

The ERM International Group Limited

Annual Report and Financial Statements

31 March 2023



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Corporate information

Directors

Thomas Reichert	Chief Executive Officer
Timothy Strawn	Regional Chief Executive Officer
David McArthur	Strategic Advisor
Sabine Hoefnagel	Global Leader of Sustainability and Risk
Susan Angyal	Regional Chief Executive Officer
Tomas Hevia	Non-executive Director
Mattia Caprioli	Non-executive Director
Tim Franks	Non-executive Director
Lars Kolks	Non-executive Director
Rami Bibi	Non-executive Director

Secretary

Angela Mullany	General Counsel (appointed 5 June 2023)
Roy Burrows	General Counsel (resigned 5 June 2023)

Auditor

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Banker

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Strategic report

A strategic, financial and operational review for the ERM group of companies, being The ERM International Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2023 ("FY23") is set out below.

The Company was incorporated on 12 May 2021. The Company had no activity during the period from the date of incorporation to 12 October 2021. On 13 October 2021 KKR & Co. Inc. ("KKR") and certain co-investors acquired a majority interest in ERM ("KKR Transaction") and the Company became the new parent company for the Group. The comparative numbers in the Group financial statements therefore cover the trading period from 13 October 2021 to 31 March 2022 (the "FY22 period").

Principal activities

ERM is the market leading global pure play sustainability consultancy delivering a full suite of services across the sustainability spectrum. This includes the provision of sustainability & climate change, safety and digital services to clients. ERM works with both private and public sector clients to deliver sustainable outcomes to complex environmental and related issues.

Business review

In the income statement the Group reports gross revenue of \$1,323 million (FY22 period: \$574 million); operating profit before amortisation and impairment of intangibles and transaction costs of \$152 million (FY22 period: \$75 million); and an operating loss (after amortisation and impairment of intangibles and transaction costs) of \$49 million (FY22 period: loss of \$154 million). The Group has generated strong operating cash flow of \$134 million (pre income taxes) during the financial year (FY22 period: \$95 million) and held \$207 million of cash at 31 March 2023 (FY22 period: \$226 million). The Business Review that follows references trading results which are key performance indicators used by management to monitor the performance of the business. Please refer to the summary results section for a reconciliation of trading results to statutory measures.

As explained above, the prior period is not a full year and therefore comparisons to the prior period need to be made in the context of the length of the prior period. Statutory accounts are prepared for The ERM International Group Limited's subsidiary Emerald 2 Limited, which consolidate all the Group's trading subsidiaries. Please refer to the Emerald 2 Limited Business Review for a discussion of the full year trading results of the Group including comparison to prior year (1 April 2021 to 31 March 2022) and key performance indicators used by management to monitor the performance of the business.

We continued to see growing demand for ERM's services during FY23 and an unprecedented opportunity to influence the global sustainability agenda. We reached record levels of both backlog and weighted pipeline with investment in our Group Key Client program; increasing diversification into Power, Chemical and TMT sectors; and longstanding recurrent relationships with a large and diverse blue chip client base (the majority of our work is sole source). Our highly diversified and balanced business model across sectors, clients and geographies allowed us to gain market share in a rapid growing market environment. Across our services, Corporate Sustainability & Climate Change saw the largest growth on prior year and Capital Project Delivery is our largest single service line. During FY23 we reshaped our focus in Digital from dominant expectation of software licensing revenues to a more balanced mix of technology enablement of our core consulting business and digital products.

We continued to maintain significant investment for medium-term growth in key areas, including technology enablement of some of our services, and in growth sectors such as Chemical, Power and Technology, as well as the development of our client-focused service offerings. Increased stakeholder pressure is forcing corporates to view sustainability and ESG as a way to create value and gain competitive advantages. We have invested in developing offerings in this space by making key hires and via acquisitions. The six acquisitions made during FY23 (see page 3 below) have materially strengthened and broadened our capabilities, particularly in the Renewables, Digital and Low Carbon Economy Transition ("LCET") space.

Full-time equivalent ("FTE") employees increased by 1,000 during FY23, including 284 who joined the Group via our acquisitions (see page 3). The market was strong during FY23 and we increased our FTEs in response to the improving market conditions and as a result of the increase in backlog. We ended the year at 7,506 FTEs. The average number of FTEs increased from 6,215 in the FY22 period to 7,002 in FY23.

Partners: Partners in ERM are our senior management level leaders. We hired 109 Partners during FY23 which provides us with a strong platform to grow the business over the medium-term. We also promoted 29 Partners from our Path to Partnership programme and brought in 18 Partners through acquisitions during the year.

Strategic report

Sustainability: We continue to play a leading role in the global sustainability agenda, as described on page 5. Our 2023 Sustainability Report will be issued in July 2023; this is our seventh report aligned with the Global Reporting Initiative's ("GRI") Standards and our twelfth annual public report. Our latest Sustainability Report is available online at <https://www.erm.com/sustainability-report>.

Acquisitions: We continued to make strategic acquisitions, successfully acquiring six businesses during FY23 (see note 14 for further details):

(i) On 1 April 2022, ERM completed the acquisition of Point Advisory, a leading Australian climate change and sustainability consultancy offering strategic and technical advice to businesses in the region. This acquisition will enhance ERM's ability to support clients across Australia and the broader APAC market, as organizations increasingly seek to operationalize sustainability.

(ii) On 30 June 2022, ERM completed the acquisition of MarineSpace, a marine planning and environmental consultancy that provides specialist advice and services to clients across a range of sectors. This acquisition will enable ERM to offer consulting services to marine developers globally. These include offshore renewables projects from corporate strategy through to consent, operation, and decommissioning.

(iii) On 30 September 2022, ERM completed the acquisition of Shelton Communications Group, a sustainability-focused marketing and communications agency based in Knoxville, Tennessee who offer a unique blend of capabilities to help organizations communicate their sustainability credentials to customers, communities, employees, and investors. The acquisition will strengthen ERM's ability to provide clients with integrated solutions across the spectrum of their sustainability needs.

(iv) On 2 December 2022, ERM completed the acquisition of Libryo, a global cloud-based Environmental Health & Safety (EHS) regulatory intelligence platform that helps organizations manage the different legal requirements that apply to their business in every jurisdiction. Libryo's team of technology and regulatory experts will work alongside ERM's global sustainability advisory teams to offer clients a comprehensive solution to their compliance requirements.

(v) On 3 February 2023, ERM completed the acquisition of Coho Climate Advisors, a global advisory firm with expertise in helping organizations reach their climate change, renewable energy, and water resiliency goals. Combined with ERM's strategic transformation and technical delivery capabilities, the acquisition will provide clients with further support to deliver their climate goals and realize the commercial opportunities presented by decarbonization and water optimization.

(vi) On 27 February 2023, ERM completed the acquisition of NINT – Natural Intelligence, a Latin America-based consultancy providing sustainable finance and ESG advisory services with a focus on financial institutions, corporations, and other key organizations in the financial sector. NINT brings a blend of business and technical skills at the intersection of strategy, finance, and sustainability advisory to enhance ERM's end-to-end solutions for investors, issuers, and stakeholders in Latin America.

Strategic report

Summary results

The table below presents the net revenue and operating profit reported in the consolidated income statement:

	<i>Year ended</i> 31 March 2023	<i>Period ended</i> 31 March 2022
	<i>\$000</i>	<i>\$000</i>
Net revenue	1,031,133	439,173
Operating costs	(879,227)	(364,666)
Operating profit before amortisation and impairment of intangibles and transaction costs	151,906	74,507
Amortisation and impairment of intangible assets	(189,169)	(98,985)
Transaction costs (note 7)	(11,978)	(129,762)
Operating loss	(49,241)	(154,240)

The financial statements are presented in accordance with International Financial Reporting Standards as adopted by the IASB ("Adopted IFRSs"). Operating profit before amortisation and impairment of intangible assets and transaction costs amounted to \$152 million (2022 period: \$75 million). After amortisation of intangible assets, transaction costs, net financial expenses and tax, the loss for the Group amounted to \$291 million (2022 period: loss of \$208 million). The Directors do not recommend payment of a dividend.

During the year, the Group recognised \$96 million impairment of goodwill (see note 13).

Cash on hand and debt facilities

Once again, the Group had strong operating cash flow of \$134 million (pre-income taxes) in the financial year (2022 period: \$95 million). The Group has adequate cash resources and banking facilities to meet its day-to-day working capital requirements.

During the year ended 31 March 2023 the Group added to its credit facilities, led by KKR Capital Markets. Three separate tranches of EUR denominated first lien debt were drawn down, each with a different syndicate of lenders, totalling €280 million EUR. The total first lien facilities as at 31 March 2023 consist of \$517 million USD denominated debt and €495 million EUR denominated debt, all fully drawn. In addition, during the year ended 31 March 2023 the revolving credit facility was increased to \$238 million from \$168 million. The Group's debt is to be fully repaid over the period 2027-2028.

The Group's cash resources and banking facilities at the year end are set out below:

- The Group has cash on hand of \$207 million (2022: \$226 million), including cash deposited with ReachCentrum SA of \$142 million (2022: \$147 million) and cash held by Element Energy of \$18 million (2022: \$25 million). Please refer to note 19 for further details.
- The Group has a \$238 million revolving credit facility. At 31 March 2023 this was undrawn, with \$4.7 million of the undrawn amount utilised as security for bank guarantees (2022: \$168 million facility; \$53 million drawn; \$3.7 million utilised as security for bank guarantees).

Strategic report

Sustainability and Health and Safety

A key element of all aspects of our strategy is sustainability. Sustainability at ERM is a commitment to support socio-economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs. As a business, we aim to create long-term shareholder value by balancing the necessary financial performance of the Group with the impact on, and the contributions we make, to the environment and society. We believe that these can, and should, be mutually beneficial and our aim is to ensure that this is the case at ERM. During FY23, we were involved in more than 23,000 sustainability projects globally. We are contributing to the Sustainable Development Goals working with some of the world's leading sustainability organisations such as the World Business Council for Sustainable Development ("WBCSD"), the Principles for Responsible Investment ("PRI") and the UN Global Compact.

We are always looking at how we can reduce our own carbon footprint and take measures to help protect the world's ecosystem. We continually look for ways to reduce our energy usage across the Group and to date we are on track to meet our public commitment to reduce our carbon emissions through our targets that have been approved by the Science Based Targets initiative ("SBTi") in support of our Net Zero by 2025 commitment. We report in accordance with the recommendations of the Task Force on Climate Related Financial Disclosures ("TCFD"), and this year will publish a full TCFD disclosure within the ERM Sustainability Report, published online annually. The 2023 report will be released in July 2023.

We have reported on all of the emission sources required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. The reporting boundary used for collation of the above data is consistent with that used for consolidation purposes in the financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014 to calculate the below disclosures.

The table below summarises our carbon emissions during the year for our UK business.

<i>Fuel type</i>	Year ended 31 March 2023 Co2 tonnes	Period ended 31 March 2022 Co2 tonnes	Year ended 31 March 2023 kWh	Period ended 31 March 2022 kWh
Electricity ¹ and gas	40.02	28.10	715,061	368,309
Total	40.02	28.10	715,061	368,309
Co2 emissions per \$1,000,000 of gross revenue	0.030	0.049		

1 For FY23, ERM has sourced 100% renewable energy through green energy contracts or renewable energy instruments.

Health and Safety is one of ERM's core values and plays a key role in enabling ERM's 'license to operate', both internally with our staff and externally with our clients. During the financial year, we implemented a variety of ongoing improvements to our Health and Safety programmes to reduce our overall risk profile and improve performance. Key areas of improvement included: the roll-out of a global program to provide workstation ergonomic support and risk management; roll-out of a completely revised 'New Employee Safety Orientation' training module; completion of a new workshop series for ERM Partners as part of our 'See.Own.Share' curriculum; working with our global Business Process Excellence team and an outside vendor to revise all of our online Health and Safety 'tools'; revising our 'Subsurface Clearance' program to include a "Low Risk" Subsurface Clearance procedure; completing our third biennial global Safety Climate Survey to better understand the perceptions and beliefs of our staff in respect of the Health & Safety program; and, with support from HR and operational teams, collecting valuable data from each of our Business Units related to our 'Total Wellness' activities. During FY23, our UK business received the Royal Society for the Prevention of Accidents Gold Medal Award.

Strategic report

Corporate governance

The ERM Board is responsible for the direction and oversight of The ERM International Group Limited, on behalf of its shareholders and is accountable to them, as owners, for all aspects of ERM's business. The Board recognises that in conducting its business, ERM should also be responsive to clients, regulatory bodies and other relevant stakeholder groups.

The Board believes that good governance involves the clarity of roles and responsibilities, and the proper utilisation of distinct skills and processes. The Board, therefore, focuses on activities that enable it to promote the interests of all shareholders, such as the active consideration and execution of long-term strategy, the monitoring of executive actions, and ongoing Board and executive management succession.

The Board governance policies and practises reflect the relevant provisions of the Wates Corporate Governance Principles for Large Private Companies (2018).

At ERM, we are shaping a sustainable future with the world's leading organisations. The purpose of the ERM Group is to create and maximise long-term value for our stakeholders (our people, our clients and our investors) and help create a more sustainable future for our world through pursuing a strategy which offers and delivers exceptional value to our clients.

