technologies, such as the ENGAGE digital client platform, have provided Williams Lea a strong foothold in the fast growing segment of digital support services to professional firms.

Tag

Over the past 50 years Tag has evolved into a world-class content production and activation powerhouse due to organic investment in key technologies, talent solutions and an offshore model, as well as acquisitions of businesses that have strengthened and enhanced Tag's capabilities in content production. Market dynamics are providing Tag with significant growth opportunities. Tag's integrated and closed-loop solution across media content, technology and data answers both the external forces for change, such as channel proliferation, technology innovation, audience fragmentation and data explosion, as well as client demands, ranging from personalised marketing at scale, to speed-to-market, from brand consistency to cost optimisation. Tag's global footprint enables economies of scale and its proprietary digital infrastructure enables the provision of high quality services which excel in delivering on clients' value propositions. The agreed sale of Tag to dentsu supports an increased level of confidence in the future financial success of Tag and will provide it with a broader set of global clients that can be serviced through an optimal level of onshore and offshore capabilities.

Principal risks and uncertainties

The Group assesses risk at board level and through other operational boards which meet on a regular basis. The principal risks and uncertainties facing the Group are set out below:

General business environment

The business of the Group substantially depends on the financial health of our customers which in turn depends on the global macro-economic environment.

Competition

The Group operates in a competitive environment as customers look to drive efficiency within their marketing budgets. All contracts and processes are subject to regular analysis with the aim of retaining existing customers, growing the customer base and optimising the economic performance under customer contracts. Providing high quality solutions that are integrated with consumer insights cultivated over many years of experience is essential to differentiate the Group from competitors and avoid excessive price competition.

Employees

The hard work, expertise and commitment of its employees are essential to the commercial success of the Group and a high priority is placed on the effectiveness of employment practices and human resource development initiatives. Actions and programmes in relation to employee engagement and involvement are described in the Directors' report.

Strategic report (continued)

Information technology and cyber risks

Information technology is an integral part of the Group's service capability and its business performance depends heavily on the functioning and performance of its applications and infrastructure. Active risk management processes are in place to maximise the efficiency of the Group's technology. Where there is technological change, the Group looks to be at the forefront of the change in order to best serve its customers. The directors continuously monitor data security compliance and risk.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's activities expose it to a variety of financial risks including inflation risk, credit risk, contract risk, market risk and liquidity risk.

Inflation risk

Inflation risk arises when goods and services sold by the Group are purchased from external suppliers. These costs are subject to regular review and competitive procurement processes. The Group is partially exposed to commodity price risk as a result of key raw materials historically showing volatility in price. These relate principally to the strategic sourcing service line and are also subject to regular review and competitive procurement processes. Additionally, wages and salary costs incurred by the Group are also subject to inflationary pressures. Where possible the Group passes the effects of such volatility on to its customers. Where not possible, the risk is assessed by senior management and appropriate action taken.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. Credit risk management follows normal best practice and includes varying levels of credit assessments according to customer size and active credit performance management through key performance indicators such as days' sales outstanding. As the customer base is predominantly blue chip multinational clients, the risk of a major client defaulting is considered low.

Contract risk

Contract risk is the risk of financial loss to the Group arising from contract breach. Contract risk is managed by formal contract approval processes, active operational management and, in some cases, certain risks are insured.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or costs.

- Foreign currency risk is attributable to investments, financing measures and operating activities. Cross-currency swaps are used to limit foreign currency risk where appropriate. These transactions relate to the exchange rate hedging of material payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies primarily to the Group's financing activities.

- Hedging transactions performed in 2022 as part of foreign currency risk management related primarily to Sterling, the US dollar and the Euro. Further details are set out in note 18 to the financial statements.

- Interest rate risk results from changes in market interest rates, primarily for medium and long term debt. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk primarily under fair value or cash flow hedges, and depending on market conditions.

Strategic report (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation in its operations and maintains funds on demand to meet all operational expenses including the servicing of financial obligations. Further details of the Group's bank facilities and other borrowings are set out in note 19 to the financial statements.

Borrowings

Senior facilities

The Group's financing facility with a syndicate of lenders included senior loans of €120m at 31 December 2021 which were secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR or SONIA (subject to a 1% floor when EURIBOR or SONIA is less than zero) plus a ratchet margin of 4.5% - 5% depending on the Senior Secured Leverage Ratio.

On 6 May 2022, the Group signed a new financing agreement and on 10 May 2022 completed a refinancing of its existing borrowings whereby a new funding structure was put in place including a financing facility of €310m and a further acquisition facility of €50m both repayable in 2027. The existing senior bank loans of €120m were repaid in full on 10 May 2022. Interest under the new financing facility is charged at a rate of EURIBOR (subject to 0% floor when EURIBOR is less than zero) plus a ratchet margin of 6.25% - 7.00% depending on the leverage ratio and is payable up to a 6-month period, at the discretion of the Group.

The previous senior facilities agreement included one financial covenant, a leverage ratio, which was tested on a quarterly basis. The covenant required that the Group's net debt did not exceed 3.00 times its adjusted consolidated EBITDA. Under the new funding structure the Group's net debt must not exceed 6.50 times its adjusted consolidated EBITDA at the covenant testing dates between 30 June 2022 and 30 September 2023. This reduces to 6.00 times from 31 December 2023 to 30 September 2024, with a reduction of 0.50 each year until 31 December 2026, where it remains at 4.50 times. At all testing periods during the year, the covenant tests were met. At the year end, the Group's leverage ratio was 4.44 times.

Revolving facility

The Group's financing facility with a syndicate of lenders also included a revolving facility of €30m at 31 December 2021 which was secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR or SONIA (subject to a 1% floor when EURIBOR or SONIA is less than zero) plus a ratchet margin of 2.25% - 3% depending on the Senior Secured Leverage Ratio. Drawdowns on this facility at 31 December 2021 amounted to €28.5m. This facility was repaid during 2022 and replaced with a new revolving credit facility of €40m maturing in 2025 with interest to be charged at variable interest rates. Drawdowns on this new revolving facility that were outstanding as at 31 December 2022 totalled €13.4m. Drawdowns as at the date of these financial statements amounted to €19.9m.

Acquisition facility

The new financing facility also includes an acquisition facility of €50m, which is secured by a charge over all of the Group's subsidiaries and is repayable on 10 May 2027. Interest is charged at a rate of EURIBOR (subject to 0% floor when EURIBOR is less than zero) plus a ratchet margin of 6.25% - 7.00% depending on the leverage ratio. An additional step up of 0.50% or 0.75% per annum shall apply on drawdowns in GBP and USD, respectively. Drawdowns on the acquisition facility that were outstanding as at 31 December 2022 and as at the date of these financial statements amounted to €36.1m.

Payment in kind loan

The PIK loan at 31 December 2021 was secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR (subject to a 0% floor when EURIBOR is less than zero) plus a scaled margin starting at 6.25% in year one and rising to 9.5% in year 6. The PIK loan, which was repayable on 31 May 2023, was repaid on 10 May 2022 following the new financing arrangements entered into on 6 May 2022.

Strategic report (continued)

Hedging instruments

The Group has entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables incorporating an interest rate swap to hedge the Group's exposure to interest rate movements on the Senior bank loans. Further details are set out in note 18 to the financial statements.

Directors' statement on Section 172 (1)

Section 172 of the Companies Act 2006 requires the directors to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters outlined in s172(1) (a) – (f) as follows:

- (a) the likely consequences of any decisions in the long term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly between members of the Group.

Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

Through an open and transparent dialogue with key stakeholders, the board has been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on the Group's strategic ambition and culture.

As part of the board's decision-making process, the board and its committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

The board delegates authority for day-to-day management of the Group to executives and senior management. The board engages management in setting, approving and overseeing execution of the business strategy and related policies. The board reviews risk and compliance, legal matters, the Group's financial and operational performance; stakeholder related matters, diversity and inclusivity and corporate responsibility matters at board meetings. This is done through the consideration and discussion of reports which are sent in advance of each board meeting and through presentations to the board.

The Group's key stakeholders and how the board engages with them include:

- Institutional investors - board reporting, regular discussions and meetings with senior executives;
- Customers - meetings and discussions with leadership teams who are involved in the commercial dialogue and engagement with our customers and face-to-face meetings with key customers;
- Suppliers - meetings and discussions with leadership teams who are involved in the commercial dialogue and engagement with suppliers and face-to-face meetings with key suppliers;
- Employees - news updates via email and intranet, townhalls and employee surveys;
- Finance providers - monthly reporting on the Group's financial position and cash flows; provision of quarterly covenant reporting; discussions and meetings.

Strategic report (continued)

Section 172 factors applied by the board are discussed in this Strategic report and the Directors report, in particular:

- the Business model section in this Strategic report on pages 4 and 5 provides details of the Group's customer engagement and focus;
- the Strategy and Outlook sections of this Strategic report on pages 5, 6, 7 and 8 give further information on how the Group responds to the changing global marketplace and intends to deliver growth for investors and further enhance customer experience and value;
- information on the Group's financial risk management and covenant reporting to lenders can be found in this Strategic report on pages 9, 10 and 11;
- the Group's risk profile and management are included in the Principal risks and uncertainty section of this Strategic report on pages 8 and 9;
- information on how the Group fosters business relationships with customers, suppliers and others can be found in the Directors' report on pages 19 and 20;
- details of how the Group has considered the impact of its operations on the community and environment are included in the Directors' report on page 16, 17 and 18; and
- information on how the Group has engaged with employees is described in the Directors' report on page 15.

Statement of compliance

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

By order of the board



G McGaghey
27 June 2023

1-5 Poland Street
London
England
W1F 8PR

Directors' report

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2022.

Future developments

The Directors intend to follow the strategy as set out in the Strategic report, to be a global provider of marketing production and skilled business-critical support services worldwide through its two strategic business units, Williams Lea and Tag.

Commentary

The commentary on the performance of the Group for the year is set out in the Strategic report.

Dividends

No dividends were paid or proposed for the year (2021: none).

Donations

Charitable donations of €15,800 (2021: €3,119) were made by the Group and no political donations were made (2021: nil).

Financial risk management and financial instruments

Details of financial risk management and financial instruments are provided in the Strategic report and in note 23 to the financial statements.

Research and development

The Group's research and development activities are focussed on technology and efficiency activities, with specific attention to the digitalisation of marketing assets, process improvements in workflow management and in developing solutions to data analytics relevant and available to clients.

Subsequent events

Details of subsequent events are provided in the Strategic report and in note 28 to the financial statements.

Going concern

The directors make an estimate of the future performance of the Group and Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors consider financial projections which reflect current expected market conditions, liquidity requirements, opportunities and risks and also take account of a severe but plausible change in trading performance.

On 7 March 2023, it was announced that Advent International Corporation ('Advent') had agreed to sell the Group's Tag business ('Tag') to Dentsu Group Inc. ('dentsu'). The transaction has been approved by the boards of directors of both the Group and dentsu and is anticipated to close in mid-2023 subject to receipt of required antitrust approvals and customary closing conditions.

The Group's forecasts and projections have been modelled based on scenarios which include the sale of the Tag business to dentsu and changes to the Group's funding structure as a result of the transaction and also on the basis that the Group continues to operate with both the Williams Lea and Tag business units. The Group's forecast and projections, which also take account of a severe but plausible change in trading performance, show that the Group should be able to operate within the level of its current facilities if the Tag disposal does not complete or under refinanced facilities including cash inflows arising from the sale of Tag.

On the basis of their assessment and notwithstanding the net liabilities on the balance sheet at 31 December 2022, the directors remain of the view that the Group and Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Group and Company therefore continue to adopt the going concern as a basis for the preparation of these financial statements.

Directors' report (continued)

Directors

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

J Brocklebank
C Benson
G McGaghey

None of the directors hold any interest in the shares of the Group or Company.

Messrs Brocklebank and Benson are representatives of Advent International Corporation. Summary details for each of the current directors are shown below:

James Brocklebank, Managing Partner Advent International Ltd, London

Experience: James Brocklebank joined Advent in 1997. Based in London, he co-chairs Advent's global Executive Committee and is co-head of the firm's European business. He is a member of the Europe and North America Investment Committees. His sector focus is Business and Financial Services. James sits on the board of V.Group and Williams Lea Tag and prior to that he sat on the board of, inter alia, Nets, Nexi, Worldpay, Equiniti, and MACH. James sits on the Advisory Council of Level20, is chairman of the Private Equity Taskforce of the Sustainable Markets Initiative (SMI) and is a member of the CFR's Global Board of Advisors. Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and its affiliate Dillon, Read & Co. in New York. James has an MA from Cambridge University.

