Group Holdco 1 Limited

Consolidated financial statements

for the year ended 31 March 2023

Registered number: 13868078

DIRECTORS
S Batchelor (Appointed 4 June 2022)
M Brockman (Appointed 4 June 2022)
N J Humphries (Appointed 4 June 2022)
J V Simson (Appointed 4 June 2022)
S Bough (Appointed 31 October 2022)
A Sukawaty (Appointed 31 October 2022)
A Cline (Appointed 13 February 2023)
M Ali (Appointed 24 January 2022, Resigned 4 June 2022)
A D Jessop (Appointed 24 January 2022, Resigned 4 June 2022)
P Marshall (Appointed 5 December 2022, Resigned 31 March 2023)

BOARD
S Batchelor (Appointed 4 June 2022)
M Brockman (Appointed 4 June 2022)
N J Humphries (Appointed 4 June 2022)
J V Simson (Appointed 4 June 2022)
S Bough (Appointed 31 October 2022)
A Sukawaty (Appointed 31 October 2022)
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M Ali (Appointed 24 January 2022, Resigned 4 June 2022)
A D Jessop (Appointed 24 January 2022, Resigned 4 June 2022)
P Marshall (Appointed 5 December 2022, Resigned 31 March 2023)

AUDITOR
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

REGISTERED OFFICE
2 More London Riverside
London
SE1 2AP

STRATEGIC REPORT

The Directors present their annual report and audited Group and Company financial statements for the year ending 31 March 2023.

The financial statements of Group Holdco 1 Limited ("the firm" or "the Company") reflect the results for the year to 31 March 2023. These financial statements consolidate the accounts of the Company and all of its subsidiary undertakings (together, "the Group"), drawn to 31 March 2023. These are the first set of financial statements of the Company as the parent company of the Group following a re-organisation which is explained further within Note 1. The comparative information is that of HgCapital LLP as the parent company of the Group following the application of merger accounting.

REVIEW OF BUSINESS

The Group's profit before taxation has increased from $20,163,000 for the year ended 31 March 2022 to $157,173,000 for the year ended 31 March 2023.

BUSINESS STRATEGY

The objective of the Group is to manage fund partnerships which are primarily focused on majority growth buyouts in software and service businesses operating in specific end-market 'clusters' with enterprise values ('EVs') of £50 million to over £10 billion, growing faster than the broader economy. We predominantly seek controlling buyout investments in Northern European and North American headquartered businesses, though such companies will often have a transatlantic or global footprint and customer base. The Group's objective is to pursue investment theses supporting long-term growth, leveraging its expertise working in these sectors to implement initiatives designed to maximise organic expansion, as well as bringing together complementary businesses, over typical hold periods of approximately five years.

The Group's objective through its subsidiaries has led over 200 investments in the software and service sector during the last 30 years. This focus means we have developed an institutional expertise and a deep understanding of the sectors and businesses in which we invest. The Group applies a rigorous approach when evaluating all investment opportunities. Our objective is to invest in the most attractive businesses, rather than be constrained by a top-down asset allocation. This flexible approach to investment means that, at any given time, the Hg portfolio is likely to comprise around 50 software and service businesses with similar characteristics, but of different sizes, end-market focus, and maturity profiles. The Group also holds direct investments in co-investment partnerships and corporate investment holding vehicles.

No material change will be made to the investment policy without Board approval.

KEY PERFORMANCE INDICATORS

The Group's income represents management fees and carried interest, which the Directors also consider to be the key performance indicators, alongside funds under management. The level of management fees generated will be determined principally by the level of funds under management and the rate of capital deployment and realisations. The receipt of carried interest proceeds is principally determined by the funds' performance and the timing of realisations.

STRATEGIC REPORT

DIRECTORS' DUTIES

Section 172 of the Companies Act 2006 (the 'Act') requires Directors to act in good faith and in a way that is the most likely to promote the success of the Group. In doing so, Directors must take into consideration the interests of the various stakeholders of the Group, the impact the Company has on the community and the environment, take a long-term view on consequences of the decisions they make, as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the Directors of the Group.

Fulfilling this duty naturally supports the Group in achieving its objectives and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, we have explained below how the Directors have individually and collectively discharged their duties under section 172 of the Act over the course of the reporting period.

Stakeholders
The Directors seek to understand the needs and priorities of the Group's stakeholders and these are taken into account during all of its discussions and as part of its decision-making. The Directors recognise its key stakeholders and understands what is needed to satisfy the needs of each group of stakeholders. Its key stakeholders include: institutional investors in the funds it manages, portfolio companies, regulators, other group entities including their employees, and its suppliers.

Culture
The Directors have ensured the consideration of stakeholders' interests, long-term perspective, maintaining reputation for fairness and high standards of governance, corporate reporting and business conduct more generally is embedded in the Group's culture and processes.

Decision-making
In making decisions, the Directors consider the longer-term consequences of any decisions and their implications on stakeholders.

Community and Environment
The Directors recognise that the Group has a responsibility to its stakeholders and wider society. The Directors are focused on its policy to invest the funds Hg manages in a socially responsible manner. This includes the desire that the businesses in which the funds invest in are genuinely focused on making a positive contribution to all stakeholders including employees, customers, suppliers, shareholders and the wider society. Responsible investing also means investing in growth companies and sectors, rather than turnaround or distressed investing. Hg has been a signatory of the UN Principles for Responsible Investment ('UNPRI') since 2012 and the Board continues to commit to set ambitious goals for various aspects of environmental, social, and governance ('ESG') matters.