The Board reviews and, where appropriate, determines the long-term strategy and the annual budget and business plan for the Group based on proposals made by the CEO for achieving the ERM purpose. The Board develops and promotes the ERM purpose and ensures, through its decisions and actions, that the values, strategy and culture of the Group align with that purpose, to generate long-term sustainable value.

On a day-to-day basis we continue to be managed by the Executive Committee (comprised of the executive directors of the business), which is supported by a larger group of senior Partners. This consists of the senior executives who lead geographic, service, sector and client divisions of our operations, business development, people development and other professional support functions. The Executive Committee generally meets monthly. We often hold these meetings by video conference to reduce our carbon footprint and our travel time and costs.

We continue to develop our risk management procedures and we take every reasonable measure to ensure that all of our staff adhere to ERM's global values and our Code of Business Conduct and Ethics.

Strategic report

Section 172 statement

Section 172 requires that "a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision 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 as between members of the company".

The Directors consider the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are our clients reflecting the sectors and industries we serve, our regulators, our employees and our institutional and employee shareholders. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

The Group comprises a number of business units ("BUs"), all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. Please refer to page 14 for further information on corporate governance.

In performing their duty under s172, the Directors have had regard to the matters set out in s172(1) as follows:

The likely consequences of any decision in the long term

Reports are regularly made to the Group Board by the Executive Directors and members of the Executive Committee about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interest in decision-making.

At Group level, the Board is well informed about the views of stakeholders through the regular reporting on stakeholder views; for example, the CEO and other Executive Directors regularly share feedback from clients (as key stakeholders) gained from meetings between them and senior client contacts. The Board uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

The Board has established a Risk and Reputation steering group, with representatives of ERM management and KKR. The Group has discussed and proposed to the Board positions to take on significant sustainability, geopolitical and reputation issues.

The Board takes a long-term approach to developing its strategy, which is to grow and build our consulting capability and presence in major markets to help clients address their sustainability challenges. We aim to achieve this through organic growth and targeting specific acquisitions where appropriate to broaden our geographic and service offerings. Our global expansion focuses on building deep and lasting relationships with our clients and servicing all their sustainability needs. The Board reviews the relevance of the Group's strategy annually.

The Group has established a successful track record of acquiring and integrating complimentary consulting businesses into the Group over recent years. Since April 2017, the Group has completed 25 such acquisitions in total (six of these during FY23) bringing in the expertise of over 1,100 people to complement our core client offerings and to expand our capability in areas that build our skills or service offerings that we can provide clients across our geographies. These acquisitions enhanced our capabilities and expanded our service offerings to assist in continuing to help respond to the changing needs of our clients.

Ongoing investment in improving the IT infrastructure and testing and upgrading of the Group's cyber security, including implementing a new managed security detection and response service, has improved our business continuity, long-term resilience and protection of data.

Strategic report

The interests of the Group's employees

At ERM, people are at the heart of our operation. We have a strong community united by our purpose and the impact of our work. ERMers bring their whole selves and unique capabilities to develop technical and leadership skills whilst leaving a lasting imprint on our planet.

Our Growth and Performance Culture is a culture in which each individual is celebrated for their unique capability and finds belonging within a warm, vibrant and inclusive community. As part of their experience each person makes an impact and:

- has the opportunity to continually develop expertise and progress in their careers
- has motivational, simple goals that translate into true impact
- is given meaningful feedback and empowering learning tools to help them meet their goals
- is recognized and rewarded equitably for their contribution to the success of the ERM community
- is empowered to do their best work, everyday, with flexible and progressive ways of working

In the context of rising global attrition, we have maintained an attrition rate below industry benchmark, and receive positive feedback on our regular employee engagement surveys. Our collaborative engagement planning methodology helps us continuously evolve a working culture that is responsive, plays to our unique strengths and helps us deliver on opportunities to make a difference to our people.

Through a progressive approach, we strive to build a demographically diverse company that reflects the communities in which we live and work, as well as a vibrant, inclusive culture in which our people can thrive and that enables the delivery of exceptional client value. Examples of FY23 accomplishments include:

- Implementing an updated career framework to support and accelerate career development for all our staff
- Optimising recruitment processes and early talent hiring
- Piloting a new approach to better connect consultants with project work
- Launching a new engagement model and continuous listening approach
- Investing in our Learning model, curricula and mentorship
- Redesigning a market aligned reward framework
- Aligning executive leadership around ambitious goals on diversity and representation, inclusion and inclusive leadership, and operational maturity, continuing to provide a strong frame for action and measurement
- Building inclusive leadership capability, with 1,100 ERM leaders undertaking habit-building learning

Our vision of Talent Management is to attract, identify, engage and develop, retain and effectively assign employees to exciting work. We want our employees to have the opportunity to develop and fulfill their career aspirations. Our online career progression tool makes it easy for all employees to review available career paths, view job specifications and work with their supervisor and mentors to take a transparent and active role in assessing development to further their career aspirations.

Partner-led teams collaborate to deploy the right people for the right job. These teams have access to our entire workforce, spanning different geographies and sectors in order to meet our evolving client needs. This structure enables employees to deepen their professional experience by supporting projects worldwide.

Regular reports about what is important to our employees are made to the Board ensuring consideration is given to employee needs and regular discussion of people-related topics occurs at Board meetings. For example, our annual Employee Survey results and analysis is shared with the Board as well as the progress we are making against our stated actions. We provide reporting on headcount growth, attrition with reasons for leaving and our retention priorities.

The Remuneration Committee advises the Board on executive remuneration and sets the remuneration packages of each of the Executive Directors. The aim of the Committee is to establish an overall remuneration structure which promotes the long-term success of the Group and delivers the strategy, reflects a balance of fixed and variable pay, with the intent of creating a competitive total compensation package that supports attraction and retention and ensures alignment between short and long term incentivized performance. The Remuneration Committee meeting cadence and agenda is reflective of the reward cycle and fiscal year. The Remuneration Committee provide oversight and final approval on our bonus budget, decisioning principles and the specific salary and bonus award for Executive Directors.

We conduct internal pay equity reviews across the Group and share this with Executive leadership, demonstrating our commitment to fairness and equity on our reward practice. The review is performed annually, with remediation managed through our salary process as and if required. In FY23, the results demonstrated there are no outstanding internal equity issues by career level and comparable roles, with analysis informing our future reward plans.

Strategic report

The interests of the Group's employees (continued)

We have a mature and comprehensive Safety Management System ("SMS"), which incorporates safety-related policies, roles and responsibilities, training, programs and initiatives and mechanisms to measure the effectiveness of our management approach. The SMS governs our approach to minimizing safety and environmental risk, and it is based on Occupational Health and Safety Assessment Specification ("OHSAS") and International Organization for Standardization ("ISO") requirements.

The need to foster the Group's business relationships with suppliers, customers and others

Our global expansion focuses on building deep and lasting relationships with our clients and servicing their needs in more regions and across more service areas. We recognise the trust that our clients place in us by allowing us to work on many of their most challenging projects daily all around the world and are committed to the highest ethical behaviour and personal integrity in all our transactions and interactions.

We exercise judgment with respect to clients and third parties with whom we engage and the types of work we undertake. We will not work with clients or subcontractors who do not share our commitment to high ethical and sustainability standards and to safe operations.

The impact of the Group's operations on the community and the environment

A key element of all aspects of our strategy is sustainability. Sustainability at ERM is a commitment to support socio-economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs. See page 5.

During FY23, ERM senior leaders engaged our Board and Executive Committee on all aspects of sustainability and ESG including the strategic implications of climate change and the low carbon economy transition. We continue to make a significant commitment and investment in this area. We are implementing global and regional plans with our Global Industry and Service teams, Regional Leadership Teams and Account Directors across the Group to evolve our response to market demand. Our annual Sustainability Report details our wider Sustainability impacts and performance.

The ERM Foundation supports environmental, community and sustainable development causes through appropriate charitable, educational and scientific means.

The desirability of the Group maintaining a reputation of high standards of business conduct

Our written Global Code of Business Conduct and Ethics sets clear requirements to ensure we conduct business with uncompromising honesty, integrity and that we comply with laws and regulations. Our commitment to combat bribery and corruption is fundamental to how we operate and is embedded into our key systems and programs. We apply our business conduct and ethics commitments across every office and activity, every day, with the involvement and awareness of all our employees. All employees and Partners are held responsible for compliance with our Code and policies.

We express this commitment through our business values, our professional standards, staff training and our internal systems and practices. It is key to earning and maintaining the trust of our stakeholders: shareholders and investors, management and employees, clients, suppliers and contractors, Governments, non-governmental organizations and the communities in which we operate.

The Board of Directors and Executive Committee are ERM's most significant governing bodies. They are responsible for the strategic direction of the organization and the effective monitoring of operations and performance. The Board sets a high standard for ethical behaviour and ensures the Group complies with applicable laws and regulations.

All supervisors and individuals in key delivery roles are required to complete an annual self-certification to assess and confirm compliance with the requirements of our Code of Conduct and associated global policies, as part of our year-end internal audit of our corporate governance and assurance process.

ERM maintains a global anonymous "whistleblowing" reporting system (Helpline) so that concerns about our business operations, including unethical business conduct, can be reported without fear of retaliation. The system is available 24 hours a day, 7 days a week, by a web portal or call-in line with over 18 languages at one's disposal. This is managed by a third party to protect confidentiality. Reported concerns are investigated and addressed in ERM under the supervision of ERM's Chief Compliance Officer.

Strategic report

The need to act fairly between members of the company

The Board recognises the critical importance of open dialogue and fair consideration of the company's members. We communicate regularly with our institutional shareholder KKR as well as with current and former employee shareholders, some 610 individuals who collectively own approximately 31.91% of the Group's ordinary shares. Shareholders have representation at the Board level and employee shareholders are actively updated via regular reports, calls and written communications.

Principal risks and uncertainties

The key risks that the Group is exposed to are reviewed regularly by senior management, the Executive Committee and the Board of Directors.

Russia and Ukraine

The Russia-Ukraine conflict brought additional turbulence and uncertainty to the global economy. Our primary focus has been the safety of our Ukrainian colleagues and their families, as well as our colleagues based in Russia. During Q1 FY23, the decision was made to wind down the Russian business because of the EU, UK and US sanctions, with all financial activities ceased by 7 July 2022. The direct financial impact on the Group resulting from the Ukraine invasion and the cessation of our operations in Russia is limited. We remain alert to the current macroeconomic and geopolitical uncertainty and continue to monitor the potential impact on the wider business landscape; to date we have not seen any significant impact on those. We will continue to monitor the sanctions in place on an ongoing basis, ensuring that we remain compliant with relevant laws and regulations.

Risks relating to the Group's financial condition: credit risk, liquidity risk and interest rate risk

The Group's credit risk is primarily attributable to its debtors and amounts recoverable on contracts. The Group has no significant concentration of credit risk, with exposure spread over a large number of high quality counterparties and customers.

In keeping with the financing model selected by the shareholders, the Group has significant indebtedness and a substantial portion of cash flow from operations is used for the payment of interest and/or the repayment of principal. The Group has both interest rate and exchange rate exposure. There are also certain restrictions and covenants imposed by the terms of these debt facilities. Debt maturity dates are 2027 to 2028.

These risks are managed by strong reporting, control and forecasting of cash flows and by regularly deciding on whether to hedge a portion of debt at fixed interest rates, considering inter alia forecasts on interest rates, interest cover, cash flow and cash on hand. See note 25 for details of interest rate caps and swaps in place. The Group's indebtedness is drawn in US dollars and Euros to provide a natural hedge against the major currencies in which the Group operates. At the year end the Group also had a revolving credit facility of \$238 million, which was undrawn (\$4.7 million of the undrawn amount was utilised as security for bank guarantees).

Risks relating to the Group's business performance, to end markets and to political and regulatory factors

The Group faces a competitive market, parts of which have relatively low barriers to entry. The Group may be exposed to liabilities in connection with its business and its liability for potential claims or pending claims may exceed its insurance coverage or no insurance coverage may exist for such claims. Further, the Group may fail to meet cost, schedule or performance requirements under client contracts. Changes in environmental laws, regulations and Government policy may adversely affect the Group's business, as may foreign, political or economic instability, due to the large number of countries in which the Group operates.

Some of ERM's end markets are somewhat cyclical in nature. Whilst the Group's revenues are drawn from a range of private and, to a lesser extent, public markets, material downturns in some markets could impact the business. We are, however, very well diversified across the Energy, Chemical, Technology, Finance, Manufacturing, Mining and Pharmaceuticals sectors.

These risks are managed by anticipating consultancy trends and identifying new markets and sectors in which the Group might operate and ensuring that we continue to be well diversified across sectors, geography and services. The Group has processes to manage contractual conditions with appropriate insurance arrangements in place and to identify and manage contingent liabilities when they arise. The Directors believe that the Group has adequately provided for known liabilities and that it has adequate insurance to cover known potential legal claims. The Group maintains strong links between individual business units and has a strong regional management structure, which is responsible for managing and co-ordinating activities within each geographic region.