Investments: James has worked on 20 Advent investments, including Circet, Cobham, Concardis GmbH, Evri (formerly Hermes UK), Equiniti, GFKL, Nets, Nexi, Planet, V.Group, Williams Lea Tag and Worldpay

Directorships: Current: V.Group Limited, Williams Lea Tag

Previous: Equiniti, MACH, Tertio Telecoms, Worldpay, Nexi, Nets Holding

Chris Benson, Director Advent International Ltd, London

Experience: Chris Benson joined Advent in 2012. Previously, he worked for Actis, an emerging market private equity fund, making investments across Africa, Asia and Latin America. Prior to Actis, he was a consultant with OC&C Strategy Consultants in London. Chris has an MA in Philosophy, Politics and Economics from Oxford University and an MBA from Harvard Business School, where he was a Fulbright Scholar.

Investments: Chris has worked on Advent's investments in Nexi, Evri, Seedtag, Towergate, V.Group, Williams Lea Tag and Worldpay

Directorships: Current: Williams Lea Tag and Seedtag

Gary McGaghey, Chief Financial Officer, Williams Lea Tag

Gary has a wealth of experience from various industries as a CFO with a track record of building world class finance teams, delivering organic and M&A driven growth and value in private equity. Prior to joining WLT as the Interim Group Controller, Gary was Group CFO at Nelson & Co Ltd. Prior to that he held various executive financial roles within Unilever.

Directorships: Current: Williams Lea Tag

Qualifying third-party and pension scheme indemnity provisions

A comprehensive insurance policy is in place against certain liabilities which could arise from a negligent act or a breach of duty by the Company's directors and officers and those of its subsidiaries in the discharge of their duties. This is a qualifying third party indemnity provision, which was in force throughout the financial year and at the date of approval of the financial statements.

Directors' report (continued)

Employees

The Group believes that the wellbeing of its employees and their active participation in two-way communication forums is fundamental to the success of the business. Regular meetings, conference calls and webcasts are held where business strategy and operational matters are discussed. Training is provided according to structured training and development plans for employees at all levels.

Employee engagement surveys are conducted annually and the results of the surveys are built into communication and consultation plans for each employee or, where more relevant, groups of employees.

Full consideration is given to all applications for employment and to treat all staff fairly, regardless of gender, religion, race, age or disability. Where existing employees become disabled, it is the Group's policy, where practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion opportunities to disabled employees.

Senior employees participate directly in the success of the business through the Group's bonus schemes.

Our Learning

Learning and development ('L&D') is a constant focus, where we react to industry developments and client demands by continually learning new disciplines. Our investment in our people is vital to professional and personal development and assures both our people and clients we are committed to their growth.

We promise to provide all employees with ample opportunity to build on existing skills but encourage growth into new disciplines across industry practices. We want to cultivate a place of work where employees feel they are performing at their best, growing in confidence, exploring internal prospects and ultimately, reaching their full potential.

In 2022, Williams Lea:

- Invested €155k in the Cornerstone Learning Development Management System;
- Enrolled 9 employees on apprenticeship programmes.

In 2022, Tag:

- Invested €102k in the Cornerstone Learning Development Management System;
- Enrolled 36 employees in programmes with Harvard Business School, INSEAD, MIT Sloan School of Business and London School of Economics;
- Facilitated a Tag Future Programme for 38 employees;
- Facilitated a Tag Global Mentorship Programme for 41 employees.

Diversity, equity and inclusion

The Group is committed to providing equal opportunities in employment and eliminating unlawful and unfair discrimination and has a zero-tolerance policy for any kind of discrimination against employees relating to age, disability, gender, marriage and civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation.

The Group values the differences that a diverse workforce brings to the organisation and will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation (each of these being a 'protected characteristic' in discrimination law). The Group embraces difference through diversity of thought, experience, and expertise to maximise potential and bring the greatest benefits for its people and its clients.

Directors' report (continued)

The gender split of the Group's work force at the end of December 2022 is set out below:

	Male	Female	Non-binary	Not declared	Total
	No.	No.	No.	No.	No.
Board	3	-	-	-	3
Senior management	9	6	-	-	15
Total workforce	5,145	4,406	24	245	9,820

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2018, the Group published its 2022 Gender Pay Gap Analysis which can be viewed on the business websites at:

<https://d38bj6fsu7xdz4.cloudfront.net/wp-content/uploads/2023/03/30093743/WL-UK-GPG-Data-1.pdf>

<https://www.tagww.com/app/uploads/2023/04/Tag-Gender-Pay-Gap-Report-April-2023-1.pdf>

Environmental matters

The Group recognises that environmental issues are a fundamental challenge for the global community. The business is committed to managing the environmental impacts that arise through the lifecycle of its products and services.

The Group has in place an Environmental Management System that demonstrates its commitment to environmental protection, pollution prevention, waste reduction and the preservation of its natural resources. The Group recognises its responsibility to manage the environmental impacts that arise through its operations and the need to support its clients in achieving their environmental objectives. The Group believes it can affect positive environmental change within the market in which it operates and within the supply chain, that supports its products and services.

The board supports both the Williams Lea and Tag business units' integrated Safety, Health, Environment and Quality ('SHEQ') policies as it seeks to add value by safeguarding the Group's reputation, minimising loss, providing continued service delivery and improving sustainability performance.

Williams Lea and Tag business units' SHEQ Policies set the high-level structure within which the Group can meet its legal, regulatory and contractual obligations. Environmental aspects and impacts within the Group's operations are identified and managed in accordance with good industry practice.

The Group's SHEQ Policies include:

Williams Lea

- We are committed to ensure that no harm occurs to our people or those affected by our operations.
- We strive to reduce waste and minimise pollution from our business operations.
- We aim to ensure, our products and services are sustainable by having low impact to the environment including reducing our carbon emissions, efficient use of resources and responsible supply chain management.
- We strive to deliver world leading products and services that satisfy customer's needs, through the implementation of quality processes.
- All our activities, products and services will comply with applicable legislation, contractual requirements, and company policies.
- We are committed to ensuring our people are competent by providing required training, information, and supervision to enable them to provide the highest quality of products and services in a safe manner.
- We strive to continuously improve our SHEQ management systems to enhance our performance through measurable SHEQ targets.
- We align our health & safety management system with ISO 45001, our environmental management system with ISO 14001, our quality management system with ISO 9001 and maintain accredited certifications where required.

Directors' report (continued)

Tag

- Our aspiration is for no accidents, no harm to people and no damage to the environment.
- We continuously strive to improve our performance and the quality of our delivered products and services, health & safety risk management and environmental impact reduction, through measurable SHEQ targets.
- We strive to deliver world leading products and services that create and retain highly satisfied customers, through the development and implementation of quality processes and working practices.
- We will report our SHEQ performance in a factual and understandable way.
- Business level SHEQ objectives will be defined, reviewed and agreed by the executive committee and communicated to all employees.

Key environmental aspects and impacts for the organisation include Greenhouse Gas ('GHG') emissions, waste management and resource use. The organisation publishes information on the CDP portal about its climate change impacts and CO₂ emissions. Actions taken in 2022 to reduce emissions included the rationalisation of the Group's property portfolio and a reduction in the use of associated utilities, reduction in business travel and improved use of technology to facilitate collaboration.

The business also takes part in the EcoVadis scheme to disclose its performance in relation to Environmental Social Governance ('ESG') to relevant interested parties. During the 2022 submission, the Group achieved a gold rating from EcoVadis for Williams Lea and a bronze rating for Tag.

The details of the Group's business GHG emissions for the UK are listed below:

	Williams Lea	Tag
	2022	2022
Total KWH*	836,739	1,520,212
Total tCO₂e**	160	322
tCO₂e per €'m of UK gross revenue	1.34	1.96

**Scope 1 & 2 energy use*

***Scope 1 & 2 emissions*

Previous years' UK data was reported as a consolidated group, which included the Williams Lea and Tag business units. Data for the prior two years is shown below:

	Group	Group
	2021	2020
Total KWH*	11,146,693	12,000,985
Total tCO₂e**	2,511	2,932
tCO₂e per €'m of UK gross revenue	7.54	7.4

**Scope 1 & 2 energy use*

***Scope 1 & 2 emissions*

Methodology

Methods for calculating the energy use and CO₂ emissions follow government guidance (Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance). Conversion factors used are those published from the Department for Business, Energy & Industrial Strategy for the relevant year. The period of reporting covers the Group's financial year running from 1 January to 31 December.

Directors' report (continued)

Scope and boundary

The scope and boundary of the energy data which has been reported is limited to the UK operations only at this point. In many cases, the organisation operates on client sites and energy use for the client facility is not included in our reporting.

Scope 1 emissions are predominantly from natural gas used for heating and domestic water along with some fuel for fleet vehicles.

Scope 2 emissions are predominantly from procured energy such as electricity supply to our premises.

Scope 3 emissions are not currently reported.

Data for gas and electricity use is taken from actual invoice data. The data for scope 1 business mileage is a combination of actual mileage readings and estimated emissions for vehicle types.

Social, community and human rights issues

The Group has developed its Corporate Social Responsibility ('CSR') strategy to widen its reach and measure its impact across the many communities it engages with. The Group performed a Corporate Social Responsibility assessment using the EcoVadis methodology and platform, where a Gold (2021: Gold) Rating was achieved. The Group's impact was assessed across four themes: environment, fair labour practices, ethics/fair business practices and supply chain, and against 21 key CSR indicators.

Williams Lea have developed Beyond Business as their ESG programme, which included joining UN Global Compact requiring the identification of sustainable development goals. The current focus is on Good Health & Wellbeing, Diversity Equity & Inclusion, Decent Work and Economic Growth and Climate Action.

Tag's ESG strategy is built to enable it to be the partner of choice for all clients, today and in the future. With intelligent, sustainable and technology-driven solutions at the core of everything it does, Tag enables brands to operate more efficiently and effectively to stand-out, sell more and waste less.

Pursuant to Section 54(1) of the Modern Slavery Act 2015 the Group has taken and is continuing to take adequate practices to ensure that modern slavery or human trafficking is not taking place within its business or supply chain.

People

In 2022, the formation of dedicated global Diversity, equity and inclusion ('DE&I') teams drove initiatives to make a difference to the Group's people with the aim to break down barriers, encourage conversation and ignite ideas.

All employees are encouraged to have a voice, to openly express who they are and to feel safe, respected and valued. DE&I at the Group is an all-inclusive request for equality that encompasses gender, gender identity, age, race, religion, ethnicity, disability and more.

Collecting global baseline data is key to identifying opportunities where the Group can improve diversity across genders, and race/ethnicities and helps to establish measurable DE&I objectives and programmes for the forthcoming years.

Directors' report (continued)

The Group is proud to have:

- Diverse teams spanning the globe;
- Global & regional DE&I committees;
- Structured employee training and development plans;
- Participation in events such as International Women's Day, Pride & LGBTQIA+, World Mental Health Day and Annual cultural days.

Williams Lea:

- hired 967 women in 2022;
- promoted 235 women in 2022.

Tag:

- held 48% of women in leadership positions (directors and above) bolstered by Internal Women in Leadership programmes (EMEA);
- had 49% of female hires in 2022;
- 52% of females were promoted in 2022;
- 58% of women participated in Executive Online L&D programmes;
- 61% of women took part in Tag Future Leaders programmes;
- 59% of women took part in Global Mentor programmes;
- 14% mean pay gap of basic salary of FTE based on gender and further plans to reduce this (EMEA).

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The Group has a zero-tolerance approach to any form of modern slavery. The Group is strongly committed to playing its part in eradicating modern slavery by ensuring it acts ethically and with integrity and transparency in all business dealings and by putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or supply chain.