The Group is committed to measuring and managing the carbon emissions associated with its business operations, although a large part of Hg's impact is generated by the portfolio companies. Hg therefore continues to work with them to raise awareness on climate change risks, carbon emission and energy efficiency. FY2023/24, Hg continued to be carbon neutral by compensating our carbon emissions through the offsetting our Scope 1, 2 and 3 emissions (excluding financed emissions). Hg is a certified Carbon Neutral Group, committing to zero emissions by offsetting its entire carbon footprint. The Board monitors investment activity to ensure they are compatible with the policy and performance against its ESG goals. The Hg ESG Report 2022/23, Hg Responsible Investment Policy 2023 and Hg 2022/23 Carbon Footprint Report can be found on Hg's website: https://hgcapital.com/life-at-hg/responsible-investing

Business Conduct
The Group aims to conduct itself responsibly, ethically and fairly and has sought to ensure that the funds' investments takes account of social, environmental and ethical factors where appropriate. The Directors agree that establishing and maintaining a healthy corporate culture in amongst the Board and in its interaction with the other group companies, its portfolio companies and other stakeholders will support the delivery of its purpose, values and strategy.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES
The Group is exposed to a variety of financial and operational risks as detailed below:

Liquidity and cash flow risk
The risk that the Group's available cash will not be sufficient to meet its financial obligations is mitigated by management actively reviewing the liquidity position on a regular basis.

Interest rate risk
At the balance sheet date, the Group has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that the Group does not have any material interest-bearing liabilities at the balance sheet date, the Board and management do not consider it necessary to hedge the Group's exposure to interest rate risk.

Currency risk
A significant amount of the Group's income is denominated in foreign currencies. This income is in part naturally hedged due to a significant quantum of expenditure incurred in foreign currencies. The Group holds significant cash reserves upon the receipt of income in foreign currencies, this is the Group's largest asset exposure to currency risk. To mitigate this risk, management considers the short and medium term requirements of cash reserves held and use derivative contracts to remove volatility of foreign exchange differences.

Exchange differences on the translation of all profit and loss and balance sheet items are taken to the Statement of Comprehensive Income.

Credit and counterparty risk
Throughout the year the Group holds a significant portion of its assets in interest-bearing bank accounts and deposits at call with financial institutions, giving rise to a direct exposure should such an institution be unable or unwilling to repay capital and/or interest on funds provided to it. The Group's interest-bearing bank accounts and deposits at call are only held with counterparties which have credit ratings that the Board and management consider to be adequate and the credit quality and financial position of such counterparties are regularly monitored. The credit quality of the above-mentioned financial assets was deemed satisfactory throughout the year and as at the date of this report.

The Group is also exposed to counterparty risk to the extent that the underlying investors in its managed funds are unable or unwilling to meet their contractual obligations. In order to mitigate this risk, the Group carefully considers its clients to ensure they meet a required standard in respect of character and integrity, track record and financial strength. As a result, the Group considers its underlying investor base to have a relatively low settlement risk profile.

Operational risk
The Group has established a control framework so that the risk of financial loss to the Group through operational failure is minimised.

A plan has also been established to minimise and manage possible risks of disruption to the Group's business. This plan has been implemented to manage the Group's strategic and operational business risks during emergencies and is aimed at coordinating various responses such as IT, disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer/staff communications.

The business is also subject to risks associated with the tax and regulatory regimes within which its business operates. The Board and management engage consultants where necessary to ensure their understanding of current and impending laws and regulations is sufficient.

The Group also reviews and renews its insurance policies on an annual basis.

DIRECTORS' REPORT

The Directors' present their annual report and audited Group and Company financial statements for the year ending 31 March 2023.

PRINCIPAL ACTIVITY AND KEY PERFORMANCE INDICATORS

The Group provides investment management services to investors into the European private equity industry, investing on behalf of collective investment schemes (fund partnerships). Funds under management at the end of the year were $63.2 billion (2022: $57.2 billion).

The Group's profit before taxation has increased from $20,163,000 for the year ended 31 March 2022 to $157,173,000 for the year ended 31 March 2023. This was primarily due to an increase in management fee income to $392,336,000 (2022: $245,660,000), with a full year of income being recognised from Saturn 3 and income from Genesis 10 for the first time.

GOING CONCERN

The Group's business activities together with the factors likely to affect its future development and performance are set out in the Strategic Report above. The Group has considerable financial resources and no external debt on its balance sheet as at the year end. It has long-term contracts with a number of fund partnerships whose underlying investments span different geographic areas and industries. The Group therefore has a high degree of certainty over its future management fee revenue, the majority of which does not depend on the unrealised valuation of the underlying investments, and, as a result, the large majority of its cost base, which is derived from revenue. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have considered the financial position of the company against the backdrop of the ongoing economic disruption. The Directors have reviewed the liquidity available to the Group, including its commitment to co-investment partnerships. Given the current assets, the level of reserves and expenses of the Group, the Directors believe that the global economic disruption will not impact the Group's ability to continue as a going concern.

Having completed a business planning exercise covering the next five years, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

DIRECTORS' REPORT (CONTINUED)

ENERGY AND CARBON REPORT

Environmental Intentions

Hg recognises the global challenges presented by climate change and the part we have to play in reducing our impact upon the environment. Hg has set a carbon ambition in line with the Science Based Targets initiative to commit to reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 from an FY2019 baseline year. For Hg's Scope 3 GHG emissions we have set a target that commits 26% of our investments by invested capital will have set science-based targets by FY2026 and 100% by FY2040 from an FY2021 base year.

Environmental approach

Through 2022/23, Hg is working with an independent party, Position Green, to calculate and verify our firm level carbon footprint. We continue to compensate for our Scope 1-3 emissions (excluding financed emissions) through carbon offsets. Hg has taken some steps to decrease the energy consumption across our offices, such as implementing automatic lighting controls and engaging with the landlord to reduce building plant run times throughout the year when outside climate allows.

The business' total scope 2 emissions (including non-UK offices) have increased due to business growth. In 2022/23 Hg's headcount increased by 10% from 299 to 329 employees globally and our funds under management grew by 11% from $57.2bn to $63.2bn. Furthermore, Hg opened two new offices, one in Paris and one in San Francisco, as well as relocated to a bigger office space in New York. Unfortunately, that meant the business had overlapping offices in New York for 3 months, both consuming energy on Hg's behalf. More information about Hg's total carbon footprint can be found in our annual carbon footprint report which is available on Hg's website https://hgcapital.com/life-at-hg/responsible-investing.