Strategic report

Risks relating to the Group's personnel

The Group's operating result requires the Group to maintain a high degree of utilisation of its consultants. The Group's future success will depend on its ability to attract and retain key personnel. These risks are managed by monitoring and optimising staff utilisation and by having remuneration policies which reward performance and incentivise continued employment with the Group.

We need to position ourselves to meet the record demand for our skills. ERM's challenge is to scale significantly, embrace new capabilities and evolve our working culture. The HR function needs to be set up for success to help ERM navigate these challenges. We are investing in the programs and capabilities required to accelerate hiring, development, engagement and retention strategies in order to realise our growth ambition and attract talent within an increasingly competitive market.

Climate-change related risks

Climate-related financial risks and opportunities have a direct impact on the Group's business, strategy, and trajectory. We ourselves are in a transition as the economy moves to a low-carbon future. Our portfolio of clients and projects has changed significantly in recent years as the inter-relationship between climate, nature and social issues present new risks and opportunities for the private and public sectors.

The Group plays an active role in various multistakeholder initiatives on climate including the Business Ambition to 1.5 degrees, the World Business Council for Sustainable Development climate and energy programs and the Climate Pledge.

Future developments

We believe that, despite current economic uncertainty, ERM has an extraordinary growth opportunity, and commensurate challenge, ahead of us in the next financial year and beyond. While the outlook for the consulting sector in the medium term is mixed, the Directors are confident of achieving the FY24 budgeted growth which is supported by record backlog, a track record of FTE growth in FY23 and a diversified service and sector client base.

Client demand is buoyed by LCET and ESG market drivers and we believe we are on the cusp of a new age of growth. We will leverage our exposure to a large growth industry with a strong focus on the ESG theme and proliferation of 'sustainability' and 'social responsibility' trends driving visible non-discretionary revenue streams.

We will continue with our strategy, which is to grow and build our presence in major markets, through organic growth and targeting specific acquisitions where appropriate to broaden our geographic and service offerings. Our global expansion focuses on building deep and lasting relationships with our clients and servicing their needs in more regions and across more service areas.

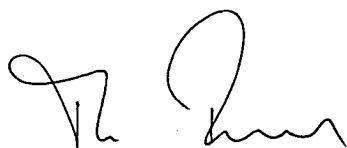
As part of the KKR Transaction in the previous year we set out an ambitious five year growth plan. In order to achieve this, our future investment activities will include:

- The ongoing development of our client relationship programme
 - Expanding our key service offerings so that we are positioned to gain from the proliferation of Sustainability, Climate Change, LCET and ESG super-trends
 - Continued focus on inorganic growth from acquisitions
 - Expanding the role of technology and data in our service offerings and in our operational delivery.
 - The ongoing hiring of new Partners from outside ERM, as well as annual internal promotions and inflow of Partners from new acquisitions
- Development of key areas such as cyber, risk, DE&I and brand to align with the Group's growth ambitions.

Strategic report

Summary

The financial year ended 31 March 2023 saw us successfully grow net revenue and use this momentum to make investments in our business to set us up for further growth in future years. We are optimistic about the future given the increased awareness of sustainability and growth in the market. Diversification has created a more balanced portfolio with reduced concentration risk in sectors, service lines, geography and customers. Demand for ERM's services is evolving in a dynamic market environment and this demand is to some extent decoupled from levels of underlying economic growth where these services are now seen as mission critical and strategic for our customers. We remain excited by the opportunities ahead for us and we are maintaining investment and growing client relationships. We are well structured and financed and have strong current liquidity to ensure our business continues to thrive.



Thomas Reichert
Chief Executive Officer
30 June 2023

Directors' report

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

Directors

The executive Directors who served during the year were:

Thomas Reichert	Chief Executive Officer	
Timothy Strawn	Regional Chief Executive Officer	(appointed 12 July 2022)
Simon Crowe	Chief Financial Officer	(resigned 3 October 2022)
David McArthur	Strategic Advisor	
Sabine Hoefnagel	Global Leader of Sustainability and Risk	
Susan Angyal	Regional Chief Executive Officer	(appointed 5 June 2023)

The non-executive Directors who served during the year were:

Rami Bibi
Tomas Hevia
Mattia Caprioli
Tim Franks
Lars Kolks

Going concern

The financial statements of the Group have been prepared on a going concern basis. The Group's principal risks and uncertainties are described in the Strategic report on pages 10 to 11. The Group has net liabilities of \$573 million (2022: \$205 million) and The ERM International Group Limited (the "Company") has net liabilities of \$225 million (2022: \$55 million). Details of the Group's liquidity position and borrowing facilities are described in note 18. Financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity risk are described in note 25.

The Group reported an operating profit before amortisation and impairment of intangible assets and transaction costs of \$152 million for the year ended 31 March 2023 (2022 period: \$75 million), net cash inflows from operating activities (pre-income taxes) of \$134 million (2022 period: \$95 million) and cash outflows of \$10 million (2022 period: inflows of \$232 million).

At 31 March 2023, the Group held cash and cash equivalents of \$207 million (including \$142 million deposited with ReachCentrum SA and \$18 million held by Element Energy see note 19) (2022: cash and cash equivalents of \$226 million, including \$147 million deposited with ReachCentrum SA and \$25 million held by Element Energy).

A significant element of the indebtedness is preference shares (including accrued dividends) due to shareholders of \$2,220 million (2022: \$2,065 million), which is free from financial covenants. With the exception of payments to departing shareholders, dividends on the preference shares are not paid in cash but instead are accrued and compounded each calendar quarter. The preference shares are redeemable by the Company on the 20th anniversary of their issuance or a liquidation, whichever is earlier.

Despite the net liabilities position in the Company and Group's statement of financial position, the Group has adequate cash resources to meet its day-to-day working capital requirements. In undertaking their assessment of going concern for the Company and the Group, the Directors have prepared the Group's cash flow forecasts and projections and carried out a review of the Group's business and its future prospects. In particular, the Directors have assessed the forecasted future performance and anticipated cash flows, taking into account reasonably possible changes in trading performance, available debt facilities and associated covenants. The cash flow forecasts reflect the strong cash generating ability of the business.

The Directors have also modelled a stress test scenario to consider the wider operational consequences and ramifications of an unexpected risk event. The Group is highly diversified in terms of geographies, sectors and services. The stress testing analysis demonstrates the Group's financial and business resilience, and operational flexibility during prolonged periods of economic weakness. Following the assessment of the Group's financial position, operational resilience, and ability to meet its obligations as and when they fall due, the Directors have a reasonable expectation that the Group will be able to continue to operate for at least the next 12 months. Therefore, the financial statements have been prepared on a going concern basis.

Directors' report

Charitable and political donations

In the year ended 31 March 2023 the Group made donations of \$387,000 to charities (2022 period: \$500,000), including \$315,000 to The ERM Foundation (2022 period: \$265,000). The Group also covered some of the administrative costs of running The ERM Foundation and its associated programmes.

The ERM Foundation supports environmental, community and sustainable development causes through appropriate charitable, educational and scientific means.

Neither the Company nor any of its subsidiaries has a policy of making financial donations to political parties or organisations. No such financial donations have been made during the year.

Employees

The Group is committed to involving all of its employees in the performance and development of the Group. Employees are kept up-to-date on corporate activities through a combination of periodic staff briefings at regional and office levels, team meetings and internal communication channels. Our intranet and regular electronic newsletters keep employees informed of the Group's success in the marketplace and provide information on internal job vacancies.

It is the Group's policy to give full consideration to suitable applications for employment of disabled persons and to comply with applicable equal employment opportunity laws as to race, colour, religious creed, sex, age, national origin, marital status, ancestry, sexual orientation, veteran status, medical condition or any other legally protected status. Disabled employees are eligible to participate in all career development opportunities available to staff. See pages 8-9 for further detail of how the Directors have engaged with the Group's employees and other stakeholders.

Corporate governance

Management is focused on continuing to build a platform for strong and sustainable growth in both revenues and earnings. In order to achieve this objective, the Group is committed to the highest standards of corporate governance and stewardship. The main platforms are:

- Strong regional management based close to regional operations;
- Global management team with close oversight of regional and business unit management;
- Consistent and strong financial controls;
- Centralised global financial and treasury management structure, but deployed regionally and co-located with the operations;
- A global financial and project management system;
- Strong and clear policies, procedures, training, leadership and periodic performance review in the areas of business conduct & ethics and health & safety; and
- Corporate stewardship reinforced through employee ownership.

During the year, the Group continued to increase its activities in managing the risks associated with entering into professional service contracts, evolving and expanding our global contracts management system, as well as continuing to develop and enhance its risk management tools and processes in relation to project management and subcontractors.

Directors' report

The workings of the Board

The Board of Directors usually meets six to seven times during the year, with extra meetings as required.

An Executive Committee oversees the day-to-day management of the Group's business activities and strategic programmes.

The Board is responsible for implementing, monitoring and reviewing the effectiveness of the system of management control. These processes include:

- Comprehensive budgeting, with plans and budgets annually approved by the Board;
- Monthly financial reporting comparing actual performance against budget and prior year results on a monthly and year-to-date basis;
- The review of business performance by our senior executives;
- Regular consideration by the Board of actual performance against budgets and business plans;
- Regular discussion by the Board of the Group's forecasts and business prospects;
- The review of significant risks faced by the Group;
- Select internal financial audits performed on local country operations on rotational basis;
- Ensuring key officers review financial and other controls across the Group;
- Discussions and review of the issues arising from the external audit; and
- Regular reporting of legal and accounting developments.

The Regional Finance Directors, who report to Regional CEOs and the Global Head of Finance, ensure that adequate controls are in place within the business units. In addition, a system of self-certification is in place in the business units. This requires business units to certify their compliance in areas of corporate governance and management control. The responses are reviewed by regional and Group management.

Communications with shareholders

There is regular communication with KKR and its main co-investors as well as with employee shareholders (refer to page 9 of the Strategic Report for further details).

Auditor

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP will be re-appointed as the auditor.

Events since the balance sheet date

Please refer to subsequent events in note 29.

Directors' statement as to disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all steps that he/she is obliged to take, as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' and officers' liability insurance

ERM maintains liability insurance for the Directors and officers of the company and of all its subsidiaries. In addition, the Directors of the company are granted indemnities in respect of certain liabilities or loss that may arise out of or in connection with their duties to ERM, and in accordance with the Companies Act 2006 and the Articles of Association of the Company.

Directors' conflict of interest

The Articles of Association of the company contain provisions which are consistent with ERM's Code of Conduct and the Companies Act 2006 regarding actual or potential conflicts of interest involving Directors.

Directors' report

On behalf of the Board



Thomas Reichert
Chief Executive Officer

30 June 2023

Registered No. 13391605

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 "Reduced Disclosure Framework" the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are 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 the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

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 members of The ERM International Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of The ERM International Group Limited (the 'parent company') and its subsidiaries (the 'group') 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 loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included an assessment of the entity's:

- financing facilities including nature of facilities, repayment terms and covenants;
- linkage to business model and medium-term risks;
- assumptions used in the forecasts;
- amount of headroom in the forecasts (cash and covenants);
- sensitivity analysis; and
- the model used to prepare the forecasts, testing of mechanical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

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 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.

Independent auditor's report

to the members of The ERM International Group Limited

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 auditor's report.