Policies

The Group's internal policies ensure that it is conducting business in an ethical and transparent manner, such as:

- Recruitment policy – This includes vetting, eligibility to work, safeguarding employees against human trafficking or individuals being forced to work against their will;
- Code of Conduct – The Group's code defines the objectives and rules that reflect its commitment to responsible, ethically irreproachable and legally compliant behaviour from all employees and contractors;
- Whistleblowing policy – where there are concerns regarding any unethical conduct within the Group's business, including any forms of modern slavery, employees are strongly encouraged to report the concern so the situation can be properly and quickly resolved. An external independent whistleblowing hotline service, which includes a translation service, operates 24 hours a day, 365 days a year, across approximately 40 countries enabling employees to report matters anonymously, without fear of reprisal.

Suppliers

The Group works with a wide and varied network of suppliers to execute and support solutions that it designs for its clients. Supplier due diligence is a critical part of what is provided for the Group's clients and essential for the security and performance of the Group's business.

Directors' report (continued)

All suppliers to the Group must go through a due diligence process at the on-boarding stage and are then subject to regular audits and reviews. These audits are based on perceived risk (i.e., country of supplier, strategic importance of supplier, and handling of confidential data) with a tiered approach taken to ensure each supplier's CSR policies are aligned with that of the Group and United Nations Global Compact, the UN Universal Declaration of Human Rights and the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work. In addition, suppliers must be fully compliant with the UK legislation, including the Modern Slavery Act.

The Supplier Code of Conduct sets the minimum standards for doing business with the Group, and is requested to be signed by each supplier as part of the on-boarding process, with follow-ups to ensure the Group's policies are adhered to. Supply chain contracts are also reviewed to ensure they contain the appropriate legislative requirements.

Breaches of the Supplier Code of Conduct and/or the Modern Slavery Act within the supply chain are treated seriously and investigated in detail. Whilst the Group looks to support companies in their efforts to comply with the legislation, in the event of a serious breach, a termination of the supplier relationship would be considered.

Key Performance Indicators

The Group will know and understand the effectiveness of the steps that it is taking to ensure that slavery and/or human trafficking is not taking place within its business or supply chain:

- when no reports are received from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified; and
- by conducting regular due diligence on our supply chain and supplier's code of conduct.

Looking Forward

The Group continues to periodically review the effectiveness of its processes and systems and any changes will be reflected in future annual statements.

Globally, the Group's employees have participated and volunteered across a wide range of charitable initiatives including some 22,000 hours for employee paid volunteer day incentives globally, sponsoring POPAI's Retail Recycling Research, Pencils for Kids, partnering with Little Rocket Partnership Australia, Malaysia Guardian Fun Run, Media Trust, BackTrack, Box of Hope Charity, fundraising for the Turkey Earthquake crisis, Epilepsy Society, MacMillan, Alzheimer's Society, Cancer Research UK and Save the Children UK. There has also been participation in local clean-up activities, volunteering in animal shelters and foodbanks, tree planting for The Arbor Foundation around America, participation in various fundraising walks, working with Habitat for Humanity to build houses for those in need and the donation of food to Daily Bread Food Bank.

Branches outside the UK

During the 2022 reporting year, the subsidiaries of the Group operated branches in: Korea, New Zealand, Poland, Saudi Arabia, Switzerland, Taiwan, Turkey and the UAE.

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law)

Under company law, 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 the financial statements, the directors are required to:

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

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

By order of the board



G McGaghey
27 June 2023

1-5 Poland Street
London
England
W1F 8PR

Independent auditors' report to the members of AI Wertheimer Parentco UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, AI Wertheimer Parentco UK Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's and Company's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and Company balance sheets as at 31 December 2022; the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, Company statement of changes in equity and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Independent auditors' report to the members of AI Wertheimer Parentco UK Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the members of AI Wertheimer Parentco UK Limited (continued)

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, modern slavery, tax legislation and equivalent local laws and regulations applicable to significant overseas locations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 increase revenue and journal entries that inappropriately credit cash and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of legal costs;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations (for example credit to revenue with a debit entry to an unexpected account), or journals which credit cash without going through the standard purchases and payables process; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of intangible assets and goodwill.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of AI Wertheimer Parentco UK Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andy Grimbly
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
27 June 2023

Consolidated profit and loss account
for the year ended 31 December 2022

	Note	2022			2021		
		Continuing operations €'000	Discontinued operations €'000	Total €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Revenue	3	1,059,892	12,948	1,072,840	903,876	52,493	956,369
EBITDA before exceptional items	4	57,945	1,226	59,171	55,586	360	55,946
Exceptional items	5	(23,062)	(512)	(23,574)	(31,293)	(2)	(31,295)
Amortisation and impairment	6	(33,903)	-	(33,903)	(31,443)	-	(31,443)
Depreciation and impairment	6	(5,173)	(501)	(5,674)	(5,587)	(1,300)	(6,887)
Operating (loss)/profit	6	(4,193)	213	(3,980)	(12,737)	(942)	(13,679)
Profit on disposal of operations	7	-	5,113	5,113	-	-	-
(Loss)/profit before interest and taxation		(4,193)	5,326	1,133	(12,737)	(942)	(13,679)
Interest receivable and similar income	9	64	-	64	5,633	1	5,634
Interest payable and similar expenses	10	(45,448)	-	(45,448)	(27,055)	(578)	(27,633)
(Loss)/profit before taxation		(49,577)	5,326	(44,251)	(34,159)	(1,519)	(35,678)
Tax on (loss)/profit	11	(11,699)	36	(11,663)	3,807	1,370	5,177
(Loss)/profit for the financial year		(61,276)	5,362	(55,914)	(30,352)	(149)	(30,501)
(Loss)/profit attributable to owners of the parent		(58,293)	5,101	(53,192)	(29,188)	(143)	(29,331)
(Loss)/profit attributable to non-controlling interests		(2,983)	261	(2,722)	(1,164)	(6)	(1,170)
		(61,276)	5,362	(55,914)	(30,352)	(149)	(30,501)

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	<i>Note</i>	2022	2021
		€'000	€'000
Loss for the year		(55,914)	(30,501)
Other comprehensive (expense)/income:			
Currency translation differences		(14,896)	321
Remeasurement of net defined benefit obligation	20	1,052	278
Deferred tax arising on gains recognised in this statement		(263)	(70)
Other comprehensive (expense)/income for the year, net of tax		(14,107)	529
Total comprehensive loss for the year		(70,021)	(29,972)
 Total comprehensive loss attributable to owners of the parent		(66,612)	(28,822)
Total comprehensive loss attributable to non-controlling interests		(3,409)	(1,150)
		(70,021)	(29,972)

Consolidated and Company balance sheets
at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		€'000	€'000	€'000	€'000
Fixed assets					
Intangible assets	12	233,309	233,574	-	-
Tangible assets	13	14,543	15,813	-	-
Investments	14	-	-	177,403	177,403
		247,852	249,387	177,403	177,403
Current assets					
Inventories	15	10,187	6,092	-	-
Debtors	16	212,901	226,714	603	602
Cash at bank and in hand		53,023	43,649	-	-
		276,111	276,455	603	602
Creditors: amounts falling due within one year	17	(269,445)	(371,653)	(9)	-
Net current assets/(liabilities)		6,666	(95,198)	594	602
Total assets less current liabilities		254,518	154,189	177,997	178,005
Creditors: amounts falling due after more than one year	18	(321,625)	(145,344)	-	-
Post-employment benefits	20	(6,818)	(8,472)	-	-
Provisions for other liabilities	21	(14,001)	(22,106)	-	-
Net (liabilities)/assets		(87,926)	(21,733)	177,997	178,005
Capital and reserves					
Called up share capital	24	177,307	177,307	177,307	177,307
Share premium account		700	700	700	700
Accumulated losses		(243,736)	(196,513)	(10)	(2)
Accumulated other comprehensive loss		(17,574)	(1,866)	-	-
Total equity attributable to owners of the parent		(83,303)	(20,372)	177,997	178,005
Non-controlling interests	31	(4,623)	(1,361)	-	-
Total equity		(87,926)	(21,733)	177,997	178,005

The Company has not presented its individual profit and loss account as allowed under section 408 of the Companies Act 2006. The Company's loss for the year was €8,000 (2021: €1,000).

The notes on pages 32 to 74 are an integral part of these financial statements.

These financial statements on pages 26 to 74 were authorised for issue by the board of directors on 27 June 2023 and were signed on its behalf by:


Gary McGaghey
Director

Company registered number: 11083865

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Called up share capital	Share premium account	Accumulated losses	Accumulated other comprehensive losses/(income)	Equity attributable to the owners of the parent	Non controlling interest	Total equity
Group	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2021	177,307	700	(169,496)	(2,375)	6,136	(273)	5,863
Loss for the year	-	-	(29,331)	-	(29,331)	(1,170)	(30,501)
Other comprehensive income for the year	-	-	-	509	509	20	529
Total comprehensive (loss)/income for the year	-	-	(29,331)	509	(28,822)	(1,150)	(29,972)
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	2,314	-	2,314	(2,314)	-
Total transactions with owners, recognised directly in equity	-	-	2,314	-	2,314	(2,314)	-
Transactions with non- controlling interests	-	-	-	-	-	2,376	2,376
Balance as at 31 December 2021	177,307	700	(196,513)	(1,866)	(20,372)	(1,361)	(21,733)
	Called up share capital	Share premium account	Accumulated losses	Accumulated other comprehensive losses	Equity attributable to the owners of the parent	Non controlling interest	Total equity
Group	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2022	177,307	700	(196,513)	(1,866)	(20,372)	(1,361)	(21,733)
Loss for the year	-	-	(53,192)	-	(53,192)	(2,722)	(55,914)
Other comprehensive expense for the year	-	-	-	(13,420)	(13,420)	(687)	(14,107)
Total comprehensive loss for the year	-	-	(53,192)	(13,420)	(66,612)	(3,409)	(70,021)
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	3,681	-	3,681	(3,681)	-
Transfer on disposal of subsidiary	-	-	2,288	(2,288)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	5,969	(2,288)	3,681	(3,681)	-
Transactions with non- controlling interests	-	-	-	-	-	3,828	3,828
Balance as at 31 December 2022	177,307	700	(243,736)	(17,574)	(83,303)	(4,623)	(87,926)

Company statement of changes in equity
for the year ended 31 December 2022

	Called up share capital €000	Share premium account €000	Accumulated losses €000	Total equity €000
Company				
Balance at 1 January 2021	177,307	700	(1)	178,006
Loss for the year	-	-	(1)	(1)
Total comprehensive loss for the year	-	-	(1)	(1)
Balance as at 31 December 2021	177,307	700	(2)	178,005
Company				
Balance at 1 January 2022	177,307	700	(2)	178,005
Loss for the year	-	-	(8)	(8)
Total comprehensive loss for the year	-	-	(8)	(8)
Balance as at 31 December 2022	177,307	700	(10)	177,997

Consolidated cash flow statement
for the year ended 31 December 2022

	<i>Note</i>	2022 €'000	2021 €'000
Net cash from operating activities	26	13,082	27,524
Taxation paid		(5,838)	(5,145)
Net cash generated from operating activities		<u>7,244</u>	<u>22,379</u>
Cash flow from investing activities			
Purchase of subsidiaries (net of cash acquired)	27	(13,772)	(1,663)
Disposal of subsidiary (net of cash disposed)	7	8,460	-
Purchase of intangible fixed assets	12	(10,470)	(15,477)
Purchase of tangible fixed assets	13	(9,742)	(8,339)
Receipts from sales of tangible fixed assets		3,680	653
Interest received	9	63	219
Net cash used in investing activities		<u>(21,781)</u>	<u>(24,607)</u>
Cash flow from financing activities			
Receipts from senior loan facilities (net of issue costs)	26	298,766	-
Repayments of senior loan facilities	26	(120,554)	-
Repayments of payment in kind loan	26	(137,429)	-
Receipts from revolving credit facility (net of issue costs)	26	8,470	1,107
Repayments of revolving credit facility	26	(24,318)	-
Receipts from acquisition facility (net of issue costs)	26	35,193	-
Interest paid	10	(39,467)	(15,972)
Receipts from non-controlling interests	31	3,828	2,376
Net cash generated from/(used in) financing activities		<u>24,489</u>	<u>(12,489)</u>
Net increase/(decrease) in cash and cash equivalents		9,952	(14,717)
Cash and cash equivalents at the beginning of the year		43,649	55,398
Exchange (losses)/gains on cash and cash equivalents		(578)	2,968
Cash and cash equivalents at the end of the year		<u>53,023</u>	<u>43,649</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		53,023	43,649
		<u>53,023</u>	<u>43,649</u>

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption provided by FRS 102, para 1.12 (b) not to present the Company cash flow statement.