Looking to 2023/24 Hg is intending to continue to provide flexible working arrangements, which helps reduce employee commuting and energy consumption in offices. Hg is continuing to explore how we can increase the amount of renewable energy procured across our offices and are working with the landlords to provide more sustainable options. In 2022/23 our London office consumed renewable energy through renewable energy certificates. As part of Hg's London refurbishment, the business will look at how it can optimise office energy consumption and are planning an energy audit, in line with its ESOS compliance requirements, for Q2 2023/24. We are also carrying out a full CAT A replacement of mechanical assets, including a brand-new HVAC system which will be more energy efficient than the 14+ years old system currently in place. Furthermore, we are introducing a new lighting control system which will allow for easier changes to the lighting timings enabling us to monitor efficiencies with more ease.

DIRECTORS' REPORT (CONTINUED)

Environmental Impact Reporting

Hg's greenhouse gas emissions and energy consumption is reported in tonnes of carbon dioxide equivalent (tCO_2e) and is, for the purpose of our SECR reporting, broken down as follows:

Greenhouse gas emissions UK

Type of emissions	Activity	2022/23	2021/22	Baseline	YOY Variation
		tCO2e			%
Direct (Scope 1)	Services Gas	1.8	1.9	4.0	93.0%
	Company Vehicle	-	-	-	0.0%
Energy Indirect (Scope 2)	Services Electricity	89.3	77.6	56.0	115.0%
Other Indirect (Scope 3)	Personal Vehicle	0.6	0.7	-	0.0%
Total gross emissions		**92**	**80**	**60**	

Intensity metric

Intensity metric	2022/23	2021/22	Baseline
Funds Under Management (£Bn)	50.7	40.8	22.5
Tonnes of CO_2e per £Bn	1.81	1.97	2.67

DIRECTORS' REPORT (CONTINUED)

EVENTS AFTER THE BALANCE SHEET DATE
Details of significant events since the balance sheet date are contained in note 19 to the financial statements.

FUTURE DEVELOPMENTS
Details of future developments can be found in the Strategic Report on page 2-4.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
Details of financial risk management objectives and policies can be found in the Strategic Report on page 2.

RESULTS AND DIVIDENDS
The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 13.

DIRECTORS
The names of the Directors who served during the period and up to the date of this report can be found on page 1.

BOARD
The Board members are detailed on page 1.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
Throughout the year, the firm has maintained Directors' and officers' liability insurance in respect of itself and its Directors in their capacity as designated Directors and officers of the Company, and as Directors and officers of its subsidiaries and any portfolio companies associated with the funds managed by the Group.

AUDITOR
Each person who is a Director at the date of approval of this report confirms that:

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

The Directors have appointed Grant Thornton UK LLP as auditor during the year. A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

There are no events subsequent to the balance sheet date to be disclosed.

On behalf of the Directors:

M Brockman
Director

20 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF GROUP HOLDCO 1 LIMITED

Opinion
We have audited the financial statements of Group Hold Co 1 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company only balance sheet, the consolidated cash flow, the consolidated changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group and the parent company's business model including effects arising from macro-economic uncertainties such as rising inflation, global supply chain risks and the impact of the Russian invasion of Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF GROUP HOLDCO 1 LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 9 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the parent company and the industry in which it operates. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 as applied to the Group and the parent company;

- We enquired of the Directors and management to obtain an understanding of how the Group and the parent company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud;

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF GROUP HOLDCO 1 LIMITED (CONTINUED)

- We corroborated the results of our enquiries through our review of the minutes of the Group's meeting minutes, inspection of the breaches register, and inspection of legal correspondence;

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - Evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - Testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and journals with unusual account combinations; and
  - Challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the Group and the parent company operates;
  - Understanding of the legal and regulatory frameworks applicable to the Group and the parent company.

- We communicated relevant laws and regulations and potential fraud risks to all the engagement team members, and remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit;

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Group and the parent company, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - the Group and the parent company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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

Use of our report

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

Grant Thornton UK LLP

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
20 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023

	Notes	2023 $'000	2022 $'000
Fee income	2a	392,336	245,660
Carried interest income	2b	17,798	40,716
Operating expenses	3	(287,529)	(269,811)
Operating profit	5	122,605	16,565
Interest receivable	6	2,968	29
Other income		7,287	1,555
Profit on realisation of investments		259	3,703
Unrealised gains on investments at fair value through profit or (loss)	11	24,054	(1,689)
Group profit before taxation		157,173	20,163
Group tax charge	7	(39,730)	(1,212)
Group profit after taxation		117,443	18,951

All amounts are in respect of continuing activities.

The Group has no recognised gains or losses for either period other than those included in the results above, therefore no separate statement of other comprehensive income has been prepared.

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
at 31 March 2023

	Notes	2023 $'000	2022 $'000
Fixed assets			
Tangible fixed assets	9	2,363	2,015
Intangible assets	10	727	41
Investments at fair value through profit or (loss)	11	329,005	4,931
		332,095	6,987
Current assets			
Debtors: amounts falling due within one year	12	54,041	25,485
Cash		237,000	108,594
		291,041	134,079
Creditors: amounts falling due within one year	13	(105,628)	(63,619)
Net current assets		185,413	70,460
Debtors: amounts falling due after one year	12	8,909	4,979
Creditors: amounts falling due after one year	13	(6,076)	-
Net assets		520,341	82,426
Capital and Reserves			
Share capital	8	312,812	-
Share Premium	8	8,909	-
Profit and loss account	8	199,873	82,430
Foreign Currency Translation Reserve	8	(2,957)	(1,708)
Merger reserve	8	1,704	1,704
Total Shareholder funds		520,341	82,426

The financial statements of Group Holdco 1 Limited (registered number 13868078) were approved by the Board and authorised for issue on 20 July 2023. They were signed for and on behalf of the Directors by:

M Brockman
Director
20 July 2023

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 March 2023

	Notes	2023 $'000	2022 $'000
Net cash generated from operating activities	*14a*	99,862	26,847
Cash flows from investing activities			
Net purchases of investments		(300,326)	(386)
Purchase of tangible fixed assets		(1,736)	(571)
Purchase of intangible assets		(699)	-
Foreign currency adjustments		(80)	(16)
Interest received		2,968	28
Other income received		7,287	1,497
Disposals of investments		565	5,188
Net cash inflows from investing activities		(292,021)	5,740
Cash flows from financing activities			
Issue of shares		321,721	-
Net cash out flows from financing activities		321,721	-
Net increase in cash and cash equivalents		129,562	32,587
Cash equivalents at beginning of year		108,594	76,271
Effect of foreign exchange rate changes		(1,156)	(211)
Cash and cash equivalents at end of year		237,000	108,594
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		237,000	108,594
Cash and cash equivalents		237,000	108,594