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and in-house legal counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK Employment Law, Environmental Legislation and General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report

to the members of The ERM International Group Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- valuation of long outstanding work in progress ("WIP") on projects that significantly exceed regional average WIP days and the accuracy of the associated revenue. We have:
 - identified and tested the design and implementation of relevant controls which address the risk of material misstatement;
 - using data analytics, identified projects with WIP balances that significantly exceed regional averages and performed detailed testing procedures on a sample of projects to challenge the basis for the project completion and recoverability; and
 - performed additional inquiry with project managers or project partners took place to verify projects back to agreements and supporting documentation in order to challenge the valuation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Matthew Ward FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 June 2023

Consolidated income statement

For the year ended 31 March 2023

In \$000

	Notes	Year ended 31 March 2023	Period ended 31 March 2022 ⁽¹⁾
Gross revenue	5	1,323,043	574,132
External project costs		(291,910)	(134,959)
Net revenue	5	1,031,133	439,173
Other income		882	365
Staff costs	6	(769,637)	(328,230)
Other operating expenses	7	(78,421)	(23,665)
Share based payments expense		(4,804)	-
Depreciation of property, plant and equipment	7,10	(7,298)	(3,037)
Depreciation of right of-use assets	7,11	(19,949)	(10,099)
Operating profit before amortisation and impairment of intangible assets and transaction costs		151,906	74,507
Amortisation and impairment of intangible assets	7,13	(189,169)	(98,985)
Transaction costs	7	(11,978)	(129,762)
Operating loss		(49,241)	(154,240)
Financial income	8	13,307	22,230
Financial expenses	8	(250,907)	(95,683)
Net financial expenses		(237,600)	(73,453)
Loss before income tax		(286,841)	(227,693)
Income tax (expense) / credit	9	(4,241)	19,600
Loss for the financial year/period		(291,082)	(208,093)
Attributable to:			
Equity holders of the parent		(291,085)	(208,056)
Non-controlling interests	27	3	(37)
Loss for the financial year/period		(291,082)	(208,093)

(1) See note 1

The current year and prior period results all relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2023

In \$000

	Year ended 31 March 2023	Period ended 31 March 2022 ⁽¹⁾
Loss for the financial year/period	(291,082)	(208,093)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	(93,332)	(28,993)
Deferred tax on retranslation of intangible assets and leases	9,715	2,295
Total comprehensive loss for the year/period	(374,699)	(234,791)
Attributable to:		
Equity holders of the parent	(374,702)	(234,754)
Non-controlling interests	3	(37)
Total comprehensive loss for the year/period	(374,699)	(234,791)

(1) See note 1

Consolidated statement of financial position

As at 31 March 2023

In \$000

	Notes	31 March 2023	31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	10	19,997	14,918
Right of-use assets	11	39,716	47,752
Net investment in sublease		67	451
Intangible assets	13	2,798,136	2,939,025
Deferred tax assets	15	67,434	53,422
Total non-current assets		2,925,350	3,055,568
Current assets			
Trade and other receivables	16	416,521	344,358
Current tax assets		6,734	7,963
Cash and cash equivalents	19	206,722	226,366
Total current assets		629,977	578,687
Total assets		3,555,327	3,634,255
Liabilities			
Current liabilities			
Trade and other payables	17	(479,769)	(454,391)
Borrowings	18	(7,407)	(5,350)
Lease liabilities	20	(15,297)	(17,988)
Current tax liabilities		(11,656)	(11,341)
Total current liabilities		(514,129)	(489,070)
Non-current liabilities			
Borrowings	18	(3,235,095)	(2,942,307)
Lease liabilities	20	(26,482)	(32,265)
Other payables	17	-	(1,274)
Deferred tax liabilities	15	(352,337)	(374,281)
Total non-current liabilities		(3,613,914)	(3,350,127)
Total liabilities		(4,128,043)	(3,839,197)
Net liabilities			
		(572,716)	(204,942)
Shareholders' deficit			
Share capital	21	533	322
Share premium		31,810	29,500
Share based payment reserve		4,804	-
Own shares held reserve		(400)	-
Translation reserve		(110,315)	(26,698)
Retained losses		(499,141)	(208,056)
Total deficit attributable to equity holders of the Parent		(572,709)	(204,932)
Non-controlling interests	27	(7)	(10)
Total deficit		(572,716)	(204,942)

Approved by the Board on 30 June 2023 and signed on their behalf by:



Thomas Reichert
Chief Executive Officer

Registered No. 13391605

The ERM International Group Limited

Consolidated statement of changes in equity

For the year ended 31 March 2023
In \$000

	Attributable to equity holders of the Parent						Total	Non-controlling interests	Total deficit
	Share capital	Share premium	Share based payment reserve	Own shares held reserve	Translation reserve	Retained losses			
On incorporation	-	-	-	-	-	-	-	-	-
Shares issued	322	31,825	-	-	-	-	32,147	-	32,147
Share issue costs	-	(2,325)	-	-	-	-	(2,325)	-	(2,325)
	322	29,500	-	-	-	-	29,822	-	29,822
<i>Comprehensive loss</i>									
Loss for the financial period	-	-	-	-	-	(208,056)	(208,056)	(37)	(208,093)
Foreign currency translation differences	-	-	-	-	(28,993)	-	(28,993)	-	(28,993)
Deferred tax on retranslation of intangible assets and leases	-	-	-	-	2,295	-	2,295	-	2,295
Total comprehensive loss	-	-	-	-	(26,698)	(208,056)	(234,754)	(37)	(234,791)
<i>Changes in ownership interests</i>									
Acquisition of non-controlling interests	-	-	-	-	-	-	-	27	27
Balance at 31 March 2022	322	29,500	-	-	(26,698)	(208,056)	(204,932)	(10)	(204,942)
Shares issued	23	2,310	-	-	-	-	2,333	-	2,333
Purchase of own shares	188	-	-	(400)	-	-	(212)	-	(212)
Share based payments	-	-	4,804	-	-	-	4,804	-	4,804
<i>Comprehensive loss</i>									
Loss for the financial year	-	-	-	-	-	(291,085)	(291,085)	3	(291,082)
Foreign currency translation differences	-	-	-	-	(93,332)	-	(93,332)	-	(93,332)
Deferred tax on retranslation of intangible assets and leases	-	-	-	-	9,715	-	9,715	-	9,715
Total comprehensive loss	-	-	-	-	(83,617)	(291,085)	(374,702)	3	(374,699)
Balance at 31 March 2023	533	31,810	4,804	(400)	(110,315)	(499,141)	(572,709)	(7)	(572,716)

Consolidated statement of cash flows

For the year ended 31 March 2023

In \$000

	Notes	Year ended 31 March 2023	Period ended 31 March 2022 ⁽¹⁾
Cash flows from operating activities			
Loss before income tax		(286,841)	(227,693)
<i>Adjustments for:</i>			
- Depreciation of property, plant and equipment and right of-use assets	7	27,247	13,136
- Amortisation and impairment of intangible assets	7	189,169	98,985
- Transaction costs	7	11,978	129,762
- Net financial expenses	8	237,600	73,453
- Share based payment expense		4,804	-
- Loss on disposal of property, plant and equipment and software		264	114
<i>Changes in working capital:</i>			
- Increase in trade and other receivables		(56,251)	(36,074)
- Increase in trade and other payables		6,402	43,360
Cash generated from operating activities (pre-income taxes)		134,372	95,043
Income taxes paid		(33,971)	(11,084)
Net cash inflow from operating activities (post-income taxes)		100,401	83,959
Cash flows from investing activities			
Acquisition of subsidiary undertakings, net of cash acquired	14	(117,095)	(1,566,082)
Payment of transaction costs	14(h)	(17,388)	(128,778)
Other investing activities		(542)	-
Purchase of property, plant and equipment		(10,180)	(4,712)
Proceeds from sale of property, plant and equipment		117	78
Purchase and development of intangible assets		(11,939)	(2,193)
Net cash outflow from investing activities		(157,027)	(1,701,687)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	21	2,334	29,719
Proceeds from issuance of preference shares	18(d)(e)	4,271	1,831,183
Receipts for preference shares not yet issued		597	844
Share issue costs		-	(2,325)
Purchase of shares from departing shareholders	18(d)	(68)	(9,932)
Proceeds from bank loans		361,042	128,626
Repayment of bank loans		(226,350)	(76,338)
Debt issue costs		(12,798)	(19,908)
Bank interest and charges paid		(55,560)	(17,618)
Interest rate cap premium		(4,474)	(4,165)
Repayment of lease liabilities		(20,385)	(9,173)
Lease interest paid		(2,436)	(1,380)
Sublease net income / (costs)		332	(8)
Net cash inflow from financing activities		46,505	1,849,525
Net (decrease) / increase in cash and cash equivalents		(10,121)	231,797
Cash and cash equivalents at the beginning of year/period		226,366	-
Effect of exchange rate fluctuations on cash held		(9,523)	(5,431)
Cash and cash equivalents at end of year/period	19	206,722	226,366

(1) See note 1

Company statement of financial position

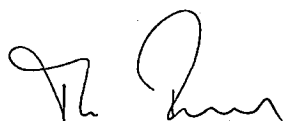
As at 31 March 2023

In \$000

	Notes	31 March 2023	31 March 2022
Assets			
Non-current assets			
Investment in subsidiary undertakings	12	2,014,934	2,010,130
Total non-current assets		2,014,934	2,010,130
Current assets			
Trade and other receivables	16	879	10,274
Current tax assets		1,674	2,219
Cash and cash equivalents		1,067	4,855
Total current assets		3,620	17,348
Total assets		2,018,554	2,027,478
Liabilities			
Current liabilities			
Trade and other payables	17	(18,398)	(16,981)
Borrowings	18	(2,057)	-
Total current liabilities		(20,455)	(16,981)
Non-current liabilities			
Borrowings	18	(2,222,819)	(2,065,490)
Total non-current liabilities		(2,222,819)	(2,065,490)
Total liabilities		(2,243,274)	(2,082,471)
Net liabilities		(224,720)	(54,993)
Shareholders' deficit			
Share capital	21	533	322
Share premium		31,810	29,500
Share based payment reserve		4,804	-
Own shares held reserve		(400)	-
Retained losses		(261,467)	(84,815)
Total deficit		(224,720)	(54,993)

The loss for the financial year in the financial statements of the parent company was \$176,652,000.

Approved by the Board on 30 June 2023 and signed on their behalf by



Thomas Reichert
Chief Executive Officer

Registered No. 13391605

Company statement of changes in equity

For the year ended 31 March 2023

In \$000

	Attributable to equity holders of the Company					
	Share capital	Share premium	Share based payment reserve	Own shares held reserve	Retained losses	Total deficit
On incorporation	-	-	-	-	-	-
Shares issued	322	31,825	-	-	-	32,147
Share issue costs	-	(2,325)	-	-	-	(2,325)
	322	29,500	-	-	-	29,822
<i>Comprehensive loss</i>						
Loss for the financial period	-	-	-	-	(84,815)	(84,815)
Total comprehensive loss	-	-	-	-	(84,815)	(84,815)
Balance at 31 March 2022	322	29,500	-	-	(84,815)	(54,993)
Shares issued	23	2,310	-	-	-	2,333
Purchase of own shares	188	-	-	(400)	-	(212)
Share based payments	-	-	4,804	-	-	4,804
<i>Comprehensive loss</i>						
Loss for the financial year	-	-	-	-	(176,652)	(176,652)
Total comprehensive loss	-	-	-	-	(176,652)	(176,652)
Balance at 31 March 2023	533	31,810	4,804	(400)	(261,467)	(224,720)

Notes to the financial statements

1. General information

The ERM International Group Limited ("the Company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA and the registered number is 13391605. The principal activities of the Group are the provision of sustainability & climate change, safety and digital services to clients. The principal activity of the Company is to act as an intermediate group holding company.

The consolidated financial statements as at, and for the year ended 31 March 2023 and as at, and for the period ended 31 March 2022, consolidate those of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity. The Company was incorporated on 12 May 2021. The Company had no activity during the period from the date of incorporation to 12 October 2021. On 13 October 2021 KKR & Co. Inc. ("KKR") and certain co-investors acquired a majority interest in ERM ("KKR Transaction") and the Company became the new parent company for the Group. The comparative numbers in the Group financial statements therefore cover the trading period from 13 October 2021 to 31 March 2022 (the "Period ended 31 March 2022").

2. Significant accounting policies

2.1 Statement of compliance

The Group consolidated financial statements have been prepared in accordance with Adopted IFRSs, taking into account IFRS Interpretations Committee ("IFRSIC") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company were prepared in accordance with UK Accounting Standards including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and under historical cost accounting rules.

The financial statements of the Group and the Company are prepared in US dollars as the majority of the Group's and the Company's transactions are denominated in this currency. All values are rounded to the nearest thousand (\$'000) except where otherwise stated.

2.2 Basis of accounting

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

The accounts have been prepared under the historical cost convention, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with Adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Judgements that have a significant effect on the financial statements are discussed in note 4.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements

2. Significant accounting policies (continued)

Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value. The Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases.

All assets and liabilities for which fair value are measured or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines each year whether transfers have occurred between levels of the hierarchy.

Basis of consolidation

The Group financial statements consolidate the financial statements of The ERM International Group Limited and its subsidiary undertakings, drawn up for the year ended 31 March 2023.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Intra-group transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Disclosure exemptions

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

- certain disclosures required by IFRS 13 Fair Value Measurement;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 10(d) and 10(f) of IAS 1 Presentation of Financial Statements; and
- the requirements in IAS 24 Related Party Disclosures from disclosing related party transactions with wholly owned subsidiaries within the Group.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006.

Notes to the financial statements

2. Significant accounting policies (continued)

Business combinations

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

Acquisition related costs, which do not reflect the operational performance of the business and are only incurred when acquisitions arise, are reported within transaction costs in the income statement.

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

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

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

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

Contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date). These relate to facts and circumstances that existed at the acquisition date. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the income statement within transaction costs.

Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Notes to the financial statements

2. Significant accounting policies (continued)

Transaction costs

Transaction costs consist of costs related to acquisitions (including gains or losses arising from remeasurement of contingent consideration), refinancing and other transaction related activities. These costs do not reflect the operational performance of the business. Transaction costs are expensed in the income statement.

Government assistance

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants relating to salary support schemes are recognised as accrued expenses in the consolidated statement of financial position and transferred to the income statement on a systematic basis over the periods in which the Group recognises as expenses the related staff costs for which the grants are intended to compensate.

Grants relating to government funded research projects are recognised in other income.

Foreign currencies

Functional and presentational currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions in foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation of the results of overseas businesses

The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. The assets and liabilities of foreign operations are translated to the Group's presentational currency at foreign exchange rates ruling at the reporting date. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Notes to the financial statements

2. Significant accounting policies (continued)

Revenue recognition

The Group follows the principles of IFRS 15 in determining appropriate revenue recognition policies. Revenue represents amounts chargeable for services provided to third parties in the ordinary course of business.