Notes to the financial statements

1 Accounting policies

General information

AI Wertheimer Parentco UK Limited ('the Company') and its subsidiaries ('the Group') provide marketing and skilled business-critical support services worldwide.

AI Wertheimer Parentco UK Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 1-5 Poland Street, London, England, W1F 8PR.

Statement of compliance

The Group and individual financial statements of AI Wertheimer Parentco UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

a. Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value.

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

The Company has not presented its individual profit and loss account as allowed under section 408 of the Companies Act 2006. The Company's loss for the year was €8,000 (2021: €1,000).

b. Going concern

The Group meets its day-to-day working capital requirements through its own financial resources, trade receivables financing (note 16) and bank facilities (note 19). On 6 May 2022, the Group completed a refinancing of its existing borrowings putting in place a new funding structure. Further details on the refinancing are set out in the Strategic Report, which is included in these financial statements and in note 19 to the financial statements.

On 7 March 2023, it was announced that Advent International Corporation ('Advent') had agreed to sell the Group's Tag business ('Tag') to Dentsu Group Inc. ('dentsu'). The transaction has been approved by the boards of directors of both the Group and dentsu and is anticipated to close in mid-2023 subject to receipt of required antitrust approvals and customary closing conditions.

The Group's forecasts and projections have been modelled based on scenarios which include the sale of the Tag business to dentsu and changes to the Group's funding structure as a result of the transaction and also on the basis that the Group continues to operate with both the Williams Lea and Tag business units. The Group's forecast and projections, which also take account of a severe but plausible change in trading performance, show that the Group should be able to operate within the level of its current facilities if the Tag disposal does not complete or under refinanced facilities including cash inflows arising from the sale of Tag.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

b. *Going concern (continued)*

After making enquiries, and notwithstanding the net liabilities on the balance sheet at 31 December 2022, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

c. *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions in its individual financial statements on the basis that it is a qualifying entity:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48 and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation in total, paragraph 33.7; and
- from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these statements, includes the Company's cash flows.

d. *Basis of consolidation*

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of any associates made up for the year to 31 December 2022.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

e. Foreign currency

The Group and Company financial statements are presented in Euros and rounded to thousands. The Company's functional and presentation currency is the Euro.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings, hedging activities and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

The trading results of Group undertakings are translated into Euros at the average exchange rates for the period. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the period-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

f. Revenue recognition

All income relating to normal business operations is recognised as revenue in the profit and loss account. All other income is reported as other operating income.

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements (continued)

1 Accounting policies (continued)

f. Revenue recognition (continued)

Rendering of services

Revenue from the provision of services is recognised when the risks and rewards of ownership have transferred to the buyer, the Group retains no continuing involvement or control, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Group and when delivery of those services is complete. Revenue that meets these criteria but that has not been invoiced is recognised as accrued income. When assessing the value of accrued income management considers factors including selling price, the ageing profile and historical experience. Revenue that has been invoiced but that does not meet the recognition criteria is deferred and any related direct costs are recognised as work in progress.

Interest income is recognised as it accrues using the effective interest rate method.

g. Exceptional items

Items which are significant by virtue of their size or nature and which are considered non-recurring are classified as exceptional items. Such items, which include costs in relation to the separation of the Williams Lea and Tag fiscal structures and operations and other restructuring and transformation costs of the Group, are included within the appropriate profit and loss account category and disclosed on the face of the profit and loss account. Furthermore, they are highlighted separately in the notes to the financial statements. Exceptional items are excluded from the underlying profit measures used by the board to monitor and measure the underlying performance of the Group (see note 5 to the financial statements).

h. Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plans

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plans

The Group operates defined benefit plans for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

Notes to the financial statements (continued)

1 Accounting policies (continued)

h. Employee benefits (continued)

Defined benefit pension plans (continued)

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- i. the increase in pension benefit liability arising from employee service during the period; and
- ii. the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Termination benefits

Any payments awarded to individuals where the group decides to terminate employee's employment by way of legislation, contractually or other agreements, are determined to be termination benefits. The group recognises a corresponding liability and expense when it has demonstrably committed either the terminating before the normal retirement date, or as a result of an offer made in order to encourage voluntary redundancy.

Either of these will be deemed as demonstrably committed when communicated in a formal plan for the termination and is without realistic possibility of withdrawal from the plan.

Such payments are measured at the expected expenditure required to be settled at the reporting date. Where these are due more than 12 months after the end of the reporting period they shall be measured at their discounted present value.

Management Incentive Plan ("MIP")

The Group has a MIP to incentivise key directors and employees for the performance and value of the business in addition to annual salary, other benefits and their annual bonus. This MIP only crystallises at the time of a liquidity/exit event based on the holding of a certain class of share in an intermediate holding company which owns this Group. Given the current facts and circumstances, no compensation expense for these awards has been recognised to date.

The Company has no employees and thus there are no employee benefits.

Notes to the financial statements (continued)

1 Accounting policies (continued)

i. Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable/receivable in respect of the taxable profit/loss for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

j. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method of accounting. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amounts where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Notes to the financial statements (continued)

1 Accounting policies (continued)

j. Business combinations and goodwill (continued)

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful lives which is estimated to be 10 or 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. No reversals of impairment are recognised.

k. Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and accumulated, impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Brand	7 - 15 years
- Customer relationships	15 years
- Technology platforms	3 - 5 years

Intangible assets under development are not amortised until they are brought into use, at which point they are transferred into the appropriate intangible asset category above. Amortisation is included in administration expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Intangible assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining technology platforms are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Notes to the financial statements (continued)

1 Accounting policies (continued)

l. Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Buildings - leasehold improvements

Buildings include short leasehold improvements and are stated at cost less accumulated depreciation and accumulated impairment losses.

Plant and machinery and computer and office equipment

Plant and machinery and computer and office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Buildings	over the period of the lease
- Plant and machinery	10 – 15 years
- Computer and office equipment	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

De-recognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss within operating profit or loss.

m. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements (continued)

1 Accounting policies (continued)

n. Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Finance leased assets

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

o. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

o. Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

p. Investments – Company

Investments in subsidiary companies and associates are held at cost less any accumulated impairment losses.

q. Inventories

All inventories are stated at the lower of cost and estimated selling price less costs to sell. The cost is recognised as an expense in the period in which the related revenue is recognised.

Raw materials, consumables and goods for resale

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Work in progress and finished goods

Cost of work in progress and finished goods includes all costs incurred in bringing each product and service to its present location and condition. Cost includes direct materials, labour plus attributable overheads based on a normal level of activity.

r. Amounts recoverable on contracts

Direct incremental costs incurred on contracts prior to and during service commencement and reimbursable during the contract are included in amounts recoverable on contracts and amortised over the life of the contract.

s. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

t. Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. In particular:

Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

u. Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets and liabilities, including trade and other receivables, cash and bank balances, trade and other payables and loans from fellow Group companies are recognised at transaction price, unless the arrangement constitutes a financing transaction. The Group currently has no such financing transactions.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

u. Financial instruments (continued)

Financial assets (continued)

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade payables and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is recognised in profit or loss.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

1 Accounting policies (continued)

u. Financial instruments (continued)

Hedging arrangements

The Group applies hedge accounting for transactions entered into to manage the fair value risks of borrowings. Cross currency interest rate swaps are held to manage the fair value risks which could arise from changes in interest rates and foreign currency rates.

Changes in the fair values of derivatives designated as fair value hedges are recognised in directly in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the hedged debt instrument is derecognised or the hedging instrument is terminated.

v. Share capital

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

w. Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

x. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

y. Government grants

Government Grants are measured at the fair value of the asset receivable. Where the grant becomes repayable it is recognised as a liability when the definition is met.

Management choose to recognise government grants in line with the accrual model:

- i. Grants related to revenue are recognised in income over the period in which the costs are recognised that the grant is intended to compensate. Where the grant is for expenses already incurred then the grant is recognised in the period which it becomes receivable.
- ii. Grants related to assets are recognised in income over the expected useful life of the associated asset. Where such grants are deferred it shall be recognised as deferred income and not deducted from the carrying amount of the asset.

Notes to the financial statements (*continued*)

2 Accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The preparation of the financial statements requires exercise of judgment by management, who are required to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the balance sheet, the amounts of income and expenses and the disclosures regarding contingent liabilities. These judgements include estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Technology platforms

Development expenditure on internal technology platforms is capitalised in accordance with the accounting policy for intangible assets. Initial capitalisation is based on management's judgement that technical and economic feasibility is confirmed, usually when a development project has reached a defined milestone. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Income taxes

The Group has operating activities around the globe and is subject to local tax laws. Management uses estimates in calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate in relation to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between the actual outcomes of these uncertain tax matters could have an effect on the tax liabilities and deferred taxes in the period in which the matter is finally decided.

Impairment of intangible assets and goodwill

At each reporting date, the Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, an estimate of the recoverable amount of the relevant cash generating units (CGUs) is required to determine the need for any impairment charges. This requires an estimation of the future cash flows from the CGUs and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Fair values in business combinations

The fair values of tangible and intangible assets acquired on the acquisition of subsidiaries involves the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. In addition, the estimation of any contingent consideration payable requires estimation of the level of profitability of the business acquired. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes and customer churn rates. In addition the use of discount rates requires judgement.

Notes to the financial statements (*continued*)

2 Accounting judgements and estimation uncertainty (*continued*)

Provisions

Provision is made for dilapidations, onerous leases, onerous contracts and employee benefits. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Notes to the financial statements *(continued)*

3 Revenue

The table below sets out an analysis of the Group's revenue by geography and business operation.

	Business support services	Marketing activation platform	Total	Business support services	Marketing activation platform	Total
	2022	2022	2022	2021	2021	2021
	€'000	€'000	€'000	€'000	€'000	€'000
UK, Rest of Europe, Middle East and Africa	130,121	191,051	321,172	158,174	196,666	354,840
Americas	206,248	309,543	515,791	157,666	234,233	391,899
Asia-Pacific	55,846	180,031	235,877	50,837	158,793	209,630
Total revenue	392,215	680,625	1,072,840	366,677	589,692	956,369

Revenue by business operation has been re-presented to better capture the operations of the Group's business units Williams Lea and Tag.

4 EBITDA and net operating expenses

Group EBITDA (Earnings before interest, tax, depreciation and amortisation) before exceptional items is calculated as follows:

	2022	2021
	€'000	€'000
Revenue	1,072,840	956,369
Net operating costs	(1,076,820)	(970,048)
Operating loss	(3,980)	(13,679)
Depreciation, impairment and amortisation	39,577	38,330
Exceptional items	23,574	31,295
EBITDA before exceptional items	59,171	55,946

Net operating expenses of the Group, including exceptional items (note 5), comprise:

	2022	2021
	€'000	Restated €'000
Cost of sales	862,956	760,596*
Administration expenses	225,762	222,765*
Other operating income	(11,898)	(13,313)
	1,076,820	970,048

* €24.6m of other staff costs primarily relating to freelance and contract workers which are directly related to costs of sales have been reclassified from administration expenses. This treatment is consistent with the current year classification of costs and does not impact on the consolidated profit or loss account or the consolidated statement of changes in equity.

Notes to the financial statements (continued)

5 Exceptional items

<i>Exceptional items included within net operating expenses (note 4) are categorised as follows:</i>	2022 €'000	2021 €'000
Administration expenses:		
Recruitment costs	93	212
Severance costs	4,807	2,231
Other staff costs	6,132	5,787
Legal, professional and consultancy fees	10,685	17,048
System separation and implementation costs	1,476	3,157
Other staff and reorganisation costs	381	2,860
	23,574	31,295

Exceptional items incurred during the year comprised:

- business transformation and restructuring which included costs to complete the separation of Williams Lea and Tag into two independent business units and insourcing of back office finance functions;
- the Tag Together global project which has fundamentally changed Tag's delivery model, providing the business with a unique competitive edge by transforming its global operating model to off-shoring activities and providing clients with scalable solutions and access to the best expertise at the highest levels of quality, networked from wherever they are located. The nature of costs incurred primarily relates to severance, other staff and other reorganisation costs;
- costs incurred on the refinancing of the Group's borrowings on 6 May 2022;
- professional fees for legal, accounting and tax advice in relation to the Group's sale of CCM on 1 April 2022 and business rationalisation and separation costs as a result of the sale; and
- professional fees for legal, accounting and tax advice in preparation for the Group's sale of the Tag business.