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

COMPANY BALANCE SHEET
as at 31 March 2023

	Notes	2023 $'000
Fixed assets		
Investments in subsidiaries	11	321,421
		321,421
Current assets		
Debtors: amounts falling due within one year	12	8
Cash		282
		290
Creditors: amounts falling due within one year	13	(133)
Net current assets		157
Net assets		321,578
Capital and Reserves:		
Share capital	8	312,812
Share premium	8	8,909
Profit and loss account	8	(143)
Total Shareholders Funds		321,578

The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present a Statement of Comprehensive Income for Group Holdco 1 Limited as a stand-alone entity, this is the Company's first period of account as such there are no comparatives. The loss of the Company as a stand-alone entity was £0.1 million. The financial statements of Group Holdco 1 Limited (registered number 13868078) were approved by the Board and authorised for issue on 20 July 2023. They were signed for and on behalf of the Directors by:

M Brockman
Director
20 July 2023

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
at 31 March 2023

Group	*2023 Called up share capital account*	*2023 Share Premium Account*	*2023 Profit and loss account*	*2023 Foreign currency translation reserve*	*2023 Merger Reserve*	*2023 Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 April 2022	-	-	*82,430*	*(1,708)*	*1,704*	*82,426*
Profit for the year	-	-	*117,443*	-	-	*117,443*
Shares issued in the year	*312,812*	*8,909*	-	-	-	*321,721*
Foreign currency movement	-	-	-	*(1,249)*	-	*(1,249)*
At 31 March 2023	*312,812*	*8,909*	199,873	(2,957)	*1,704*	*520,341*

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
at 31 March 2022

Group	*2022 Called up share capital account*	*2022 Share Premium Account*	*2022 Profit and loss account*	*2022 Foreign currency translation reserve*	*2022 Merger Reserve*	*2022 Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 April 2021	-	-	*63,479*	*1,355*	*1,704*	*66,538*
Profit for the year	-	-	*18,951*	-	-	*18,951*
Shares issued in the year	-	-	-	-	-	-
Foreign currency movement	-	-	-	*(3,063)*	-	*(3,063)*
At 31 March 2022	-	-	*82,430*	*(1,708)*	*1,704*	*82,426*

The accompanying notes on pages 20 to 37 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
at 31 March 2023

Company	*2023* *Called up share capital* *$'000*	*2023* *Share premium account* *$'000*	*2023* *Profit and loss account* *$'000*	*2023* *Total* *$'000*
At incorporation 24 January 2022	-	-	-	-
Issue of shares (Note 8)	312,812	8,909	-	321,721
Loss for the year	-	-	(143)	(143)
At 31 March 2023	312,812	8,909	(143)	321,578

The accompanying notes on pages 20 to 37 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES

Group Holdco 1 Limited was incorporated on 24 January 2022 in the United Kingdom and registered in England and Wales on this date under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 2.

The consolidated financial statements of Group Holdco 1 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

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

Basis of accounting
The consolidated financial statements have been prepared under the historical cost convention modified for financial instruments recognised at fair value. They have been prepared in line with applicable United Kingdom law and accounting standards in accordance with Financial Reporting Standard 102 issued by the Financial Reporting Council (FRC) and the Companies Act 2006. The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present a statement of comprehensive income for Group Holdco 1 Limited as a stand-alone entity. The functional currency of the Company is considered to be US Dollars because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in US Dollars.

Group Holdco 1 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemption has been taken in relation to presentation of a cash flow statement. The other exemption taken is in relation to presentation of the statement of comprehensive income under Sector 408 (3) of the Companies Act 2006. The Group has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosure relating to transactions between wholly-owned subsidiaries.

Merger accounting
Group Holdco 1 Limited was incorporated on 24 January 2022 and became the parent entity of the Group on 31 October 2022 when the Company acquired Members interest of HgCapital LLP as part of a group re-organisation.

This does not constitute a business combination as the entities remained under common control. The acquisition method of accounting is applied only in case of business combination. Having considered the substance of the re-organisation, it was deemed that the acquisition method of accounting would not reflect the true and fair view of the financial position of the Group. The re-organisation steps however do meet the definition of group reconstruction as there has been no change in control after the transaction. As a result, the true and fair view override has been elected to apply the merger method of accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Merger accounting (continued)
Considering facts and circumstances management has decided to apply a method broadly described as predecessor accounting. The principles of predecessor accounting are:

- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required. The carrying values stated are book values at the highest level of consolidation.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve.

Management has used merger accounting. Under merger accounting principles, the assets and liabilities of the subsidiaries are consolidated at book value in the Group financial statements and the consolidated reserves of the Group have been adjusted to reflect members interest of HgCapital LLP with the difference presented as the merger reserve.

These consolidated financial statements of the Group are the first set of financial statements for the newly formed Group and the prior period has been presented as a continuation of the former HgCapital LLP Group on a consistent basis as if the Group reorganisation had taken place at the start of the earliest period presented. The prior period comparatives are those of the former HgCapital LLP Group since no substantive economic changes have occurred.

The reorganisation steps comprise two major types of transactions: establishing new entities and transferring those entities within the group to set up the final intended structure by means of a share for share transfer. No consideration was paid/received as part of this reorganisation. There was a transfer of a subsidiary at net book value ("NBV") as part of the reorganisation. Please see financial statements as at 31 March 2023 of HgCapital LLP at 2 More London Riverside, London, SE1 2AP for further details.