Revenue from services is recognised following the principles outlined in IFRS 15's five step model as detailed below:

- Identifying the contract. Upon acceptance of a proposal, a contract is entered into, which includes details of the scope of work and each party's rights and obligations regarding transfer of the service;
- Identifying the performance obligations in the contract. In assessing performance obligations, consideration is given to whether each identified key deliverable is a separate performance obligation, or a series of services that are substantially the same, have the same pattern of transfer to the customer and form one overall performance obligation;
- Determining the transaction price. The transaction price is developed during the proposal process by establishing the scope of work and the staffing levels required. Upon acceptance, the total fee value is stated in the contract together with an invoicing schedule;
- Allocating the transaction price to separate performance obligations. Contracts typically include only one performance obligation, so no allocation is required. Where more than one performance obligation exists, the contracts include separately agreed fees for each performance obligation;
- Recognising revenue as performance obligations are satisfied. Where only one performance obligation exists, revenue is recognised over time as the work is performed. Where there is more than one performance obligation, revenue is recognised as each performance obligation is met.

Gross revenue

Gross revenue represents amounts recoverable from clients in respect of the Group's continuing activities. Gross revenue includes costs incurred on behalf of clients and excludes sales taxes.

The Group enters into 'time and expense' and 'fixed fee' contracts. For time and expense contracts, gross revenue and profit recognised is based on hours and expenses incurred to date. For fixed fee contracts where the outcome can be reasonably foreseen, gross revenue and profit is recognised on a percentage completion basis by comparing costs incurred to date to the total costs to completion. Contract expenses include direct staff costs, sub-contractor costs and disbursements. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Attributable profit is recognised for that part of the work performed on each contract at the accounting date when the outcome can be assessed with reasonable certainty.

Digital subscriptions revenue is recognised evenly over the time period for which the subscription services are provided as the customer simultaneously receives and consumes the economic benefit of the service being provided.

Net revenue

Net revenue is gross revenue after deduction of external project costs, which are made up principally of sub-contractors' fees.

Notes to the financial statements

2. Significant accounting policies (continued)

Contract losses

Contracts are reviewed regularly and full provision is made for any anticipated total loss on contracts in the period in which they are first identified.

Amounts recoverable on contracts and bills in advance

The amount by which revenue exceeds invoiced amounts is disclosed as 'amounts recoverable on contracts' within debtors on the statement of financial position. Advance payments are included as 'bills in advance' within creditors to the extent that they exceed the related work done.

Claims recognition

Due to the nature of the Group's operations, the Group is periodically exposed to contingent liabilities arising from its contracting arrangements or actual or potential disputes, claims or litigation. The Group has processes to identify contingent liabilities when they arise and where possible to quantify the potential exposure. When it is judged probable that a liability will arise and that liability can be estimated, a charge is made for the cost of settlement and included in accruals.

Leases

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Right-of-use assets are measured at cost, which is the initial measurement of the lease liabilities, adjusted for any payments made or lease incentives received at or before the commencement date, plus any direct costs incurred, and an estimate of any restoration costs.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in the income statement.

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

The right-of-use-assets are presented as a separate line in the consolidated statement of financial position.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease (if that rate is readily available), or the Group's incremental borrowing rate. The lease term is a non-cancellable period of the lease; periods covered by options to extend the lease are only included in the lease term if it is reasonably certain that the lease will be extended.

Subsequent to initial measurement by the effective interest method, the liabilities are reduced for payments made, and increased for interest charged. If required, lease liabilities are remeasured to account for modifications, with corresponding adjustments reflected in the right-of-use assets.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

The Group sub-leases some of its leased properties and accounts for its interests in the head lease and sub-lease separately. Lease payments received are recognised as income on a straight-line basis over the lease term.

Notes to the financial statements

2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition and installation of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain and loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	Over the lease term
Furniture and fittings, plant and machinery	3 to 5 years
Motor vehicles	4 years
Computer equipment	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date or if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

2. Significant accounting policies (continued)

Intangible assets

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses, if any.

Goodwill is not subject to amortisation but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis. An impairment loss in respect of goodwill is not reversed in the subsequent period.

Other intangible assets

Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Brand

Brand names and related trademarks acquired through a business combination are measured initially at fair value and are amortised on a straight-line basis over their estimated useful lives. The ERM brand and related logos, trademarks and domain names acquired have been valued taking into account the royalty relief approach. The royalty relief is an 'economic use' approach to valuation which determines the value of the brand in relation to the royalty rate that would be payable for its use were it owned by a third party.

Customer relationships and customer order books

Contractual customer relationships and customer order books acquired in a business combination are recognised at fair value at the acquisition date. They are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost over the period in which their respective benefits are expected to accrue. The useful economic life of these assets is determined on a case-by-case basis, in accordance with the terms of the underlying agreement and the nature of the asset.

Software and other development costs

Software assets acquired as part of a business combination are capitalised at fair value at the date of acquisition and are amortised on a straight-line basis over their estimated useful lives.

Externally purchased software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software development costs relating to software assets the Group control and which are revenue generating are capitalised and amortised over three to five years.

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and will be amortised from the date the asset is available for use over the period during which the Group is expected to benefit.

Notes to the financial statements

2. Significant accounting policies (continued)

Software and other development costs (continued)

Directly attributable costs that are capitalised include directly attributable employee costs and an appropriate portion of relevant overheads. Provision is made for any impairment.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Third party costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and the recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Brand	up to 20 years
Customer order books	within 2 years
Customer relationships	5 to 20 years
Software assets	3 to 5 years

Impairment of tangible and other intangible assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the financial statements

2. Significant accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets in the following measurement categories:

- At fair value through profit or loss
- At fair value through other comprehensive income
- At amortised cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows and management will determine the classification on initial recognition.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. As per IAS 7.7 cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

ii. Trade and other receivables

Trade and other receivables are not interest-bearing and are due on commercial terms. They are recognised initially at their transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

In accordance with IFRS 9 "Financial Instruments", the Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets, and has adopted the 'simplified approach' permitted by the standard. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognises lifetime ECL for trade receivables and amounts recoverable on contracts. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors as well as general economic conditions. This also includes an assessment of the current and forecast direction of conditions at the reporting date, including where appropriate, the time value of money.

The Group recognises an impairment gain or loss in profit or loss for financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the financial statements

2. Significant accounting policies (continued)

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. An equity instrument is any contract that gives a residual interest in the assets of the Group, after deducting all its liabilities.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method except for derivatives that are measured at fair value with gains or losses recognised in profit or loss. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

All loans and borrowings are initially recognised at fair value net of issue costs. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of issue costs) and redemption value is recognised in the consolidated income statement over the period to redemption using the effective interest method. Financial expenses comprise interest on borrowings.

Fees paid on the establishment of loan facilities are recognised as issue 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables, accruals and other payables are included in current liabilities, except for those with maturities greater than 12 months after the reporting date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Notes to the financial statements

2. Significant accounting policies (continued)

Employee benefits

The Group operates various post-employment schemes, including a defined contribution pension plan and other staff benefits.

Defined contribution pension plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current or prior periods. The contributions are recognised as employee benefit expenses in the consolidated income statement in the periods during which services are rendered by employees.

Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, cash bonus or profit-sharing if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably in the period the related service is rendered.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payments

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Financial income and expenses

Financial expenses comprise interest payable on bank loans and overdrafts, interest payable on shareholder debt, amortisation of debt issue costs and changes in the fair value of financial liabilities that are recognised in the income statement. Financial income comprises interest receivable on funds invested and changes in the fair value of financial assets recognised in the income statement. Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Foreign currency gains and losses on revaluation of intercompany loans and bank loans are reported on a net basis.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Notes to the financial statements

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current and deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Own shares held by Employee Benefit Trust (EBT)

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the Group and Company financial statements. The EBT's purchases of ordinary shares in the Company are recognised as a deduction from equity. The EBT's purchases of preference shares in the Company are debited directly to the Group's preference shares.

3. Adoption of new and revised Standards

No new standards were adopted during the year.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	<i>Insurance Contracts</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 21	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the financial statements

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's significant accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

There were no critical accounting judgements applied during the reporting period.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

Goodwill impairment

For Europe, Middle East and Africa, an impairment of goodwill of \$96.5 million has been recognised in the year ended 31 March 2023, as that segment of CGUs carrying value exceeded its recoverable amount. For all other regional CGUs, the fair value less cost to sell is greater than the carrying amount of the assets.

Following the assessment of the recoverable amount of goodwill allocated to each of the regional cash generating units (CGUs), the Directors have considered the sensitivity of the market valuation multiple utilised in the fair value assessment that was applied against the current year Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to derive a fair value of the regional CGUs.

A range of reasonably possible valuation multiples was considered; were the lower range of the EBITDA multiple applied (a decrease of 2% to the multiple), an additional impairment charge of \$1 million would be recognised in the Asia Pacific CGU, with no additional impairment charges in the remaining CGUs. Were the higher range of the EBITDA multiple applied (an increase of 58% to the multiple), no goodwill impairment would have been recognised in any CGU.

See note 13 for further details.

Notes to the financial statements

5. Segment reporting

The Group is exempt from detailed IFRS 8 reporting requirements as neither its debt nor equity instruments are traded in a public market, nor does it have the requirement to file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

A segmental analysis of gross and net revenue by geographic origin is provided as follows:

	Gross revenue by origin Year ended 31 March 2023 \$000	Net revenue by origin Year ended 31 March 2023 \$000	Gross revenue by origin Period ended 31 March 2022 \$000	Net revenue by origin Period ended 31 March 2022 \$000
Europe, Middle East and Africa	327,885	273,291	155,465	123,478
Asia Pacific	172,148	132,753	71,450	54,336
Latin America and Caribbean	69,543	46,258	26,417	16,524
North America	675,761	510,173	286,257	215,056
Global Businesses	77,706	68,658	34,543	29,779
Total	1,323,043	1,031,133	574,132	439,173

All of the Group's revenue is derived from the provision of services, and all revenues recognised arose from contracts with customers. The analysis by segment shown above is consistent with the management and reporting structure of the Group.

Notes to the financial statements

6. Staff costs, staff numbers and Directors' remuneration

Staff costs

Staff costs of the Group (including Directors' remuneration) were as follows:

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
Wages and salaries ⁽¹⁾	626,136	262,822
Social security costs	58,736	25,674
Contributions to defined contribution plans	21,525	5,418
Other staff costs	63,840	34,444
Staff costs before Government grants	770,237	328,358
Government grants ⁽²⁾	(600)	(128)
Total staff costs	769,637	328,230

(1) Wages and salaries include performance-related bonus amounts earned in respect of the period under which they are shown (but not paid until the following year).

(2) The Government grants received were to contribute towards the cost of employee wages and salaries.

Staff numbers

The average number of full time employees (including executive Directors) in the Group during the year was made up as follows:

	Year ended 31 March 2023	Period ended 31 March 2022
Partners	610	586
Consultants	5,266	4,654
Administration	1,126	975
Total	7,002	6,215

The Company had no employees during the year ended 31 March 2023 (period ended 31 March 2022: none).

Directors' remuneration

The emoluments of the executive Directors of the Company for the year ended 31 March 2023 were paid by other Group companies and are as follows:

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
Emoluments	7,785	2,937
Compensation for loss of office	558	3,228
Contributions paid to defined contribution pension schemes (no. of members 2, FY22: 2)	10	6

Emoluments include performance-related bonus amounts earned in respect of the period under which they are shown (but not paid until the following year). Emoluments are paid in local currency in the country of residence.

The amounts in respect of the highest paid executive Director are as follows:

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
Emoluments	3,438	549
Compensation for loss of office	-	3,228
Contributions paid to defined contribution pension schemes	-	5

No emoluments were paid to non-executive Directors during the year ended 31 March 2023 (period ended 31 March 2022: none).

Notes to the financial statements

7. Other operating expenses by nature, including transaction costs

Operating expenses include:

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
Depreciation of property, plant and equipment	7,298	3,037
Depreciation of right of-use assets	19,949	10,099
Amortisation of intangible assets	92,708	98,985
Impairment of goodwill	96,461	-
Transaction costs – KKR Transaction (note 14(h))	7,732	127,535
Transaction costs – other acquisitions	4,246	2,227
Foreign exchange (losses) / gains on non-financing activities	(1,212)	27
Auditor's remuneration:		
- audit of the Group financial statements	881	1,318
- audit of financial statements of subsidiaries pursuant to legislation	2,591	2,475
- tax compliance and tax advisory services	415	4,185
- other advisory services	124	595

8. Financial income and expenses

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
Foreign exchange gain on revaluation of intercompany loans	-	5,377
Foreign exchange gain on revaluation of bank loans	-	7,931
Fair value movement of interest rate cap	13,099	8,905
Bank interest income	208	17
Total financial income	13,307	22,230
Dividends accrued on preference shares (see note 18(d) & 18(e))	(169,109)	(74,104)
Interest and charges on bank loans and overdrafts	(55,190)	(16,852)
Amortisation of debt issue costs	(9,775)	(2,256)
Lease interest	(2,436)	(1,380)
Amortisation of interest rate cap premium	(1,790)	-
Other financial expenses	(1,041)	(1,091)
Interest accrued on promissory notes	(95)	-
Foreign exchange loss on revaluation of intercompany loans	(1,867)	-
Foreign exchange loss on revaluation of bank loans	(9,604)	-
Total financial expenses	(250,907)	(95,683)
Net financial expenses	(237,600)	(73,453)

The Company reported \$169,852,000 net financial expenses during the year ended 31 March 2023 (2022 period: \$74,306,000), consisting of: dividends accrued on preference shares \$169,109,000 (2022 period: \$74,104,000); intercompany interest expense \$644,000 (2022 period: \$199,000); promissory notes interest expense \$95,000 (2022 period: \$nil); other interest payable \$4,000 (2022 period: \$nil) and net bank interest expense \$nil (2022 period: \$3,000).