6 Operating loss

<i>Operating loss is stated after charging/(crediting)</i>	2022 €'000	2021 €'000
Wages and salaries	389,029	349,821
Social security costs	29,206	26,272
Other pension costs	11,629	10,993
Total staff costs	429,864	387,086
Operating lease rentals	18,352	20,529
Net foreign exchange gains	-	(1,380)
Exceptional items (note 5)	23,574	31,295
Amortisation and impairment of intangible fixed assets	33,903	31,443
Depreciation and impairment of tangible fixed assets	5,674	6,887
Loss on disposal of tangible and intangible fixed assets	410	1,562
(Reversal of impairment)/impairment of trade receivables	(518)	414

Notes to the financial statements *(continued)*

6 Operating loss *(continued)*

	2022	2021
	€'000	€'000
<i>Auditors' remuneration:</i>		
Audit of the Company and the Group consolidated financial statements	1,690	1,261
Amounts receivable by the Company's auditors and their associates in respect of:		
Audit of the Company's subsidiaries	435	333
Tax and other advisory services	2,606	3,081
Tax compliance services	751	930

7 Discontinued operations

As part of the Group's strategy to streamline operations, the Group sold its investment in WL CCM Limited ('CCM') on 1 April 2022 for a cash consideration of €10,236,000. CCM provided secure personalised customer communications through a transactional print service with limited back office integration into the Group. During the year, CCM contributed post-tax profits of €249,000. The net assets at the date of disposal were €5,123,000 and a profit on disposal of €5,113,000 was recognised in the profit and loss account.

8 Employees and directors

Employees

The Company has no employees (2021: none). The monthly average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Group	Group
	2022	2021
Business support services	6,089	6,010
Marketing activation platform	2,431	2,172
Administration	674	711
	<u>9,194</u>	<u>8,893</u>

Revenue by business operation has been re-presented to better capture the operations of the Group's business units Williams Lea and Tag. Administration includes employees in Group related support functions.

Notes to the financial statements (continued)

8 Employees and directors (continued)

Directors

Aggregate remuneration paid or payable to the directors, remunerated by the Group during the year, in respect of their services to both the Company and the Group amounted to €623,000 (2021: €579,000). The highest paid director's aggregate remuneration amounted to €623,000 (2021: €552,000). There are no post-employment benefits accruing for the directors under defined benefit schemes (2021: €nil) and no directors are members of defined contribution schemes. No directors exercised any share options during 2022 or 2021.

Key management compensation

Key management includes the directors and members of senior management which includes directors of group companies. The compensation paid or payable to key management for employee services is shown below:

	2022 €'000	2021 €'000
Salaries and other short-term benefits	5,880	4,023
Post employment benefits	81	70
	<u>5,961</u>	<u>4,093</u>

9 Interest receivable and similar income

	2022 €'000	2021 €'000
Bank interest receivable	34	14
Net foreign exchange gains	-	5,414
Other interest receivable	30	206
	<u>64</u>	<u>5,634</u>

10 Interest payable and similar expenses

	2022 €'000	2021 €'000
Senior bank loan interest	21,262	8,210
Amortisation of capitalised bank fees	2,870	1,182
Payment in kind loan interest	4,370	10,342
Net interest on post-employment benefits	169	137
Interest on receivables factoring	9,978	6,696
Net foreign exchange losses	3,983	-
Other interest payable	2,816	1,066
	<u>45,448</u>	<u>27,633</u>

Notes to the financial statements (continued)

11 Tax on loss

	2022	2021
	€'000	€'000
Analysis of charge/(credit) in year		
UK corporation tax		
Current tax on income for the year	-	-
Adjustments in respect of previous periods	788	(14)
Foreign tax		
Current tax on income for the year	6,796	4,735
Adjustments in respect of previous periods	(1,093)	(2,298)
Total current tax	<u>6,491</u>	<u>2,423</u>
Deferred tax		
Origination and reversal of timing differences	5,562	(5,270)
Adjustments in respect of previous periods	(1,145)	(2,554)
Effect of changes in tax rates	755	224
Total deferred tax	<u>5,172</u>	<u>(7,600)</u>
Tax on loss	<u>11,663</u>	<u>(5,177)</u>

Factors affecting the tax charge for the current year

The Group's income tax charge/(credit) for the year differed from the amount that would have resulted from applying the statutory rate of corporation tax in the UK to the Group's loss before tax for the reasons explained below.

	2022	2021
	€'000	€'000
Total tax reconciliation		
Loss before tax	(44,251)	(35,678)
Loss before tax multiplied by standard rate of corporation tax	(8,408)	(6,779)
Effects of:		
Expenses not deductible for tax purposes	7,900	8,944
Tax rate differences	755	224
Tax rates on overseas earnings	4,298	644
Adjustments in respect of previous periods	(1,450)	(4,866)
Deferred tax assets not recognised	11,772	102
Utilisation of previously unrecognised deferred tax assets	(788)	-
Foreign exchange and consolidation adjustments	(2,416)	(3,446)
Total tax charge/(credit)	<u>11,663</u>	<u>(5,177)</u>

Factors that may affect future current and total tax charges

The UK corporation tax rate is 19% (2021 - 19%).

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021 and the corporation tax rate increased to 25% in April 2023.

The effect of different foreign tax rates is due mainly to higher (2021 - higher) corporate tax rates in subsidiaries in the US, Japan and India.

Notes to the financial statements (continued)

12 Intangible assets

Group	Goodwill	Brands	Customer relationships	Technology platforms	Intangible assets under development	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 January 2022	108,638	79,900	85,900	78,299	10,999	363,736
Additions	-	-	-	3,199	7,271	10,470
Acquired in business combinations	31,262	-	-	10	-	31,272
Disposals	-	-	-	(15,581)	-	(15,581)
Transfers	-	-	-	8,688	(8,688)	-
Change in consideration estimate	1,446	-	-	-	-	1,446
Foreign currency translation adjustment	(7,053)	-	-	(4,197)	(528)	(11,778)
At 31 December 2022	134,293	79,900	85,900	70,418	9,054	379,565
Accumulated amortisation						
At 1 January 2022	24,082	21,907	23,724	60,449	-	130,162
Charge for year	7,622	5,365	5,810	7,084	-	25,881
Disposals	-	-	-	(14,455)	-	(14,455)
Impairment	-	-	-	8,022	-	8,022
Foreign currency translation adjustment	-	-	-	(3,354)	-	(3,354)
At 31 December 2022	31,704	27,272	29,534	57,746	-	146,256
Net book value						
At 31 December 2022	102,589	52,628	56,366	12,672	9,054	233,309
At 31 December 2021	84,556	57,993	62,176	17,850	10,999	233,574

The net book value of brands includes the following material items:

	Group 2022 €'000	Group 2021 €'000
Williams Lea Tag brand	50,311	55,384

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. Goodwill arising on the acquisition of AI Wertheimer Parentco UK Limited and its subsidiaries the Williams Lea Tag Group on 30 November 2017 is being amortised evenly over the directors' estimate of its useful life of 20 years. Goodwill arising on the 2018 acquisitions of Taylor James Group, THP Group and Popcorn Group, the 2021 acquisition of MoniMedia and the 2022 acquisitions of Lednyak & Associates, Intelligent Office and The Gate Films is being amortised over the directors' estimated useful life of 10 years for each acquisition.

The Group assesses at each reporting date whether there are any indicators that the carrying values of intangible assets may be impaired. Certain design costs amounting to €8,022,000 which relate to technology no longer being developed by the Group were impaired during the year. There were no other impairment indicators as at 31 December 2022 for the Group.

Company

The Company had no intangible assets at 31 December 2022 or at 31 December 2021.

Notes to the financial statements (continued)

13 Tangible assets

Group	Buildings	Plant and machinery	Computer and office equipment	Assets in the course of construction	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2022	14,380	3,990	8,245	1,876	28,491
Restatement*	4,712	6,757	14,641	-	26,110
At 1 January 2022 - restated	19,092	10,747	22,886	1,876	54,601
Additions	4,630	1,099	3,019	994	9,742
Acquired in business combinations	626	51	192	-	869
Disposals	(8,351)	(3,030)	(9,014)	(1,486)	(21,881)
Transfers	-	-	930	(930)	-
Foreign currency translation adjustment	(406)	(113)	(233)	(27)	(779)
At 31 December 2022	15,591	8,754	17,780	427	42,552
Accumulated depreciation					
At 1 January 2022	8,056	2,289	2,333	-	12,678
Restatement*	4,712	6,757	14,641	-	26,110
At 1 January 2022 - restated	12,768	9,046	16,974	-	38,788
Charge for year	1,836	499	2,176	-	4,511
Disposals	(5,764)	(2,125)	(7,637)	-	(15,526)
Impairment	635	-	528	-	1,163
Foreign currency translation adjustment	(591)	(167)	(169)	-	(927)
At 31 December 2022	8,884	7,253	11,872	-	28,009
Net book value					
At 31 December 2022	6,707	1,501	5,908	427	14,543
At 31 December 2021	6,324	1,701	5,912	1,876	15,813

* €26.1m has been restated at 1 January 2022 between cost and depreciation relating to Group acquisition adjustments in respect of assets either no longer in use, fully depreciated or previously disposed of by the Group. There is no impact on the net book value of fixed assets and no impact on the consolidated profit or loss account or the consolidated statement of changes in equity.

The net book amount of land and buildings comprises:

	2022	2021
	€'000	€'000
Short leasehold improvements	6,707	6,324

The impairment to cost of €1,163,000 included above mainly relates to the exit of a facility on the West Coast of the US which is no longer required due to the off-shoring of services as part of the Group's strategy to improve cost effectiveness, productivity and quality of service offering to clients.

Company

The Company had no tangible assets at 31 December 2022 and 31 December 2021.

Notes to the financial statements (continued)

14 Investments

Company	Shares in subsidiary under-taking €'000
Cost	
1 January 2022 and at 31 December 2022	177,403
Provisions	
1 January 2022 and at 31 December 2022	-
Net book value	
At 31 December 2022 and at 31 December 2021	177,403

The Company directly holds shares in its subsidiary undertaking AI Wertheimer Holdco UK Limited. A full list of all subsidiaries that make up the investments in Group entities is included in note 32.

15 Inventories

Group	2022 €'000	2021 €'000
Raw materials and consumables	54	940
Work in progress	9,021	4,367
Finished goods and goods for resale	1,112	785
	<u>10,187</u>	<u>6,092</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Company

The Company had no inventories at 31 December 2022 and 31 December 2021.

Notes to the financial statements (*continued*)

16 Debtors

Group

	2022	2021
	€'000	€'000
Trade debtors	131,303	134,955
Other debtors	12,778	14,218
Corporation tax assets	4,556	5,256
Deferred tax assets (note 22)	17,940	26,354
Prepayments and accrued income	46,324	45,931
	212,901	226,714
Trade debtors are stated after deducting provisions for impairment of	(954)	(1,645)
Other debtors includes amounts falling due after more than one year of	5,710	6,314

Other debtors falling due after more than one year include rent and dilapidation deposits on property.

The Group has access to Receivables Financing and Accelerated Payments schemes, with a maximum utilisation amount of up to €60m. Interest is charged at rates of between 2.25% and 12.75%. The Receivables Financing scheme was closed on 15 January 2023 and had an outstanding value at 31 December 2022 of €nil (2021 - €14.1m). The outstanding value of the Accelerated Payments scheme at 31 December 2022 was €56.1m (2021 - €31.6m).

Company

The Company had debtors of €603,000 at 31 December 2022 (2021: €602,000) which represented amounts owed by group undertakings which are unsecured, bear interest at rates based on EURIBOR and are repayable on demand.

17 Creditors: amounts falling due within one year

Group

	2022	2021
	€'000	€'000
Revolving credit facility (note 19)	12,250	28,516
Acquisition facility (note 19)	35,451	-
Senior bank loans (note 19)	-	119,801
Trade creditors	93,027	87,847
Corporation tax	5,202	5,819
Other taxation and social security costs	4,008	3,629
Other creditors	32,878	30,954
Accruals and deferred income	86,629	95,087
	269,445	371,653

Accruals and deferred income at 31 December 2022 includes an amount of €2.8m (US\$3.0m) (2021 - €2.6m (US\$2.9m)) in relation to a legal claim made against a subsidiary of the Group in 2020 for breach of employment practices in the State of California. Mediation proceedings were entered into with the claimant during 2021 and a settlement proposal amounting to US\$2.9m agreed in principle. A further US\$0.1m of fees have been accrued in 2022 and the claim is expected to be fully resolved by the end of 2023.