Basis of consolidation
The Group financial statements consolidate the financial statements of Group Holdco 1 Limited and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Consolidated management accounts are prepared and presented to the Board for their review on a monthly basis. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Details on group structure and merger accounting is found under 'Merger Accounting' on pages 20 and 21.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The Group has considerable financial resources and no external debt on its balance sheet as at the year end. It has long-term contracts with a number of fund partnerships and therefore has a high degree of certainty over its future management fee revenue, the majority of which does not depend on the unrealised valuations of the underlying investments. The Group also has a relatively fixed cost base meaning it is able to reliably estimate its future costs. As a consequence, the Directors believe that the Group is well placed to manage its business risks and therefore have continued to adopt the going concern basis of accounting in preparing the consolidated financial statements. This assessment has been made considering the foreseeable future, being at least 12 months from the date of approval of the financial statements. Remaining undrawn commitments of the Group is detailed in note 17.

NOTES TO THE FINANCIAL STATEMENTS.(CONTINUED)
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)
The Directors have considered the financial position of the company against the backdrop of the ongoing economic disruption. The Directors have reviewed the liquidity available to the Group, including its commitments to co-investment partnerships. Given the current assets, the level of reserves and expenses of the Group, the Directors believe that the disruption caused by the ongoing global economic disruption will not impact the Group's ability to continue as a going concern.

Revenue recognition
Revenue represents the management fee earned from clients during the year from continuing activities in the UK and carried interest income earned from the management of funds.

Management fees are recognised once realised or realisable and are measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Carried interest income is recognised on receipt.

Tangible fixed assets and intangible assets
All tangible fixed assets and intangible assets are recorded at cost less depreciation and any impairment.

Depreciation and amortisation
Depreciation is provided on all tangible fixed assets and amortisation for intangible assets at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, being as follows:

Leasehold improvements	-	5 years
Fixtures and fittings	-	5 years
Computer equipment	-	2 years
Intangible assets	-	5 years

Investments in subsidiaries
The Company holds its investments in subsidiaries at cost less impairment.

Other investments
Investments in private equity partnerships are measured at fair value through profit or loss ('FVTPL') (see note 11 for further details).

Foreign currencies
i. Functional and Presentation currency
Items included in these financial statements are measured using the functional currency for Group Holdco 1 Limited. The consolidated financial statements are presented in US Dollars ("USD") which, since 31 October 2022, has been the presentation currency the Group.

The Company's functional and presentation currency is the US Dollar ("USD").

The prior period comparatives have been restated from Pound Sterling ("GBP") which previously was the presentation currency of the former HgCapital LLP Group.

ii. Transactions and balances
Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All such differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)
iii. Translation
The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate during the year. The exchange difference arising on the retranslation of opening net assets is taken directly to the Foreign Currency Translation Reserve. All other translation differences are taken to the profit and loss account.

Deferred income
Management fees received in advance are included in deferred income and released to the profit and loss account in equal monthly amounts over the period to which they relate.

Deferred expenditure
Deferred expenditure relating to placement fees paid with the establishment of fund partnerships, the benefit of these costs are considered to be attributable to investment period of the fund partnerships. These costs are initially recognised at cost and charged to the Statement of Comprehensive Income over the investment period of four years.

Leasing commitments
Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Financial instruments
The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade debtors, amounts due from group and affiliated undertakings, other receivables and cash at bank and in hand, are initially recognised at transaction price, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction, where the transactions is measured at the present value of the future receipts discounted at a market rate of interest.

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 a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
(ii) Financial liabilities

Basic financial liabilities, including trade creditors, amounts due to group and affiliated undertakings and other payables, 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.
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year 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.

Pensions
Subsidiaries within the Group operate pension schemes for staff and Directors. The plan is a defined contribution plan and contributions on behalf of staff are charged to the profit and loss account when they become payable.

Taxation
Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred taxation
Provision in the subsidiary companies is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset. Deferred tax is measured on a non-discounted basis.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 1 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying the Company's accounting policies

The assessment of whether to fair value carried interest.
The Group through its subsidiaries has an economic interest in a number of carried interest vehicles, where subject to certain conditions being met, it would receive an allocation of both capital and income profits from that Fund Partnership as investments are realised. In assessing whether the interest in the carried interest vehicles should be fair valued the Directors have considered whether the Group, is entitled to receipt and retention of the carried interest or if the carried interest flows through the Group to the underlying individuals.

Following the above assessment, the Directors have concluded that the Group itself does not retain any carried interest and as such should not attribute any such fair value to its economic interest within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Critical accounting judgements and key sources of estimation uncertainty (continued)

The following accounting estimates are considered important to the portrayal of the financial results and financial condition because (i) they are highly susceptible to change from period to period as assumptions are made to calculate the estimates, and (ii) any significant differences between the estimated amounts and the actual amounts could have a material impact on the future financial results and financial condition:

The assessment of possible impairment losses on certain assets (note 11).
Determining whether the Company's investments in subsidiaries have been impaired requires consideration of whether any indicators of impairment exists. In making this assessment the Directors have considered:

- The dividends received in relation to the total comprehensive income of the subsidiary Company;
- The performance of the subsidiary company against budget; and
- Any external economic changes including interest and market rates.

Following these considerations there were deemed to be no indicators of impairment, therefore a full impairment review was not required or carried out. The carrying amount of investments in subsidiaries at the balance sheet date was $321,421,000 (2022: $Nil) with no impairment loss recognised in the year.

Fair value of investments
A key accounting determination where there is estimation uncertainty is in respect of the calculation of the fair value of financial assets held at FVTPL. The Company uses the Fund's valuation of the portfolio which is based upon the International Private Equity and Venture Capital Valuation Guidelines, December 2018 Edition, as well as the Special Guidance issued in March 2020, and is explained in note 11.

Application of merger accounting
In preparing the consolidated financial statements, the Directors are required to determine whether appropriate basis for disclosure and the substance of the re-organisation. It is the Directors' view that the transactions fall within the scope to apply merger accounting. Management have applied merger accounting on the basis that the transaction was one under common control. Management have elected to present the numbers on a retrospective presentation method, so have included prior period information where applicable so that the accounting treatment is consistent across the group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

2. REVENUE

a) Fee income
Fee income of $392,336,000 (2022: $245,660,000) represents the management fee earned from clients during the year from continuing activities in the UK, which is stated net of value added tax. Management fees are recognised once realisable.

b) Carried interest
Carried interest income of $17,798,000 (2022: $40,716,000) is earned from the management of Funds and is recognised on receipt as this is the amount that can be reliably measured.