Notes to the financial statements

9. Income tax expense

(a) Analysis of tax charge / (credit)

The Group operates across many different tax jurisdictions. Income and profits are earned and taxed in the individual countries in which they occur.

Differences between the UK statutory tax rate and the effective tax rate for the Group include, but are not limited to, the mix of profits, the effect of tax rates in overseas jurisdictions, non-deductible expenses, the effect of utilised tax losses, and under/over provisions in previous periods.

	Year ended 31 March 2023 \$000	Period ended 31 March 2022 \$000
Current tax:		
Current year / period	33,705	20,895
Prior period	936	(1,672)
Total current tax charge	34,641	19,223
Deferred tax:		
Current year / period	(28,140)	(38,958)
Prior period	(2,260)	135
Total deferred tax credit (note 15)	(30,400)	(38,823)
Total tax charge / (credit) for the year/period (note 9(b))	4,241	(19,600)

(b) Reconciliation of tax charge / (credit)

The tax charge / (credit) is reconciled to the loss in the consolidated income statement as follows:

	Year ended 31 March 2023 \$000	Period ended 31 March 2022 \$000
Loss before income tax	(286,841)	(227,693)
Loss before income tax at UK statutory rate of 19%	(54,500)	(43,262)
<i>Effects of:</i>		
Impairment of goodwill	18,328	-
Higher statutory tax rates on overseas earnings	9,750	6,621
Disallowed dividends accrued on preference shares	32,131	4,784
Corporate interest restriction in the UK	3,150	4,321
Non-deductible expenses	1,740	23,969
Impact of different tax rates on intangibles	(5,943)	6,964
Impact of leases	(70)	(406)
Movement in unrecognised deferred tax	(5,467)	(20,674)
Tax losses utilised	6,446	(380)
Prior year items	(1,324)	(1,537)
Total tax charge / (credit) for the year/period (note 9(a))	4,241	(19,600)

Notes to the financial statements

10. Property, plant and equipment

Group	Leasehold Property \$000	Furniture, fittings, plant and machinery \$000	Motor vehicles \$000	Computer equipment \$000	Total \$000
Cost:					
Acquired	4,364	3,325	305	5,730	13,724
Additions	370	1,298	53	2,991	4,712
Disposals	(114)	(78)	-	-	(192)
Exchange differences	(25)	(44)	-	(219)	(288)
At 31 March 2022	4,595	4,501	358	8,502	17,956
Acquired (note 14)	202	119	-	224	545
Additions	1,198	1,379	243	7,360	10,180
Disposals	(31)	(181)	(30)	(139)	(381)
Reclassifications ⁽¹⁾	-	-	-	2,574	2,574
Exchange differences	(695)	(740)	(46)	(1,355)	(2,836)
At 31 March 2023	5,269	5,078	525	17,166	28,038
Depreciation:					
Charge for the period	749	598	49	1,641	3,037
Exchange differences	1	3	-	(3)	1
At 31 March 2022	750	601	49	1,638	3,038
Charge for the year	1,519	1,140	169	4,470	7,298
Exchange differences	(583)	(677)	(38)	(997)	(2,295)
At 31 March 2023	1,686	1,064	180	5,111	8,041
Carrying amounts:					
Net book value at 31 March 2022	3,845	3,900	309	6,864	14,918
Net book value at 31 March 2023	3,583	4,014	345	12,055	19,997

(1) During the year, assets that were previously recognised in software were reclassified as computer equipment, as this was deemed a more appropriate classification.

Notes to the financial statements

11. Right-of-use assets

The Group leases a number of leasehold properties, motor vehicles and office equipment.

During the year ended 31 March 2023 the Group recognised income of \$32,000 from subleasing its right-of-use assets (period ended 31 March 2022: \$61,000).

Group	Leasehold Property	Furniture, fittings, plant and machinery	Motor vehicles	Total
	\$000	\$000	\$000	\$000
Cost:				
Acquired	53,992	828	1,550	56,370
Additions	4,010	4	86	4,100
Disposals	(2,566)	(10)	(27)	(2,603)
Exchange differences	(649)	(8)	(61)	(718)
At 31 March 2022	54,787	814	1,548	57,149
Acquired (note 14)	1,332	13	-	1,345
Additions	12,616	1,094	475	14,185
Disposals	(8,639)	(696)	(319)	(9,654)
Exchange differences	(1,950)	(12)	(33)	(1,995)
At 31 March 2023	58,146	1,213	1,671	61,030
Depreciation:				
Charge for the period	9,411	321	367	10,099
Disposals	(593)	(7)	(13)	(613)
Exchange differences	(73)	(2)	(14)	(89)
At 31 March 2022	8,745	312	340	9,397
Charge for the year	18,521	658	770	19,949
Disposals	(7,041)	(538)	(250)	(7,829)
Exchange differences	(207)	(2)	6	(203)
At 31 March 2023	20,018	430	866	21,314
Carrying amounts:				
Net book value at 31 March 2022	46,042	502	1,208	47,752
Net book value at 31 March 2023	38,128	783	805	39,716

Notes to the financial statements

12. Investment in subsidiary undertakings

Company	Investment in subsidiaries \$000
Cost:	
Additions	
Nature Midco Limited ⁽¹⁾	2,010,130
At 31 March 2022	2,010,130
Additions	
Nature Midco Limited ⁽²⁾	4,804
At 31 March 2023	2,014,934

See note 26 for details of related undertakings.

(1) During the prior period, the Company acquired the following ordinary shares in its immediate subsidiary undertaking, Nature Midco Limited:

- Initial investment of 1 ordinary share for total consideration of \$1.
- As part of the Scheme of Arrangement which took effect on 13 October 2021, the Company subscribed for the following ordinary shares:
 - 184,749,995 ordinary shares for total consideration of \$1,847,499,942
 - 1 ordinary share for total consideration of \$125,235,662.
 - 1 ordinary share for total consideration of \$37,394,375.

(2) Share-based payments to employees of subsidiaries

Notes to the financial statements

13. Intangible assets

Group	Goodwill \$000	Brand \$000	Customer relationships \$000	Customer order books \$000	Software \$000	Development costs \$000	Total \$000
Cost:							
Acquired	1,642,032	231,420	1,108,416	73,062	9,511	-	3,064,441
Additions	-	-	-	-	2,500	-	2,500
Exchange differences	(17,484)	(2,228)	(9,478)	(394)	(163)	-	(29,747)
At 31 March 2022	1,624,548	229,192	1,098,938	72,668	11,848	-	3,037,194
Acquired (note 14)	75,618	1,314	45,128	1,622	3,833	-	127,515
Acquisition of Stratos	21	-	-	-	-	-	21
Additions	-	-	-	-	11,552	3,715	15,267
Reclassifications ⁽¹⁾	-	-	-	-	(2,574)	-	(2,574)
Exchange differences	(52,625)	(7,057)	(32,483)	(2,000)	(449)	52	(94,562)
At 31 March 2023	1,647,562	223,449	1,111,583	72,290	24,210	3,767	3,082,861
Amortisation and impairment:							
Charge for the period	-	5,338	30,457	61,241	1,949	-	98,985
Exchange differences	-	(66)	(333)	(410)	(7)	-	(816)
At 31 March 2022	-	5,272	30,124	60,831	1,942	-	98,169
Charge for the year	-	11,292	64,484	11,907	5,025	-	92,708
Impairment recognised	96,461	-	-	-	-	-	96,461
Exchange differences	-	(110)	(661)	(1,534)	(308)	-	(2,613)
At 31 March 2023	96,461	16,454	93,947	71,204	6,659	-	284,725
Carrying amounts:							
Net book value at 31 March 2022	1,624,548	223,920	1,068,814	11,837	9,906	-	2,939,025
Net book value at 31 March 2023	1,551,101	206,995	1,017,636	1,086	17,551	3,767	2,798,136

(1) During the year, assets that were previously recognised in software were reclassified as computer equipment, as this was deemed a more appropriate classification.

Goodwill impairment and fair value assessment

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs or group of CGUs ("regional CGU") and is not amortised but tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. A CGU is identified as the lowest aggregation of assets that generates largely independent cash inflows at which goodwill and intangible assets are monitored within the Group. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell ("FVLCS").

Management has reviewed the carrying value of the goodwill for each regional CGU using the Group's fair value less cost to sell model.

In the period ended 31 March 2022, the Group applied a market approach method to the valuation of its recoverable amount, based on a fair value less cost to sell of the regional CGUs at each reporting date. The market approach valuation technique was considered the most appropriate method for valuing each of the regional CGUs, as sufficient and reliable transaction data was available from the KKR Transaction executed on 13 October 2021. This provided an independent third-party valuation of the ERM Group.

Notes to the financial statements

13. Intangible assets (continued)

Goodwill impairment and fair value assessment (continued)

In the year ended 31 March 2023, the Group has adopted the discounted cash flow method to determine the FVLCS of the regional CGUs. This approach is determined to be Level 3 in the fair value hierarchy.

The cash flow projections use an initial five year period derived from the Group's most recent business plan, risk adjusted and approved by the Directors, with an extrapolation for a further five years using a systematically declining growth rate and applying a long-term growth rate from year 11 onwards. The cash flows reflect management's expectations of future outcomes, based on past and current experience and expectations of the medium to long term growth prospects for the sector, after considering economic and business risks facing the Group.

Management consider the key assumptions used to be the discount rates and the long-term growth rate applied to extrapolate the cash flows into perpetuity. The discount rates reflect the risks inherent in the subject cash flows, as well as the time value of money. The long term growth rates for each of the CGUs (for the terminal year) have been determined based on the expected long term inflation rates of the countries that make up each regional CGU.

The level at which impairment is tested reflects the lowest level at which goodwill and intangible assets are monitored for internal reporting purposes. The carrying amount of goodwill recorded in the regional CGUs is set out below:

Regional CGU	Year ended 31 March 2023 \$000	Period ended 31 March 2022 \$000
Europe, Middle East and Africa ⁽¹⁾	363,526	465,134
Asia Pacific	278,888	288,163
Latin America and Caribbean	61,110	54,917
North America	847,577	816,334
Total value⁽²⁾	1,551,101	1,624,548

(1) Net of impairment recognised during the year of \$96,461,000.

(2) Including exchange differences after retranslation into USD at the year end.

Regional CGU	Discount rates 31 March 2023 %	Terminal growth rates 31 March 2023 %
Europe, Middle East and Africa ⁽¹⁾	10.4	2.1
Asia Pacific	11.5	2.5
Latin America and Caribbean	16.4	3.1
North America	10.4	2.0

During the year ended 31 March 2023 the Group recognised an impairment of \$96,461,000 in respect of the Europe, Middle East and Africa CGU (2022: none). This was largely attributable to a rise in interest rates in the region resulting in an increase to the discount rate applied to the CGU. No impairment was recognised in the remaining CGUs (2022: none).

Sensitivity to changes in assumptions

Management considered the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") multiple implied by the FVLCS model and tested the sensitivity of the impairment calculation to the valuation multiple applied. A range of reasonably possible valuation multiples was considered; were the lower range of the EBITDA multiple applied (a decrease of 2% to the multiple), an additional impairment charge of \$1 million would be recognised in the Asia Pacific CGU, with no additional impairment charges in the remaining CGUs. Were the higher range of the EBITDA multiple applied (an increase of 58% to the multiple), no goodwill impairment would have been recognised in any CGU.

Notes to the financial statements

14. Business combinations

Acquisitions during the year ended 31 March 2023

The fair values of the identifiable assets acquired and liabilities assumed of companies acquired in the year as at the date of acquisition were as follows:

	Point Advisory	Marine- Space	Shelton	Libryo	Coho ⁽¹⁾	NINT	Total
	note a	note b	note c	note d	note e	note f	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Identifiable intangible assets: ⁽²⁾							
Brand	159	196	133	49	653	124	1,314
Customer relationships	1,910	2,409	1,016	349	36,516	2,928	45,128
Customer order books	265	102	83	-	948	224	1,622
Software	-	-	-	3,833	-	-	3,833
Property, plant and equipment	31	64	267	17	113	53	545
Right of use assets	262	44	301	-	738	-	1,345
Trade and other receivables	1,235	1,343	1,285	428	14,907	272	19,470
Cash	150	878	1,311	295	3,295	260	6,189
Trade and other payables	(604)	(629)	(1,519)	(1,628)	(10,330)	(350)	(15,060)
Lease liabilities	(262)	(44)	(301)	-	(738)	-	(1,345)
Deferred tax (net)	(700)	(669)	(301)	(246)	(2)	(1,114)	(3,032)
Current tax (net)	(230)	(259)	(281)	-	-	(69)	(839)
Total identifiable assets	2,216	3,435	1,994	3,097	46,100	2,328	59,170
Add: Goodwill ⁽³⁾	9,864	6,300	2,158	14,068	34,540	8,688	75,618
Net assets acquired	12,080	9,735	4,152	17,165	80,640	11,016	134,788
Satisfied by:							
Cash ⁽⁴⁾	12,080	9,674	4,152	14,960	57,987	9,813	108,666
Deferred consideration	-	61	-	2,205	22,653	1,203	26,122
Total	12,080	9,735	4,152	17,165	80,640	11,016	134,788

(1) Provisional accounting (see note (e)).