Notes to the financial statements (continued)

17 Creditors: amounts falling due within one year (continued)

Company

The Company had creditors falling due within one year of €9,000 at 31 December 2022 (2021: £nil) which represented amounts owed to group undertakings which are unsecured and repayable on demand.

18 Creditors: amounts falling due after more than one year

Group

	2022	2021
	€'000	€'000
Senior bank loans (note 19)	308,633	-
Payment in kind loan (note 19)	-	134,487
Other creditors	6,224	5,303
Derivative financial instruments	6,768	5,554
	<u>321,625</u>	<u>145,344</u>

Other creditors

Other creditors includes contingent consideration payable on the Group's acquisitions.

Derivative financial instruments

The Group entered into a series of replacement cross currency interest rate swaps effective 29 February 2020 to receive interest at EURIBOR and pay interest at fixed % rates. The swaps were based on a principal amount of €75m, being 75% of the outstanding principal Euro amount of the Group's original existing Euro senior bank loans at that time and had a maturity date of 28 February 2022. The swaps were subsequently extended to 10 and 13 May 2024 at the same principal amount of €75m. The instruments are used to hedge the Group's exposure to interest rate and currency movements on a proportion of its senior bank debt. The hedging arrangements fixed the total interest payable on the proportion of debt hedged to an average rate of 8.6% during the year. Payments are made quarterly on the interest rate swaps, until maturity, and on the senior loans payments are made either quarterly or semi-annually, at the discretion of the Group. The fair value of the swaps is €6,768,000 (2021: €5,554,000). During 2022, a loss of €1,214,000 (2021: €5,279,000) was recognised in the profit and loss account.

Company

The Company had no creditors falling due after more than one year at 31 December 2022 or at 31 December 2021.

Notes to the financial statements (continued)

19 Loans and other borrowings

Group	Revolving credit facility (note 17) €'000	Acquisition facility (note 17) €'000	Senior bank loans (notes 17,18) €'000	Payment in kind loan (note 18) €'000	Total €'000
Capital					
At 1 January 2022	28,516	-	120,923	134,487	283,926
Capitalised interest	-	-	-	2,942	2,942
Drawdowns	9,870	35,943	310,000	-	355,813
Repayments	(24,318)	-	(120,554)	(137,429)	(282,301)
Foreign currency translation adjustment	(619)	161	(369)	-	(827)
At 31 December 2022	13,449	36,104	310,000	-	359,553
Issue costs					
At 1 January 2022	-	-	(1,122)	-	(1,122)
New borrowings	(1,400)	(750)	(11,234)	-	(13,384)
Amortisation for year	201	97	2,572	-	2,870
Foreign currency translation adjustment	-	-	47	-	47
At 31 December 2022	(1,199)	(653)	(9,737)	-	(11,589)
Interest expense	-	-	13,718	-	13,718
Interest paid	-	-	(5,348)	-	(5,348)
Net loans and other borrowings					
At 31 December 2022	12,250	35,451	308,633	-	356,334
At 31 December 2021	28,516	-	119,801	134,487	282,804
Net loans and other borrowings are repayable as follows:					
Within one year	13,139	35,954	6,172	-	55,265
Between two to five years	(889)	(503)	302,461	-	301,069
At 31 December 2022	12,250	35,451	308,633	-	356,334

Senior bank loans

The Group's financing facility with a syndicate of lenders included senior loans of €120m at 31 December 2021 which were secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR or SONIA (subject to a 1% floor when EURIBOR or SONIA is less than zero) plus a ratchet margin of 4.5% - 5% depending on the Senior Secured Leverage Ratio.

On 6 May 2022, the Group signed a new financing agreement and on 10 May 2022 completed a refinancing of its existing borrowings whereby a new funding structure was put in place including a financing facility of €310m and a further acquisition facility of €50m both repayable in 2027. The existing senior bank loans of €120m were repaid in full on 10 May 2022. Interest under the new financing facility is charged at a rate of EURIBOR (subject to 0% floor when EURIBOR is less than zero) plus a ratchet margin of 6.25% - 7.00% depending on the leverage ratio. The loans are secured by charges over a number of the Group's trading subsidiaries in the UK.

Notes to the financial statements (continued)

19 Loans and other borrowings (continued)

Payment in kind loan

The PIK loan at 31 December 2021 was secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR (subject to a 0% floor when EURIBOR is less than zero) plus a scaled margin starting at 6.25% in year one and rising to 9.5% in year 6. The PIK loan, which was repayable on 31 May 2023, was repaid on 10 May 2022 following the new financing arrangements entered into on 6 May 2022.

Revolving credit facility

The Group's financing facility with a syndicate of lenders also included a revolving facility of €30m at 31 December 2022 which was secured by a charge over all of the Group's subsidiaries. Interest was charged at a rate of EURIBOR or SONIA (subject to a 1% floor when EURIBOR or SONIA is less than zero) plus a ratchet margin of 2.25% - 3% depending on the Senior Secured Leverage Ratio. Drawdowns on this facility at 31 December 2021 amounted to €28.5m. This facility was repaid during 2022 and replaced with a new revolving credit facility of €40m maturing in 2025 with interest to be charged at variable interest rates. Drawdowns on this new revolving facility that were outstanding as at 31 December 2022 totalled €13.4m. Drawdowns as at the date of these financial statements amounted to €19.9m.

Acquisition facility

The new financing facility also includes an acquisition facility of €50m, which is secured by a charge over all of the Group's subsidiaries. Interest is charged at a rate of EURIBOR (subject to 0% floor when EURIBOR is less than zero) plus a ratchet margin of 6.25% - 7.00% depending on the leverage ratio. An additional step up of 0.50% or 0.75% per annum shall apply on drawdowns in GBP and USD, respectively. Drawdowns on the acquisition facility that were outstanding as at 31 December 2022 and as at the date of these financial statements amounted to €36.1m.

Guarantees

Guarantees issued by Group companies and which are not recognised on the balance sheet at 31 December 2022 amounted to €1.2m (2021 - €0.9m). The obligations covered by the guarantees include workers compensation in the US of €0.8m (2021 - €0.7m), lease liabilities and trade obligations in Australia of €0.1m (2021 - €0.1m) and lease liabilities and a Software Technology Parks of India guarantee in India of €0.3m (2021 - €0.1m). Maturity dates vary and the guarantees will terminate on payment and/or cancellation of the obligation. A payment under a guarantee contract would be triggered by failure of the guaranteed party to fulfil its obligation covered by the guarantee.

Company

The Company had no loans, other borrowings or outstanding guarantees as at 31 December 2022 or at 31 December 2021.

Notes to the financial statements (*continued*)

20 Post-employment benefits

Group

Defined contribution pension schemes

The Group operates a number of country-specific defined contribution plans for its employees. The pension charge for the year represents contributions payable by the Group to the plans and amounted to €11,629,000 (2021: €10,993,000). There were no outstanding or prepaid contributions as at 31 December 2022 (2021: €nil). The plan's assets are held separately from the Group in independently administered funds.

Defined benefit schemes

The Group also operates a number of country-specific defined benefit schemes for its employees, in the UK, Germany, France and India. Details of the material Group schemes are disclosed below.

a. UK defined benefit bridging pension scheme

The UK Group funds a bridging pension scheme for certain former employees of The Stationery Office Limited who were made redundant between the ages of 50 and 60, with entitlements structured on age and service. The arrangement is closed to further accrual. The scheme was valued by a qualified independent actuary at 31 December 2022, using the assumptions below.

<i>Valuation assumptions</i>	2022	2021
Long term inflation assumption	2.45%	3.00%
Rate of increase in pensions in payment	2.45%	3.00%
Discount rate	4.80%	1.75%

The long term inflation and pension increases assumptions are based on CPI.

The post-retirement mortality assumptions used are based on the S3PXA CMI 2021 1.25% LTR and are as follows:

<i>Life expectancy from age 60</i>	2022	2021
	Years	Years
Males currently aged 60	86.6	86.6
Female currently aged 60	89.2	89.2

b. The movements on the Group defined benefit pension scheme liabilities during the year, by country, were as follows:

	UK	Germany	India	Group
	€'000	€'000	€'000	€'000
At 1 January 2022	7,223	477	772	8,472
Current service cost	-	6	301	307
Actuarial gain	(1,052)	-	-	(1,052)
Interest cost	119	7	43	169
Amounts paid	(559)	(30)	(36)	(625)
Foreign exchange adjustment	(318)	-	(135)	(453)
At 31 December 2022	5,413	460	945	6,818

Notes to the financial statements *(continued)*

20 Post-employment benefits *(continued)*

	2022	2021
	€'000	€'000
<i>Analysis of profit and loss charge:</i>		
Current service cost	307	96
Interest cost	169	137
	<u>476</u>	<u>233</u>

	2022
	€'000
<i>Movement on plan assets:</i>	
At 1 January 2022	665
Interest income	30
Return on plan assets, less interest income	(2)
Benefits paid	(151)
At 31 December 2022	<u>542</u>

	2022	2021
	€'000	€'000
<i>Actual return on plan assets:</i>		
Interest income	30	26
Return on plan assets, less interest income	(2)	(4)
	<u>28</u>	<u>22</u>

	2022	2021
	€'000	€'000
<i>Fair value of plan assets:</i>		
Assets under insurance schemes	<u>542</u>	<u>665</u>

Company

The Company has no employees and therefore does not operate a pension scheme.

Notes to the financial statements *(continued)*

21 Provisions for other liabilities

	Deferred tax (Note 22)	Dilapidations and onerous leases	Onerous contracts	Employee benefits	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2022	6,896	7,382	1,309	6,519	22,106
Business combinations	-	-	-	211	211
Amounts utilised	-	(5,160)	(78)	(2,526)	(7,764)
(Charge)/credit to the profit and loss for the year:					
Additional amounts provided	(2,241)	275	2,961	870	1,865
Amounts released unused	-	(1,301)	(1,223)	-	(2,524)
Foreign exchange translation adjustment	-	(156)	177	86	107
At 31 December 2022	4,655	1,040	3,146	5,160	14,001

Dilapidations and onerous leases

As part of the Group's property leasing arrangements there is an obligation to restore property to its original condition at the end of the lease. The expected cost is charged to profit and loss at the start of the lease and deferred in its entirety. This deferred expenditure is amortised on a straight-line basis over the term of the lease. The provision is expected to be utilised between 2023 and 2029 as the leases terminate.

Onerous contracts

The Group regularly assesses its client and supplier contracts to ensure that the expected economic benefits exceed the unavoidable costs of meeting the Group's obligations under those contracts. Where costs to fulfil a contract are determined as exceeding the economic benefits, an immediate charge is made to profit and loss. The provision is expected to be utilised between 2023 and 2024.

Employee benefits

Employee benefits includes provision for long service leave for the Group's employees in Australia and provision for a non-qualified deferred compensation plan for employees in the US. Employees decide how much they wish to defer from receipt as income and select the funds in which those funds should be invested. There is no employer investment involvement and no funding assumptions are required. There are a number of different benefit schemes across different regions, with the expectation to be utilised by 2030.

Notes to the financial statements (continued)

22 Deferred tax

The elements of the deferred tax assets and provisions are as follows:

	2022 €'000	2021 €'000
Group		
<i>Asset (note 16)</i>		
Accelerated capital allowances	3,047	2,794
Other timing differences	4,519	7,912
Tax losses	7,276	11,520
Post-employment benefits	1,353	1,818
Provisions for other liabilities	1,745	2,310
	<u>17,940</u>	<u>26,354</u>
<i>Provisions (note 21)</i>		
Acquired intangible assets	<u>4,655</u>	<u>6,896</u>

	Acquired intangible assets €'000	Tax losses €'000	Capital allowances €'000	Post- employment benefits €'000	Other timing differences €'000	Total €'000
Group						
At 1 January 2022	(6,896)	11,520	2,794	1,818	10,222	19,458
Credit/(charge) to the profit and loss for the year	2,241	(4,933)	2,100	(189)	(5,536)	(6,317)
Adjustments in respect of previous periods	-	258	(315)	5	1,197	1,145
Charge to other comprehensive income	-	-	-	(263)	-	(263)
Acquisitions and disposal of businesses	-	-	(1,394)	(18)	60	(1,352)
Foreign exchange translation adjustment	-	431	(138)	-	321	614
At 31 December 2022	<u>(4,655)</u>	<u>7,276</u>	<u>3,047</u>	<u>1,353</u>	<u>6,264</u>	<u>13,285</u>

The net deferred tax asset expected to reverse in 2023 is €6.7m. This relates to the utilisation of tax losses in the US and Japan.