3. ANALYSIS OF OPERATING EXPENSES

	2023 *$'000*	*2022* *$'000*
Staff costs (note 4)	250,910	245,407
Legal and professional fees	5,323	4,827
Depreciation of fixed assets and amortisation of intangible assets	1,326	1,645
Other operating expenses	29,970	17,932
	287,529	269,811

4. STAFF COSTS

The aggregate employment costs of staff were:

	2023 *$'000*	*2022* *$'000*
Salaries including bonus[1]	231,384	230,795
Social security costs	16,483	11,706
Pension costs	3,043	2,906
	250,910	245,407

The average number of staff during the year was:

	2023 *Number*	*2022* *Number*
Revenue staff	201	132
Support staff	124	96
	325	228

(1) The highest paid Director received $2,412,737 on an annualised basis. The total amount paid for Directors' remuneration in the year was $13,050,095.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

5. PROFIT BEFORE TAXATION

Operating profit is stated after charging:

	2023	2022
	$'000	$'000
Depreciation of fixed assets	1,299	1,182
Amortisation of intangible assets	27	45
Operating lease payments	3,373	2,500
Foreign exchange gain	3,055	70

Analysis of the auditor's remuneration is as follows:

	2023	2022
	$'000	$'000
Fees payable to group's auditor and its associates for the audit of Group HoldCo 1 Limited's annual accounts	68	62
Audit of the Group HoldCo 1 Limited's subsidiaries	130	39
Total audit fees	198	101

	2023	2022
	$'000	$'000
Taxation compliance services	-	318
Other non-audit services	106	85
Services pursuant to legislation	20	16
Total non-audit fees	126	419

The auditor provides non-audit services to the funds and portfolio companies that are not borne by the Group, these are not included in the above.

6. INTEREST RECEIVABLE

Interest receivable of $2,967,717 (2022: $29,000) is interest earned on cash balances and deposits held at banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

7. GROUP TAX CHARGE

The Group tax charge represents the tax receivable generated in the underlying subsidiaries held by the Company.
The Group tax charge is made up as follows:

	2023	*2022*
	$'000	*$'000*
Current tax		
UK Corporation tax on profit for the period	32,456	26
UK Corporation tax prior year adjustment	267	-
Overseas tax	3,089	1,186
Total current tax	35,812	1,212
Deferred tax		
Origination and reversal of timing differences	2,978	-
Effect of changes in tax rate	940	-
Total tax charge	39,730	1,212

Factors affecting tax charge for the year:

The standard rate of tax applied to reported profit is 19% (2022: 19%). The applicable tax rate has not changed following the substantive enactment of the Finance Act 2022. The tax assessed for the year is the same as (2022: lower) than the standard rate of corporation tax in the UK for a large company. The differences are explained below:

	2023	*2022*
	$'000	$'000
Group Profit before taxation	157,173	20,163
Corporation tax at 19% (2022: 19%)	29,863	26,802
Effects of:		
Income attributable to subsidiary members and taxable directly	-	(26,384)
Overseas tax items and rate differences	1,982	(392)
Non-taxable income	(318)	-
Subsidiary members remuneration charged as an expense	7,199	-
Tax rate change	940	-
Adjustments in respect of previous periods	(16)	-
Expenditure not deductible for corporation tax purposes	85	1,186
Other	(5)	-
Corporation tax payable for the year	39,730	1,212

Notes to the accounts – Balance Sheet Amounts

	2023	*2022*
	$'000	$'000
Current liabilities:		
Corporation tax	4,731	-
	4,731	-
Deferred tax		
Fixed asset timing differences	6,076	-
Other timing differences	(2,158)	-
Provision at end of period	3,918	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

7. GROUP TAX CHARGE (CONTINUED)

	2023 $'000	2022 $'000
Deferred tax (assets)		
Recoverable within 12 months	(2,158)	-
Deferred tax liabilities		
Payable within 12 months	6,076	-

8. CAPITAL AND RESERVES

Share capital

	Allotted, called up and fully paid 2023 $'000	2022 $'000
Ordinary shares of £1	312,812	-

At incorporation on 24 January 2022, 100 £1 ordinary shares were allotted and paid in full.

On 31 October 2022, 10,000 £1 ordinary shares were allotted following an issue of shares and paid in full.

On 2 December 2022, 176,968,940 £1 ordinary shares were allotted following an issue of shares and paid in full.

On 24 March 2023, 61,615,000 £1 ordinary shares were allotted following an issue of shares and paid in full.

On 27 March 2023, 18,662,200 £1 ordinary shares were allotted following an issue of shares and paid in full.

Issued share capital consists of fully paid ordinary shares, which carry one vote per share and carry a right to dividends as and when declared by the company.

Share Premium

Includes the excess over nominal value of the consideration received for equity shares, net of any transaction costs associated with the issue of shares.

Profit and loss account

Includes all current and prior period retained profit and losses.

Merger reserve

The merger reserve reflects the difference between the fair value of the assets acquired and the nominal value of the shares issued when the Group was created subsequent to the restructuring and formation of Group Holdco 1 Limited.

Foreign Currency Translation Reserve

Includes foreign exchange differences as a result of translating the financial statement items from the functional currency of the former HgCapital LLP Group (GBP) to the presentation currency of the newly formed Group Holdco1 group (USD) using the exchange rate at the statement of financial position date before the group reconstruction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

9. TANGIBLE FIXED ASSETS

Group	*Fixtures & fittings $'000*	*Leasehold improvements $'000*	*Computer equipment $'000*	*Total $'000*
Cost:				
At 1 April 2022	3,297	4,762	3,297	11,356
Additions	483	611	642	1,736
Foreign exchange adjustment	(20)	(31)	(38)	(89)
At 31 March 2023	3,760	5,342	3,901	13,003
Depreciation:				
At 1 April 2022	2,537	4,082	2,722	9,341
Provided during the year	332	447	525	1,304
Foreign exchange adjustment	(1)	(2)	(2)	(5)
At 31 March 2023	2,868	4,527	3,245	10,640
Net book value:				
At 31 March 2023	892	815	656	2,363
At 31 March 2022	760	680	575	2,015