(2) In accordance with IFRS 3 "Business Combinations" the identifiable intangible assets that were acquired relate to the fair value of the brand, customer order books, customer relationships and certain software assets.

(3) The goodwill is principally attributable to the skills and technical talent of the acquired workforce, earnings attributable to future new customers; opportunities from expansion into new geographies and the synergies expected to be achieved from integrating the companies into ERM.

(4) Acquisition of subsidiaries net of cash acquired per the cash flow statement is \$117,095,000. This consists of cash consideration disclosed above (\$108,666,000) net of cash acquired (\$6,189,000); \$9,025,000 Coho other payments (see note 14(e)); \$225,000 Shelton other payment (see note 14 (c)); and \$5,368,000 paid in respect of subsidiaries acquired in prior years (see note 14(g)).

From the date of acquisition, the acquired companies contributed \$16,042,000 of net revenue and \$2,865,000 of operating profit (excluding costs of acquisition). If the acquisitions had occurred at the beginning of FY23, the acquired companies would have contributed an additional \$23,100,000 of net revenue (unaudited) and \$5,662,000 of operating profit (unaudited).

Notes to the financial statements

14. Business combinations (continued)

(a) Point Advisory

On 1 April 2022, ERM completed the acquisition of Point Advisory, a leading Australian climate change and sustainability consultancy offering strategic and technical advice to businesses in the region. The transaction was completed via the purchase of 100% of the issued shares in Point Advisory Pty Ltd.

Founded in 2013, Point Advisory works with the public, private and social sectors across energy, climate change, environment, human rights, sustainable finance, impact measurement and economics, providing clients with innovative, and effective solutions that embed sustainability principles into their strategies and operations.

Point Advisory's team joins ERM's Climate Change and Corporate Sustainability practice, serving clients across the APAC region.

Cash consideration of \$12,080,000 was paid during the year ended 31 March 2023, this being: the initial consideration of \$9,740,000 (AUD 13,000,000); a net debt and working capital adjustment of \$269,000 (AUD 444,000); and \$2,071,000 (AUD 3,043,000) deferred consideration dependent on pre-acquisition earnings for the year ended 30 June 2022.

(b) MarineSpace

On 30 June 2022, ERM completed the acquisition of MarineSpace, a marine planning and environmental consultancy. The transaction was completed via the purchase of 100% of the issued shares in MarineSpace Limited.

Founded in 2006, MarineSpace provides environmental consultancy and project management services to support clients with the development of their projects in the marine environment. The MarineSpace team apply their extensive knowledge of the marine environment to provide strategic and technical advice to a variety of coastal and marine industries, utilising expertise in feasibility, site selection, consenting, and permitting for marine development projects, marine archaeology and maritime engineering.

Cash consideration of \$9,674,000 was paid during the year ended 31 March 2023, this being the initial payment of \$9,076,000 (GBP 7,500,000) and an estimated net debt and working capital adjustment of \$598,000 (GBP 494,000). A final net debt and working capital adjustment of \$61,000 (GBP 50,000) has been accrued.

(c) Shelton

On 30 September 2022, ERM completed the acquisition of Shelton, a sustainability-focused marketing and communications agency. The transaction was completed via the purchase of 100% of the issued shares in Shelton Communications Group, Inc.

Founded in 1991, Shelton is a leading marketing & communications agency based in the US, focused on sustainability and corporate social responsibility, helping companies gain a market advantage as they work to create a more sustainable future.

Shelton's sustainability marketing and communication capabilities combined with ERM's expertise in helping businesses to operationalize sustainability allow ERM to provide a greater depth of service that supports clients with the challenge of communicating their sustainability stories in a clear and compelling way.

Cash consideration of \$4,152,000 was paid during the year ended 31 March 2023, this being the initial payment of \$3,750,000 and a net debt and working capital adjustment of \$402,000. In addition the Group paid \$225,000 to certain individuals in the form of promissory notes that amortize over a 24-month period, with payback provisions dependent on the continued employment of those individuals during that period.

Deferred payments, of up to \$175,000, are dependent upon continued employment of certain individuals and hence will be accrued as a post-acquisition expense once the conditions for payment have been met.

Notes to the financial statements

14. Business combinations (continued)

(d) *Libryo*

On 2 December 2022, ERM completed the acquisition of Libryo, a global cloud-based Environmental Health & Safety (EHS) regulatory intelligence platform. The transaction was completed via the purchase of 100% of the issued shares in Libryo Ltd.

Founded in 2016, Libryo makes it quick, accurate and cost-effective for clients to know their legal obligations for every operation that promotes sustainability across multiple jurisdictions. The Libryo Platform tracks unique site-specific legal registers, enabling people to quickly navigate regulatory complexity with clarity and certainty.

Libryo, with their innovative, technology-driven platform will help ERM clients check the regulatory environment more effectively allowing them to proactively manage compliance. This supports ERM's strategy to offer clients the most advanced digital technology solutions available to support their efforts in driving their sustainability journeys forward at pace.

Cash consideration of \$14,960,000 was paid during the year ended 31 March 2023, this being the initial payment of \$15,592,000 (GBP 12,935,000) and an estimated adjustment for net debt, working capital and contribution to transaction expenses of \$632,000 (GBP 525,000). Deferred consideration of \$2,205,000 has been recognised within total consideration. This consists of: \$1,501,000 (GBP 1,256,000) deferred consideration payable twelve months from completion (2 December 2023); and the estimated finalisation of net debt and working capital adjustment of \$704,000 (GBP 584,000).

(e) *Coho*

On 3 February 2023, ERM completed the acquisition of Coho Climate Advisors, a global advisory firm with expertise in helping organizations reach their climate change, renewable energy, and water resiliency goals. The transaction was completed via the purchase of 100% of the issued membership interests in Coho Climate Advisors LLC.

Founded in 2010, Coho is a global climate adviser that helps clients switch to renewable energy, and make other large-scale climate and water resiliency investments with a proactive, stakeholder inclusive approach.

Coho provides market insights, strategy development and change management to reduce direct emissions, procure renewable energy, achieve electric vehicle transition, enable fuel switching, facilitate supply chain improvements, and capture fundamental enhancements in water resiliency. Coho's specialist climate, renewable energy and water consulting expertise will help ERM's clients achieve their sustainability goals with customisable and cost-effective solutions.

Cash consideration of \$57,987,000 was paid during the year ended 31 March 2023. In addition the Group paid \$9,025,000 to settle transaction expenses and other liabilities of Coho. Deferred consideration of \$22,653,000 has been recognised within total consideration. This consists of the fair value at acquisition date of two earn-outs of up to \$12,500,000 each based on EBITDA for the year ended 31 December 2023 and backlog as at 31 December 2023 (total \$21,848,000); and the estimated finalisation of net debt and working capital adjustment of \$805,000.

A further deferred payment, of up to \$1,000,000, is dependent upon continued employment of certain individuals and hence will be accrued as a post-acquisition expense once the conditions for payment have been met.

The accounting for this business combination is provisional and has not been completed as at the date of these financial statements, pending completion of the final assessment and valuation of amounts recoverable on contracts.

(f) *NINT*

On 27 February 2023, ERM completed the acquisition of NINT, a Latin America based consultancy which provides sustainable finance and ESG advisory services. The transaction was completed via the purchase of 100% of the issued shares in NINT – Natural Intelligence Ltda.

Notes to the financial statements

14. Business combinations (continued)

(f) NINT (continued)

Founded in 2013, NINT provides expertise in developing frameworks for sustainable financings, structuring debt instruments with sustainability benefits, and independent assessments of debt issuances which will enhance ERM's end-to-end solutions for investors, issuers and stakeholders in Latin America.

Cash consideration of \$9,813,000 was paid during the year ended 31 March 2023, this being the initial consideration of \$11,103,000 (BRL 57,850,000) less the Holdback Indemnity Amount of \$1,110,000 (BRL 5,785,000) paid to an escrow agent after year end, offset by an estimated net debt and working capital adjustment of \$180,000 (BRL 939,000). Deferred consideration of \$1,203,000 has been recognised within total consideration. This consists of the Holdback Indemnity Amount and the estimated finalisation of net debt and working capital adjustment of \$93,000 (BRL 484,000).

Deferred payments, of up to BRL 26,849,900, are dependent upon continued employment of certain individuals and hence will be accrued as a post-acquisition expense once the conditions for payment have been met.

(g) Other acquisition of subsidiary undertakings costs paid and accrued during the year ended 31 March 2023

- i. The Group paid \$1,786,000 deferred consideration in respect of the acquisition of Sustainalize (acquired in 2021).
- ii. The Group settled \$805,000 of loan notes issued to the sellers of RCG (acquired in 2021).
- iii. The Group paid \$203,000 deferred consideration in respect of Stratos, see note 14 (i) below.
- iv. The Group paid \$1,899,000 deferred consideration in respect of the acquisition of OPEX, see note 14 (j) below, of which \$1,541,000 was accrued in the year end 31 March 2023, reported within transaction costs.
- v. The Group paid \$675,000 retention bonus for MJB&A (acquired in 2020).

Acquisitions during the year ended 31 March 2022

(h) ERM Worldwide Group Limited ("EWGL")

The KKR Transaction completed on 13 October 2021. On that date, The ERM International Group Limited became the new parent company of the ERM Group and Nature Bidco Limited became the new immediate parent of EWGL, which prior to the KKR Transaction was the parent company of the ERM group.

The KKR Transaction was implemented by way of a Scheme of Arrangement which required the approval of EWGL's shareholders and the sanction of the Court in the UK.

During the period ended 31 March 2022 the Group incurred transaction related expenses of \$127,535,000 in connection with the acquisition of the EWGL group, which have been expensed under IFRS 3 through the income statement. A further \$7,732,000 transaction related expenses were incurred during the year ended 31 March 2023.

Included within the cash flow statement is an amount of \$17,388,000 which predominately relates to cash payments made to shareholders of the acquired Group as an incentive to roll over their investment into the new capital structure. As this is a transaction with shareholders of an acquired subsidiary, management deem it appropriate for this to be classified as investing activities for the purpose of the statement of cash flow.

(i) Stratos

On 8 November 2021, ERM completed the acquisition of 100% of the issued share capital of Stratos Inc., one of Canada's leading management consultancies focused exclusively on ESG and sustainability.

Founded in 2000, Stratos provides management consultancy services, specializing in environmental, social and governance issues. Stratos work across the space between government, industry, Indigenous peoples and NGOs to collaborate and support them in developing the ideas, strategies and tools they need to solve large scale, non-linear, complex problems.

Notes to the financial statements

14. Business combinations (continued)

(i) *Stratos (continued)*

As the market shifts to operationalizing sustainability, Stratos' strategic management consulting insights and commitment to the reconciliation agenda coupled with ERM's global implementation capability and wider subject matter experts will provide boots to boardroom capabilities across the lifecycle of our clients' operations.

Cash consideration of \$4,520,000 was paid during the year ended 31 March 2022, being: the initial purchase price of \$4,441,000 (CAD 5,500,000); and a net debt and working capital adjustment of \$79,000 (CAD 98,000).

Deferred payments, of up to CAD \$240,000, are dependent upon continued employment of certain individuals and hence will be accrued as a post-acquisition expense once the conditions for payment have been met. These were paid in full in the year ended 31 March 2023.

(j) *OPEX*

On 13 December 2021, ERM completed the acquisition of OPEX, a UK-based specialist software company. The transaction was conducted via the acquisition of 100% of the issued shares in Operational Excellence (Opex) Group Limited.

Since 2015 OPEX has been providing AI & data science solutions that help carbon intensive industries to reduce emissions. OPEX's AI-driven applications help customers to achieve cleaner, more efficient and lower cost operations.

The addition of OPEX's expertise in AI-based sustainability and reliability solutions means that ERM can provide a full service starting with reliable data and carbon reduction, helping clients to achieve their corporate goals and sustainability targets.

The acquisition marks the continued growth of ERM's Digital business, which now includes several products and platforms aimed at achieving data-driven transformations to fulfil ESG and sustainability commitments.

Cash consideration of \$23,314,000 was paid during the year ended 31 March 2022, being the initial purchase price (GBP 17,476,000).

Deferred consideration of \$2,448,000 has been recognised within total consideration. This consists of: (i) \$1,758,000 fair value at acquisition date of two earn-outs of up to GBP 2,250,000 in total, dependent on revenues for the years ended 31 December 2022 and 31 December 2023; and (ii) \$690,000 (GBP 536,000) in respect of deferred payments.