The Group has additional unused tax losses of €222m (2021: €151m), mostly in the UK, which can be carried forward indefinitely and used against future taxable profits in the same tax group. Recognition of these assets in the entirety would result in an increase in the reported deferred tax asset of €55m (2021: €38m).

Notes to the financial statements (continued)

23 Financial instruments

Group	2022 €'000	2021 €'000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	131,303	134,955
Other debtors	12,778	14,218
	<u>144,081</u>	<u>149,173</u>
<i>Financial liabilities measured at fair value through profit or loss</i>		
Derivative financial instruments	6,768	5,554
<i>Financial liabilities measured at amortised cost</i>		
Revolving credit facility	12,250	28,516
Acquisition facility	35,451	-
Senior bank loan	308,633	119,801
Payment in kind loan	-	134,487
Trade creditors	93,027	87,847
Accruals	86,629	95,087
Other creditors	39,102	36,257
	<u>575,092</u>	<u>501,995</u>

24 Called up share capital

Group and Company

Ordinary shares of €0.01 each	2022 Number 000s	2022 €'000	2021 Number 000s	2021 €'000
<i>Allotted, called up and fully paid</i>				
At 1 January	17,730,706	177,307	17,730,706	177,307
At 31 December	<u>17,730,706</u>	<u>177,307</u>	<u>17,730,706</u>	<u>177,307</u>

The ordinary shares issued by the Company have full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

25 Capital and other commitments

In addition to deferred consideration payable on acquisitions disclosed in note 27, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022 €'000	2021 €'000
Not later than one year	13,517	13,603
Later than one year and not later than five years	24,841	30,055
Later than five years	3,591	7,503
	<u>41,949</u>	<u>51,161</u>

Company

The Company had no capital or other commitments as at 31 December 2022 or at 31 December 2021.

Notes to the financial statements (continued)

26 Notes to the cash flow statement

	2022 €'000	2021 €'000
Loss for the financial year	(55,914)	(30,501)
Adjustments for:		
Tax on loss	11,663	(5,177)
Net interest expense	45,384	21,999
Profit on disposal of operations	(5,113)	-
Operating loss	(3,980)	(13,679)
Amortisation and impairment	33,903	31,443
Depreciation and impairment	5,674	6,887
Loss on disposal of tangible and intangible assets	410	1,562
(Reversal of impairment)/impairment of trade receivables	(518)	414
Post-employment benefits less payments	(625)	(478)
Other provisions less payments	(5,163)	1,245
	29,701	27,394
 Working capital movements:		
(Increase)/decrease in inventories	(5,360)	1,267
(Increase)/decrease in debtors	(2,125)	(9,215)
(Decrease)/increase in creditors	(9,134)	8,078
Net cash from operating activities	13,082	27,524

Analysis of changes in net debt

	At beginning of year €'000	Cash flow €'000	Other non- cash changes €'000	Foreign exchange adjustment €'000	At end of year €'000
Cash at bank and in hand	43,649	9,952	-	(578)	53,023
Cash and cash equivalents	43,649	9,952	-	(578)	53,023
 Revolving credit facility (net of issue costs)	(28,516)	15,848	(201)	619	(12,250)
Acquisition facility (net of issue costs)	-	(35,193)	(97)	(161)	(35,451)
Senior bank loans (net of issue costs)	(119,801)	(178,212)	(10,942)	322	(308,633)
Payment in kind loan	(134,487)	137,429	(2,942)	-	-
Total	(239,155)	(50,176)	(14,182)	202	(303,311)

Notes to the financial statements (*continued*)

27 Business combinations

a) Lednyak & Associates

On 29 July 2022, Tag Worldwide(Australia) Pty Ltd acquired 100% of the issued share capital of Lednyak & Associates Pty Ltd ('L&A'), a strategic creative social media agency based in Sydney, Australia for a total consideration of €13.2m.

The goodwill of €11.0m arising from the acquisition is attributable to the future revenue streams projected by L&A with an increased recognition of social media as an advertising forum gaining a larger share of clients' marketing spend. L&A's social expertise in strategic social consulting, influencer management, campaign development, community management, digital content development, analytics and insights complements the Group's existing social media and digital capabilities

Management have estimated the useful life of the goodwill to be 10 years.

The following tables summarise the consideration paid by the Group, the revised fair values of assets acquired and liabilities assumed at the acquisition date.

	2022
	€'000
Consideration as at 29 July 2022	
Equity	3,828
Cash	4,371
Adjustment payment	1,170
Deferred consideration	3,612
Directly attributable costs	175
Total	13,156

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration paid including directly attributable costs	4,546
Less: cash and cash equivalents acquired	(3,090)
Net cash outflow	1,456

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value	Adjustments	Fair value
	€'000	€'000	€'000
Intangible fixed assets	3	-	3
Tangible fixed assets	69	-	69
Debtors	898	-	898
Cash at bank and in hand	3,090	-	3,090
Creditors	(994)	(668)	(1,662)
Provisions for other liabilities	(206)	-	(206)
Total identifiable assets	2,860	(668)	2,192
Goodwill arising on acquisition			10,964
Total			13,156

Adjustments arising on acquisition relate to accruals for administration expenses. As at the date of preparing the 2022 Group financial statements, no other adjustments to the values of the acquired assets and liabilities have been identified.

€1,761,000 deferred consideration is payable in July 2023 and €1,851,000 deferred consideration is payable in July 2024.

The revenue from L&A included in the profit and loss account for 2022 was €1,937,000 for the five-month period since acquisition. L&A also contributed a profit before tax of €650,000 over the same period.

Notes to the financial statements (continued)

27 Business combinations (continued)

b) Intelligent Office

On 1 October 2022, Williams Lea Group Limited acquired 100% of the issued share capital of IO Outsourcing Limited, including its wholly-owned subsidiaries Intelligent Office UK Limited, Intelligent Office Consulting Services Limited and Intelligent Office Transcription Services Limited (collectively referred to as 'IO') for a total consideration of €17.3m. IO is a UK-based outsourced support solutions provider with an attractive portfolio of office, administrative and secretarial support services to the legal sector.

The goodwill of €16.6m arising from the acquisition is attributable to the future revenue streams projected by IO. The business has a strong client base including a number of UK top 200 law firms, strengthening the Group's product offering in the UK legal market.

Management have estimated the useful life of the goodwill to be 10 years.

The following tables summarise the consideration paid by the Group, the revised fair values of assets acquired and liabilities assumed at the acquisition date.

	2022 €'000
Consideration as at 1 October 2022	
Cash	16,255
Directly attributable costs	1,061
Total	<u>17,316</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration paid including directly attributable costs	17,316
Less: cash and cash equivalents acquired	(6,516)
Net cash outflow	<u>10,800</u>

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value €'000	Adjustments €'000	Fair value €'000
Intangible fixed assets	7	-	7
Tangible fixed assets	141	-	141
Debtors	1,642	-	1,642
Cash at bank and in hand	6,516	-	6,516
Creditors	(7,552)	-	(7,552)
Total identifiable assets	<u>754</u>	<u>-</u>	<u>754</u>
Goodwill arising on acquisition			16,562
Total			<u>17,316</u>

As at the date of preparing the 2022 Group financial statements, no adjustments to the values of the acquired assets and liabilities have been identified.

The revenue from IO included in the profit and loss account for 2022 was €8,485,000 for the three-month period since acquisition. A loss before tax of €76,000 has also been included over the same period.

Notes to the financial statements *(continued)*

27 Business combinations *(continued)*

c) The Gate Films

On 30 December 2022, Tag Europe Limited acquired 100% of the issued share capital of G8 FLM Ltd, a UK film production business, and its wholly-owned subsidiaries Marketing Media Investments Limited, Foundry Film Studios Limited and The Gate Films Limited (collectively known as 'The Gate') for a total consideration of €4.5m.

The goodwill of €3.7m arising from the acquisition is attributable to the future revenue streams projected by The Gate. The acquisition enhances the Group's production services, including premium hero and content film production, virtual studio production, animation and the provision of access to A-list directors.

Management have estimated the useful life of the goodwill to be 10 years.

The following tables summarise the consideration paid by the Group, the revised fair values of assets acquired and liabilities assumed at the acquisition date.

	2022 €'000
Consideration as at 30 December 2022	
Cash	2,179
Deferred consideration	2,145
Directly attributable costs	159
Total	4,483

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration paid including directly attributable costs	2,338
Less: cash and cash equivalents acquired	(822)
Net cash outflow	1,516

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value €'000	Adjustments €'000	Fair value €'000
Tangible fixed assets	659	-	659
Debtors	2,799	(70)	2,729
Cash at bank and in hand	822	-	822
Creditors	(2,976)	19	(2,957)
Loans	(495)	-	(495)
Deferred tax provision	(6)	-	(6)
Provisions for other liabilities	(5)	-	(5)
Total identifiable assets	798	(51)	747
Goodwill arising on acquisition			3,736
Total			4,483

Adjustments arising on acquisition relate to a change to the accounting policy for revenue recognition and related cost of sales accruals and work in progress. No other adjustments to the values of the acquired assets and liabilities have been identified as at the date of preparing the 2022 Group financial statements.

Deferred consideration of €451,000 is payable in June 2023 and the remaining balance of €1,694,000 is payable in 3 equal instalments in December 2023, June 2024 and December 2024.

The revenue from The Gate and profits for the 1 day since acquisition are not material.

Notes to the financial statements (*continued*)

28 Events after the reporting period

Disposal of Tag business

On 7 March 2023, it was announced that Advent International Corporation ('Advent') had agreed to sell the Group's Tag business ('Tag') to Dentsu Group Inc. ('dentsu'), one of the world's largest global marketing and advertising agency networks. The transaction has been approved by the boards of directors of both the Group and dentsu and is anticipated to close in mid-2023 subject to receipt of required antitrust approvals and customary closing conditions.

29 Related party disclosures

Group and Company

Other than the transactions disclosed in note 8, Employees and directors, the Group's related party transactions were with wholly owned subsidiaries.

30 Controlling party

The immediate parent Company is AI Wertheimer (Luxembourg) S.à.r.l.

The directors regard the ultimate controlling party as GPE VIII funds managed by Advent International Corporation.

AI Wertheimer Holdings Limited is the parent undertaking of the largest group for which consolidated financial statements are prepared. Copies of these financial statements can be obtained from 1-5 Poland Street, London, England, W1F 8PR.