10. INTANGIBLE ASSETS

Group	*Computer Software Total $'000*
Cost:	
At 1 April 2022	918
Additions	699
Foreign exchange adjustment	14
At 31 March 2023	1,631
Depreciation:	
At 1 April 2022	877
Providing during the year	27
At 31 March 2023	904
Net book value:	
At 31 March 2023	727
At 31 March 2022	41

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

11. INVESTMENTS

	2023	2022
Group	*$'000*	*$'000*
Fair value:		
At 1 April	4,931	7,739
Investments during the year [1]	300,326	366
Disposals during the year [2]	(306)	(1,485)
Unrealised movement in financial assets at fair value through profit and loss ("FVTPL")	24,054	(1,689)
Fair value at 31 March	329,005	4,931

The Group has a commitment in the following entities:

	2023	2022
HgCapital 5 Executive Co-Invest LP	£Nil	£15,714
HgCapital 6 Executive Co-Invest LP	£3,260,931	£3,260,931
HgCapital RPP2 Executive Co-Invest LP	€3,454,565	€3,454,565
HgCapital Mercury Executive Co-Invest LP	£1,647,962	£1,647,962
HgCapital 7 Executive Co-Invest LP	£Nil	£Nil
HgCapital 8 P&E Co-Invest LP	£6,964,724	£101,500
Mercury 2 P&E Co-Invest LP	£2,293,100	£19,100
Hg Genesis 9 P&E Co-Invest LP	€35,172,314	€311,000
Hg Saturn 2 P&E Co-Invest LP	$39,580,680	$1,849,000
Hg Saturn P&E Co-Invest LP	£11,547,400	£552,400
Hg Genesis 10 P&E LP	€1,015,000	€Nil
HgCapital Mercury 3 P&E	€10,841,985	€267,000
Hg Saturn 3 P&E LP	$1,656,000	$Nil

Remaining undrawn commitments of the Group is detailed in note 17.

These investments are measured at fair value through profit or loss in the balance sheet, with the movement in fair value recognised in the Statement of Comprehensive Income.

Investments measured and reported at fair value are classified and disclosed utilising inputs from one or more of the following categories:

- Level 1 - quoted (bid) price for an identical asset in an active market;
- Level 2 - price of a recent transaction for an identical asset. If necessary, the price is adjusted to reflect updated economic conditions or if evidence suggests that a recent transaction was not at fair value;
- Level 3 - if there is no active market and no suitable recent transactions then a valuation technique is used to determine the arm's length price for the asset. If a reliable, commonly used valuation method exists in that market, then that technique is used.

(1) Representing additional investments in co-investment partnerships during the year and corporate investment holding vehicles.

(2) Representing cost of disposal of investments in fund co-investment partnerships during the year. The total value of disposed co-investments was $565,000 (2022: $5,188,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

11. INVESTMENTS (CONTINUED)

The investments in private equity partnerships ("Other Investments") reported here are considered to be Level 3 as no active market exists for them; there has been no transfers between levels during the year. The fair value equates to the value attributable to the Group based on the Funds' net assets at the year end as the underlying entities assets are ultimately held at fair value as well direct investments into investment entities.

Company	*Investments in subsidiaries $'000*
Cost:	
Beginning of the period	-
Investments during the year	321,421
Carrying value at 31 March 2023	321,421

As at 31 March 2023, the Group holds an interest in the share capital of the following subsidiary undertakings:

	Nature of business	*Ordinary shares 2023*	*Ordinary shares 2022*
Incorporate & Registered in England			
Hg Pooled Management Limited	Investment Management	100%	100%
Hg Incorporations Limited	Non-trading	100%	100%
HgCapital Initial GP Limited	Non-trading	100%	100%
HgCapital Quicksilver Limited	Non-trading	100%	100%
HgCapital Trustee Company Limited	Non-trading	100%	100%
Pooled Services Limited	Non-trading	100%	-
Second Member (UK) Limited	Non-trading	100%	-
Address for the above subsidiaries is 2 More London Riverside, London, SE1 2AP			
Incorporate & Registered in Germany			
Hg Advisory GmbH & Co. KG	Investment Advisor	100%	100%
HgCapital Verwaltungs GmbH	Investment Advisor	100%	100%
Address for the above subsidiaries is Salvatorstrasse 3, 80333 Munich, Germany			
Incorporate & Registered in Luxembourg			
HgCapital (Luxembourg) S.à r.l.	Investment Advisor	100%	100%
Hg Genesis (Lux) General Partner S.à r.l.	Investment Advisor	100%	100%
Hg Saturn (Lux) General Partner S.à r.l.	Investment Advisor	100%	100%
Hg Mercury (Lux) General Partner S.à r.l.	Investment Advisor	100%	100%
Hg Titan 2 (Lux) General Partner S.à r.l.	Investment Advisor	100%	-
Address for the above subsidiary is 1, Rue Hildegard von Bingen, L-1282 Luxembourg			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

11. INVESTMENTS (CONTINUED)

	Nature of business	*Ordinary shares* 2023	2022
Incorporate & Registered in United States of America			
Hg (US) Inc.	Investment Advisor	100%	100%

Address for the above subsidiary is 601 Lexington Ave, 59th Floor, New York, NY 10022 United States

	Nature of business	2023	2022
Incorporate & Registered in Guernsey			
HgCapital 5 General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital 6 General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital Mercury General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Transition Capital General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn 2 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis 9 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury 3 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis C General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn FAF General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury FAF General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital Second GP(1) Limited	Investment Management	100%	100%
HgCapital Second GP(2) Limited	Investment Management	100%	100%
Hg Saturn 3 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis 10 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Titan 1 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Titan 1 P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury 4 General Partner (Guernsey) Limited	Investment Management	100%	-
Hg Titan 2 General Partner (Guernsey) Limited	Investment Management	100%	-
Hg Titan 2 P&E General Partner (Guernsey) Limited	Investment Management	100%	-
P&E Aggregator 2C LP	Investment entity	100%	-
P&E Aggregator 2D LP	Investment entity	100%	-

Address for the above subsidiaries is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

11. INVESTMENTS (CONTINUED)

	Nature of business	*2023*	*2022*
Incorporate & Registered in Scotland			
HgCapital General Partner (Scotland) Limited	Investment Management	100%	100%
Hg Renewable Power GP (Scotland) Limited	Investment Management	100%	100%
P&E Aggregator GP LP	Investment entity	100%	-
P&E Aggregator 1 LP	Investment entity	100%	-
P&E Aggregator 2 LP	Investment entity	100%	-
P&E Aggregator 2B LP	Investment entity	100%	-

Address for the above subsidiaries is 50 Lothian Road, Edinburgh, Midlothian, EH3 9WJ

The Directors are of the opinion that the value of investments in subsidiaries is not less than the amount at which they are stated in the accounts. All subsidiaries are consolidated in the financial statements. The Directors assess the value of investments semi-annually and do not believe there have been any indicators of impairment.