31 Non-controlling interests

Group

	2022	2021
	€'000	€'000
At 1 January	(1,361)	(273)
Total comprehensive loss for the year attributable to non-controlling interests	(3,409)	(1,150)
Total changes in ownership interests in subsidiaries that do not result in a loss of control	(3,681)	(2,314)
Other transactions with non-controlling interests	3,828	2,376
At 31 December	(4,623)	(1,361)

32 Subsidiaries and related undertakings

The list of subsidiaries and other related undertakings is as follows:

Name	Address of the registered office	Interest	Nature of business
AI Wertheimer Holdco UK Limited* (UK company no: 11024760)	1-5 Poland Street, London, England, W1F 8PR	95.13%	Holding Company
AI Wertheimer Debtco UK Limited* (UK company no. 11026824)	1-5 Poland Street, London, England, W1F 8PR	100%	Holding Company
AI Wertheimer Midco UK Limited* (UK company no. 11027218)	1-5 Poland Street, London, England, W1F 8PR	100%	Holding Company

Notes to the financial statements (continued)

32 Subsidiaries and related undertakings (continued)

Name	Address of the registered/principal office	Interest	Nature of business
Wertheimer UK Limited* (UK company no. 10888457)	1-5 Poland Street, London, England, W1F 8PR	100%	Holding Company
Wertheimer Germany GmbH	Menuhinstraße 6, 53113, Bonn, Germany	100%	Holding company
AI Wertheimer USA Inc	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Holding Company
Foundry Film Studios Limited ¹	1-5 Poland Street, Soho, London, W1F 8PR	100%	Film production
G8 FLM LTD ¹	1-5 Poland Street, Soho, London, W1F 8PR	100%	Holding company
GoodsandServices.tv Limited* (UK company no. 02302673)	1-5 Poland Street, London, England, W1F 8PR	100%	Pre-media production and creative services
Intelligent Office Consulting Services Limited ²	The E Centre, Cooperage Way, Alloa, Scotland, FK10 3LP	100%	Dormant
Intelligent Office Transcription Services Limited ²	The E Centre, Cooperage Way, Alloa, Scotland, FK10 3LP	100%	Communication supply chain services
IO Outsourcing Limited ²	Darwin House Leeds Valley Park, Savannah Way, Leeds, England, LS10 1AB	100%	Communication supply chain services
Intelligent Office UK Limited ²	The E Centre, Cooperage Way, Alloa, Scotland, FK10 3LP	100%	Communication supply chain services
Lednyak & Associates Pty Ltd ³	Level 3, 40 King Street, Sydney, NSW 2000	100%	Social media agency
LLC Tag Rus (OOO "ТАГ РУС")	16 Kalanchevskaya St., bld 1, 4/1A2, 129090, Moscow, Russian Federation	100%	Marketing
Marketing Media Investments Limited ¹	1-5 Poland Street, Soho, London, W1F 8PR	100%	Holding company
Moni-Media Limited	7/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong	100%	Digital commerce solutions
Moni-Media Pte. Ltd.	80 Robinson Road, #02-00, Singapore 068898	100%	Digital commerce solutions
Moni-Media (Taiwan) Company Limited	12th Floor, No. 81-1, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	100%	Digital commerce solutions
Popcorn Displays Australia Pty Limited	Level 2, 60-62 Clarence St, Sydney NSW 2000, Australia	100%	Design and manufacture of point of sale displays

Notes to the financial statements (*continued*)

32 Subsidiaries and related undertakings (*continued*)

Name	Address of the registered office	Interest	Nature of business
Popcorn Displays USA Inc	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Pre-media production and creative services
Smoke and Mirrors Productions Limited* (UK company no. 03012951)	1-5 Poland Street, London, England, W1F 8PR	100%	Pre-media production and creative services
Tag Belgium SA	Chaussée de Charleroi, 112, Saint Gilles, 1060 Brussels, Belgium	100%	Marketing
Tag EquityCo Limited	c/o Equity Trust Company (Cayman) Limited, 4th Floor, Monaco Towers, 11 Dr Roy's Drive, PO Box 10338, Grand Cayman, KY1-1003, Cayman Islands	100%	Dormant
Tag Europe Limited* (UK company no. 02299109)	1-5 Poland Street, London, England, W1F 8PR	100%	Marketing
Tag India Private Limited	Room 203, Second Flr, 2-A/3 Kundan Mansion, Asaf Ali Rd, New Delhi, Delhi, 110002, India	100%	Marketing
Tag Japan Limited	Gotenyama Trust Tower 9f., 7- 35, Kitashinagawa 4-chome, Shinagawa-ku, Tokyo, Japan	100%	Marketing
Tag Pac Limited* (UK company no. 06434923)	1-5 Poland Street, London, England, W1F 8PR	100%	Non-trading
Tag Response Limited* (UK company no. 02656579)	1-5 Poland Street, London, England, W1F 8PR	100%	Holding company
Tag Sao Paulo Servicos de Consultoria Ltda.	Rua Wisard, no. 305, Sala 52, Edificio 'W305', Bairro Vila Madalena, Sao Paulo, CEP 05434-080, Brazil	100%	Marketing
Tag Topco Limited* (UK company no. 07535335)	1-5 Poland Street, London, England, W1F 8PR	100%	Non-trading
Tag Worldwide Asia Limited	4007 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100%	Marketing
Tag Worldwide (Australia) Pty Ltd	Level 3, 40 King Street, Sydney, NSW 2000	100%	Marketing
Tag Worldwide (Canada) Holdings Inc	44 Chipman Hill Suite 1000, Saint John NB E2L 2A9, Canada	100%	Pre-media production and creative services

Notes to the financial statements *(continued)*

32 Subsidiaries and related undertakings *(continued)*

Name	Address of the registered/principal office	Interest	Nature of business
Tag Worldwide (Canada) Inc	349 Carlaw Avenue, Suite #301, Toronto ON M4M 2T1, Canada	100%	Advertising agency
Tag Worldwide France SAS	33 Rue Lafayette, Paris, 75009, France	100%	Marketing
Tag Worldwide GmbH	Menuhinstraße 6, 53113, Bonn, Germany	100%	Marketing
Tag Worldwide Group Limited* <i>(UK company no. 01031786)</i>	1-5 Poland Street, London, England, W1F 8PR	100%	Marketing
Tag Worldwide Holdings Limited* <i>(UK company no. 05696914)</i>	1-5 Poland Street, London, England, W1F 8PR	100%	Holding Company
Tag Worldwide (Italy) S.R.L.	Largo Toniolo, 6, 00186, Roma, Italy	100%	Pre-media production and creative services
Tag Worldwide (Malaysia) Sdn BHD.	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	100%	Marketing
Tag Worldwide (Netherlands) BV	Anchorageaan 32, 1118LD Schiphol, The Netherlands	100%	Marketing
Tag Worldwide Pty Limited	Level 3, 40 King Street, Sydney, NSW 2000	100%	Marketing
Tag Worldwide (Shanghai) Co Limited	Unit 05-06, 6F, Tower 1, Shanghai Arch, 523 Lou Shan Guan Road, Shanghai 200051, P.R.China	100%	Marketing
Tag Worldwide (Singapore) Pte. Ltd	90 EU Tong Sen Street, #03-01, 059811 Singapore	100%	Marketing
Tag Worldwide Spain SL	Rambla Catalunya, 62 ppal.1ª, 08007 Barcelona, Spain	100%	Marketing
Tag Worldwide Tech Limited* <i>(UK company no. 13755206)</i>	1-5 Poland Street, Soho, London, W1F 8PR	100%	Marketing
Tag Worldwide (Thailand) Company Limited	No. 44, Soi Sukhumvit 64, Sukhumvit Road, Phra Khanong-Tai Sub-district, Phra Khanong District, Bangkok, Thailand	100%	Pre-media production and creative services

Notes to the financial statements (continued)

32 Subsidiaries and related undertakings (continued)

Name	Address of the registered/principal office	Interest	Nature of business
Tag Worldwide (USA) Holdings Inc.	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Holding company
Tag Worldwide (USA) Inc	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Marketing
Tag Worldwide (Vietnam) IM Company Limited	Số 617-617A, Quốc lộ 13, Khu phố 3, Phường Hiệp Bình Phước, Thành phố Thủ Đức, Thành phố Hồ Chí Minh Vietnam	100%	Marketing
TAGWW MÉXICO, S. DE R.L. DE C.V.	Av. Insurgentes Sur 1605, Piso 12, Col. San José Insurgentes, Del. Benito Juárez, C.P. 03900, Mexico City	100%	Marketing
Taylor James GmbH	c/o Bunzel and Partner StbG mbH, Kronenstraße 1, 10119, Berlin, Germany	100%	Non-trading
Taylor James (Holdings) Limited	1-5 Poland Street, London, England, W1F 8PR	100%	Holding Company
Taylor James Limited	1-5 Poland Street, London, England, W1F 8PR	100%	Pre-media production and creative services
Taylor James Ltd	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Pre-media production and creative services
The Gate Films Limited ¹	1-5 Poland Street, Soho, London, W1F 8PR	100%	Film production
The Stationery Office Holdings Limited	18 Central Avenue St. Andrews Business Park Norwich, NR7 0HR	100%	Non-trading
The Stationery Office Limited* (UK company no. 03049649)	18 Central Avenue St. Andrews Business Park Norwich, NR7 0HR	100%	Communication supply chain services
The Stationery Office Pension Trustees Limited	18 Central Avenue St. Andrews Business Park Norwich, NR7 0HR	100%	Dormant
THP International Limited	1-5 Poland Street, London, England, W1F 8PR	100%	Advertising agency
THP USA Inc	530 Seventh Ave, 23rd Floor, New York, NY 10018, USA	100%	Advertising agency
Wertheimer FX Company Limited** (UK company no. 13979373)	1-5 Poland Street, Soho, London, W1F 8PR	100%	Financial management
Williams Lea Limited* (UK company no. 02119266)	Darwin House Leeds Valley Park, Savannah Way, Leeds, England, LS10 1AB	100%	Communication supply chain services

Notes to the financial statements *(continued)*

32 Subsidiaries and related undertakings *(continued)*

Name	Address of the registered/principal office	Interest	Nature of business
Williams Lea LLC	535 8th Avenue 4th Floor New York, NY 10018 USA	100%	Communication supply chain services
Williams Lea Argentina S.A.	c/o Severgnini Robiola Grinberg Larrechea, Reconquista 336, 2ndo Piso, Buenos Aires C1003ABH, Argentina	100%	Dormant
Williams Lea Australia Pty Ltd	c/o Ehh Accountants & Advisors, Suite 11, 431 Burke Road, Glen Iris VIC 3146, Australia	100%	Communication supply chain services
Williams Lea (Beijing) Limited	Room 1201-28, No.8 Jianguomenbei Road, Dongcheng District, Beijing, China	100%	Communication supply chain services
Williams Lea (Brazil) Assessoria Em Solucoes Empresariais Ltda.	Rua Wisard, no. 305, Sala 52, Edificio 'W305', Bairro Vila Madalena, Sao Paulo, CEP 05434-080, Brazil	100%	Communication supply chain services
Williams Lea (Canada), Inc.	3700-1000 rue De La Gauchetière Montréal (Québec) H3B4W5, Canada	100%	Communication supply chain services
Williams Lea Finland Oy	c/o Revico Grant, Thornton Oy, PL 18 00271, Helsinki, Finland	100%	Dormant
Williams Lea France SAS	122 rue Amelot 75011 Paris France	100%	Communication supply chain services
Williams Lea Germany GmbH	Opemplatz XIV, 60313, Frankfurt am Main, Hesse, Germany	100%	Communication supply chain services
Williams Lea Group Limited* <i>(UK company no. 01627560)</i>	Darwin House Leeds Valley Park, Savannah Way, Leeds, England, LS10 1AB	100%	Holding Company
Williams Lea (Hong Kong) Limited	4007 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100%	Communication supply chain services
Williams Lea India Private Limited	Module 0308, D Block Tidel Park, 4 Canal Bank Road, Taramani, Chennai 600113, India	100%	Communication supply chain services
Williams Lea International Limited* <i>(UK company no. 02682240)</i>	Darwin House Leeds Valley Park, Savannah Way, Leeds, England, LS10 1AB	100%	Holding company

Notes to the financial statements (continued)

32 Subsidiaries and related undertakings (continued)

Name	Address of the registered/principal office	Interest	Nature of business
Williams Lea Ireland Limited	Ground Floor, 71 Lower Baggot Street, Dublin D02 P593, Ireland	100%	Communication supply chain services
Williams Lea Japan Limited	Gotenyama Trust Tower 9f., 7-35, Kitashinagawa 4-chome, Shinagawa-ku, Tokyo, Japan	100%	Communication supply chain services
Williams Lea Private Limited	8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095, Singapore	100%	Communication supply chain services
Williams Lea Ukraine LLC	23 A Yaroslaviv Val Street, Kyiv 01034, Ukraine	100%	In liquidation

* The financial statements for the year ended 31 December 2022 for these subsidiaries have been exempted from audit under section 479A of the Companies Act 2006 by way of parental guarantee from AI Wertheimer Parentco UK Limited.

All of the above subsidiaries are included in the consolidation and are held indirectly with the exception of AI Wertheimer Holdco UK Limited which is held directly.

WL CCM Limited (formerly Williams Lea CCM Limited) was sold on 1 April 2022.

Notes:

1. Acquired 30 December 2022.
2. Acquired 1 October 2022.
3. Acquired 29 July 2022.
4. Incorporated 16 March 2022.