12. DEBTORS

Amounts due within one year:

	2023 Group $'000	*2022 Group $'000*	*2023 Company $'000*
Trade debtors	11,765	5,255	-
Deferred expenditure	3,642	3,769	-
Prepayments and accrued income	24,625	8,159	-
VAT recoverable	2,578	1,882	8
Executive recoverable	373	395	-
Amount due from funds	11,033	5,860	
Other debtors	25	165	-
	54,041	25,485	8

The following amounts are due, or will be amortised, after more than one year. The deferred expenditure relates to placement fees recognised over the investment period of the fund to which they relate.

	2023 Group $'000	*2022 Group $'000*	*2023 Company $'000*
Other debtors	941	1,457	-
Deferred tax asset (note 7)	2,158	-	-
Deferred expenditure	5,810	3,522	-
	8,909	4,979	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

13. CREDITORS

Amounts falling due within one year:

	2023 Group $'000	*2022 Group $'000*	*2023 Company $'000*
Amount payable to subsidiary undertakings (note 16)	-	-	28
Trade creditors	7,397	3,687	47
Payroll and social security	11,049	7,724	36
Current taxation	4,731	149	
Accruals[1]	82,451	52,059	22
	105,628	63,619	133

(1) For better presentation, other creditors $65.2m (2022: $36.6m) have been grouped under accruals.

The amounts owed by related parties are repayable on demand and are not interest bearing. None of the amounts are secured.

The following amounts are due, or will be amortised, after more than one year.

	2023 Group $'000	*2022 Group $'000*	*2023 Company $'000*
Deferred tax liability (note 7)	6,076	-	-
	6,076	-	-

14. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of operating profit to cashflow generated by operations:

	2023 $'000	*2022 $'000*
Operating profit	122,605	16,565
Depreciation and amortisation	1,331	1,527
Operating cash flow before movement in working capital	123,936	18,092
Increase in debtors	(30,328)	(1,650)
Increase in creditors	37,427	11,516
Cash generated by operations	131,035	27,958
Income taxes paid	(31,173)	(1,111)
Net cash inflow from operating activities	99,862	26,847

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

15. RISK

The following disclosures relating to the risks faced by the Group are provided in accordance with FRS 102 Section 11, "Financial Instruments Disclosures".

Financial instruments and risk profile
The objective of the Group is to manage fund partnerships which are primarily focused on defensive growth buyouts in software and service businesses operating in specific end-market 'clusters' with enterprise values ('EVs') of $50 million to over $10 billion, growing faster than the broader economy.

Liquidity risk
The risk that the Group's available cash will not be sufficient to meet its financial obligations is mitigated by management actively reviewing the liquidity position on a regular basis. As all liabilities are repayable on demand, no maturity analysis is being presented.

Currency risk
A significant amount of the Group's income is denominated in foreign currencies. This income is in part naturally hedged due to a significant quantum of expenditure incurred in foreign currencies. The Group holds significant cash reserves upon the receipt of income in foreign currencies, this is the Group's largest asset exposure to currency risk. To mitigate this risk, management considers the short and medium term requirements of cash reserves held and use derivative contracts to remove volatility of foreign exchange differences.

Exchange differences on the translation of all profit and loss and balance sheet items are taken to the Statement of Comprehensive Income.

Credit risk
Throughout the year the Group holds a significant portion of its assets in interest-bearing bank accounts and deposits at call with financial institutions, giving rise to a direct exposure should such an institution be unable or unwilling to repay capital and/or interest on funds provided to it. The Group's interest-bearing bank accounts and deposits at call are only held with counterparties which have credit ratings that the Board and management consider to be adequate and the credit quality and financial position of such counterparties are regularly monitored. The credit quality of the above-mentioned financial assets was deemed satisfactory throughout the year and as at the date of this report. The maximum credit risk exposure of the group is $623.2 million (2022: $141.1 million).

Interest rate risk
At the balance sheet date, the Group has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that the Group does not have any material interest-bearing liabilities at the balance sheet date, the Board and management do not consider it necessary to hedge the Group's exposure to interest rate risk.

Price risk
Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. A 5% increase/decrease in the value of other investments held at Fair value through profit or loss would result in the value of $312.6 million or $345.5 million respectively.

16. RELATED PARTY DISCLOSURES

For the purposes of FRS 102 Section 33, related parties include the Group's subsidiary undertakings. The Group has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosure relating to transactions between wholly-owned subsidiaries.

The payments made to the members of HgCapital LLP, a subsidiary undertaking of the group, have been considered as related party transactions as disclosed in note 8 of the financial statements of HgCapital LLP.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

17. OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES

Group

At 31 March 2023, the Group had investment purchases of $27,182,000 (2021: $2,672,000) that had been authorised and contractually committed but not yet drawn.

At 31 March 2023 the Group had total future minimum lease payments under non-cancellable operating leases relating to land and buildings of $5,031,437 (2022: $3,150,866) in less than one year, $20,617,009 (2022: $7,820,772) between two and five years and $16,995,706 (2022: $25,743) after five years.

18. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party of the Group at the date of this report or at any stage during the financial year ended 31 March 2023. The immediate controlling party of the Company is Lux Topco 1 Sarl.

19. SUBSEQUENT EVENTS

The Directors did not identify any significant events that occurred subsequent to the year-end that would require disclosure or adjustment to the accounts.