Two deferred payments of up to GBP 1,500,000 each will be made in respect of the years ended 31 December 2022 and 31 December 2023. Of that GBP 3,000,000, GBP 2,464,000 is dependent upon continued employment of certain individuals and will be accrued as a post-acquisition expense once the conditions for payment have been met.

The earn-out accruals were reassessed and released in full during the year ended 31 March 2022. The deferred payment in respect of the year ended 31 December 2022 was paid in the year ended 31 March 2023. The total paid was \$1,899,000, of which \$1,541,000 was accrued in the year ended 31 March 2023 once the conditions for payment had been met. The earn-out accrual release and deferred payment expense are reported within transaction costs.

(k) *Other acquisition of subsidiary undertakings costs paid and accrued during the year ended 31 March 2022*

- i. The Group paid \$5,249,000 deferred consideration in respect of the acquisition of Arcus (acquired in 2020) (of which \$1,351,000 was accrued in the year end 31 March 2022, reported within transaction costs).
- ii. The Group paid \$1,067,000 deferred consideration in respect of the acquisition of ESC (acquired in 2021).
- iii. The Group paid \$2,250,000 retention bonus for MJB&A (acquired in 2020) and accrued a further \$675,000.
- iv. The Group paid \$289,000 deferred consideration in respect of the acquisition of Critical Resource (acquired in 2020).

Notes to the financial statements

15. Deferred tax assets and liabilities

The deferred tax movement is as follows:

Group	\$000
Acquisition of ERM Worldwide Group Limited	(356,484)
Acquisition of OPEX	(1,589)
Acquisition of Stratos	(133)
Credit for the period recognised in income statement	38,823
Deferred tax on retranslation of intangible assets and leases recognised in other comprehensive income	2,295
Exchange and other differences recognised in other comprehensive income	(3,771)
At 31 March 2022	(320,859)
Acquisition of Point Advisory (note 14)	(700)
Acquisition of MarineSpace (note 14)	(669)
Acquisition of Shelton (note 14)	(301)
Acquisition of Libryo (note 14)	(246)
Acquisition of Coho (note 14)	(2)
Acquisition of NINT (note 14)	(1,114)
Credit for the year recognised in income statement (note 9(a))	30,400
Deferred tax on retranslation of intangible assets and leases recognised in other comprehensive income	9,715
Exchange and other differences recognised in other comprehensive income	(1,127)
At 31 March 2023	(284,903)

The deferred tax balances have been reflected in the consolidated statement of financial position as follows:

Group	31 March 2023 \$000	31 March 2022 \$000
Included within non-current assets	67,434	53,422
Included within non-current liabilities	(352,337)	(374,281)
	(284,903)	(320,859)

The deferred tax recognised is comprised of the following:

Group	31 March 2023 Assets \$000	31 March 2023 Liabilities \$000	31 March 2022 Assets \$000	31 March 2022 Liabilities \$000
Depreciation in advance of capital allowances	1,483	-	1,723	-
Pensions	1,431	-	1,308	-
Bonuses	4,238	-	6,231	-
Bad / doubtful debts	2,284	-	1,883	-
Intangible assets	10,292	(342,111)	-	(361,246)
Tax losses	12,187	-	10,112	-
Vacation accruals	3,272	-	3,274	-
WIP provisions	1,239	-	-	(308)
Interest restrictions	8,761	-	5,410	-
Leases	10,704	(10,226)	13,131	(12,727)
Other timing differences	11,543	-	10,350	-
Deferred tax assets / (liabilities)	67,434	(352,337)	53,422	(374,281)

Notes to the financial statements

15. Deferred tax assets and liabilities (continued)

The March 2021 Budget announced an increase in the main rate of UK corporation tax to 25% from 1 April 2023. This rate was substantively enacted at the balance sheet date and as a result the deferred tax balances as at 31 March 2023 are measured at 25%.

At the balance sheet date, the Group has unrecognised deferred tax assets of \$49,900,000 (2022: \$37,200,000). This includes a deferred tax asset of \$43,900,000 (2022: \$20,700,000) relating to UK tax losses and unutilised interest expenses which are carried forward to future periods and do not have an expiry date. This deferred tax asset is not considered to satisfy the recognition criteria due to uncertainty regarding the level and suitability of future taxable profits.

16. Trade and other receivables

	Group 31 March 2023 \$000	Company 31 March 2023 \$000	Group 31 March 2022 \$000	Company 31 March 2022 \$000
Trade receivables (net of allowance) ⁽¹⁾	202,622	-	184,309	-
Amounts recoverable on contracts	156,957	-	108,456	-
Amounts due from Group undertakings	-	395	-	226
Other receivables	9,778	484	10,807	116
Prepayments	17,927	-	17,485	-
Interest rate cap at fair value	22,005	-	8,905	-
Interest rate cap premium	6,848	-	4,165	-
Payment to departing shareholders (note 18(d))	-	-	9,932	9,932
Net investment in sublease	384	-	299	-
Total	416,521	879	344,358	10,274

(1) Trade receivables is disclosed net of a loss allowance of \$8,257,000 (2022: \$9,058,000).

The average credit period taken on trade receivables, calculated by reference to the net amount owed at the year end as a proportion of total revenue in the year was 55.9 days.

The Group receives payments from customers based on a billing schedule, as established in the contract. Trade receivables and amounts recoverable on contracts are recognised when the right to consideration becomes unconditional.

Amounts due from Group undertakings are repayable on demand.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

31 March 2023	Not past due \$000	1-30 days \$000	31-60 days \$000	61-90 days \$000	>90 days \$000	Total \$000
Expected credit loss rate	0.5%	0.9%	2.4%	5.2%	47.1%	3.9%
Total gross carrying amount at default	151,149	30,786	9,176	5,359	14,409	210,879
Lifetime ECL	682	289	225	279	6,782	8,257
31 March 2022	Not past due \$000	1-30 days \$000	31-61 days \$000	61-91 days \$000	>90 days \$000	Total \$000
Expected credit loss rate	0.3%	0.6%	1.4%	3.6%	60.6%	4.7%
Total gross carrying amount at default	129,632	33,796	10,488	6,039	13,412	193,367
Lifetime ECL	362	196	151	219	8,130	9,058

Notes to the financial statements

16. Trade and other receivables (continued)

The following table details the risk profile for amounts recoverable on contracts based on the Group's provision matrix.

	31 March 2023	31 March 2022
	\$000	\$000
Expected credit loss rate	3.2%	4.0%
Total gross carrying amount	162,082	112,933
Lifetime ECL	5,125	4,477

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables and amounts recoverable on contracts in accordance with the simplified approach set out in IFRS 9.

	Year ended 31 March 2023	Period ended 31 March 2022
	\$000	\$000
At 1 April / acquired	13,535	12,825
Unused amounts reversed	(7,373)	(4,618)
Change in loss allowance	7,220	5,328
At 31 March	13,382	13,535

17. Trade and other payables

	Group 31 March 2023	Company 31 March 2023	Group 31 March 2022	Company 31 March 2022
	\$000	\$000	\$000	\$000
Current liabilities:				
Trade payables	39,678	-	50,546	-
Other taxes and social security costs	21,050	-	25,439	-
Bills in advance ⁽¹⁾	108,026	-	97,643	-
Accrued expenses and other payables ⁽¹⁾⁽²⁾	306,052	2,075	280,763	2,118
Amounts due to departing shareholders	4,963	4,963	-	-
Amounts due to Group undertakings	-	11,360	-	14,863
Total	479,769	18,398	454,391	16,981
Non-current liabilities:				
Other payables	-	-	1,274	-
Total	-	-	1,274	-

(1) Accrued expenses and other payables include \$111 million relating to deposits paid by customers to ReachCentrum SA, a subsidiary of the Group. Bills in advance include \$37 million relating to work to be completed on ReachCentrum SA products. Refer to note 19.

(2) Accrued expenses and other payables include \$18 million relating to deposits paid by Government bodies to Element Energy subsidiaries. Refer to note 19.

The Directors consider that the carrying amount of trade payables is approximate to their fair value.

Bills in advance relates to payments received in advance of performance under the contract which are recognised as revenue as (or when) the Group performs under the contract.

The current amounts due to Group undertakings from the Company for operational loans carry interest rates of three month local currency IBOR + 3.35% and for structural loans carry interest rates of three month local currency IBOR + 3.93%. Amounts due to Group undertakings are repayable on demand.

Notes to the financial statements

18. Borrowings

	Group 31 March 2023 \$000	Company 31 March 2023 \$000	Group 31 March 2022 \$000	Company 31 March 2022 \$000
Current liabilities:				
Secured bank loans	5,350	-	5,350	-
Promissory notes	2,057	2,057	-	-
	7,407	2,057	5,350	-
Non-current liabilities:				
Secured bank loans ⁽¹⁾	1,012,276	-	876,817	-
"A" preference shares	176,326	176,326	177,531	177,531
"B" preference shares	2,043,587	2,043,587	1,887,959	1,887,959
Promissory notes	2,906	2,906	-	-
	3,235,095	2,222,819	2,942,307	2,065,490
Total borrowings	3,242,502	2,224,876	2,947,657	2,065,490

(1) Secured bank loans are disclosed net of unamortised debt issue costs of \$34,183,000 (2022: \$31,320,000).

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 25.

The total borrowings fall due as follows:

	Group 31 March 2023 \$000	Company 31 March 2023 \$000	Group 31 March 2022 \$000	Company 31 March 2022 \$000
<i>Amounts falling due:</i>				
within one year	7,407	2,057	5,350	-
in one to two years	8,256	2,906	5,350	-
in two to five years	16,050	-	16,050	-
over five years	3,244,972	2,219,913	2,952,227	2,065,490
	3,276,685	2,224,876	2,978,977	2,065,490
Less: unamortised debt issue costs	(34,183)	-	(31,320)	-
Total borrowings	3,242,502	2,224,876	2,947,657	2,065,490

Notes to the financial statements

18. Borrowings (continued)

(a) Terms and repayment schedule

The terms and conditions of outstanding loans are set out below.

In \$000	Currency	Nominal interest rate	Year of maturity	31 March	31 March
				2023	2022
				Face and Carrying amount	Face and Carrying amount
Senior credit facility ⁽¹⁾	USD	3M LIBOR+ 3.25%	2028	517,062	522,412
Senior credit facility ⁽¹⁾	EURO	3M EURIBOR + 3.25%	2028	232,264	238,075
Senior credit facility ⁽¹⁾	EURO	3M EURIBOR + 4.50%	2028	302,483	-
Senior credit facility ⁽¹⁾	USD	3M LIBOR+ 6.50%	2029	-	100,000
Total senior credit facility				1,051,809	860,487
Revolving credit facility	USD	See note (2) below	2027	-	53,000
Total secured bank loans				1,051,809	913,487
Less: unamortised debt issue costs				(34,183)	(31,320)
Total debt, net of debt issue costs				1,017,626	882,167
"A" preference shares	USD	8% fixed		176,326	177,531
"B" preference shares	USD	8% fixed		2,043,587	1,887,959
Promissory notes	USD	3% fixed		4,963	-
Total borrowings				3,242,502	2,947,657

(1) Subject to a 3M LIBOR / EURIBOR 0.00% floor.

(2) The Revolving credit facility carries an interest rate of 2.85% plus a credit spread adjustment of 0.11448% above 1-month Term SOFR on USD denominated draws, subject to a 0% floor.

Notes to the financial statements

18. Borrowings (continued)

(b) Bank loans

During the year ended 31 March 2022, Emerald 2 Limited, a subsidiary of the Group, agreed an amendment to its credit facilities with a syndicate of lenders, led by KKR Capital Markets. The amendment completed on 13 October 2021, upon successful completion of the KKR Transaction. The total facility amount consisted of \$761 million first lien and \$100 million of second lien debt. In addition, the revolving credit facility increased to \$168 million from \$125 million.

During the year ended 31 March 2023, Emerald 2 Limited added to the credit facilities, led by KKR Capital Markets. This comprised of three separate tranches of EUR denominated first lien debt, each with a different syndicate of lenders, totalling €280 million EUR. In addition, the revolving credit facility increased to \$238 million from \$168 million.

The debt is to be fully repaid over the period 2027- 2028.

The credit facilities drawn at 31 March 2023 comprise the following:

- (i) \$517.1 million USD denominated first lien term debt fully drawn. The facility is repaid at 0.25% (\$1.3 million) per quarter with the remaining balance repayable on 11 July 2028. The debt carries an interest rate of 3.25% above 3 month USD IBOR subject to a 0% floor. During the year ended 31 March 2023 the Group repaid \$5.3 million USD. At 31 March 2023, the balance outstanding was \$517.1 million.
- (ii) €215.0 million EUR denominated first lien term debt fully drawn. The facility is repayable on 11 July 2028 and carries an interest rate of 3.25% above 3 month EURIBOR subject to a 0% floor. At 31 March 2023 the balance outstanding was \$232.3 million (€215.0 million revalued to the balance sheet foreign exchange rate).
- (iii) €280.0 million EUR denominated first lien term debt fully drawn. This consists of three separate facilities each with a different syndicate of lenders. The facilities are repayable on 11 July 2028 and each carry an interest rate of 4.50% above 3 month EURIBOR subject to a 0% floor. During the year ended 31 March 2023 the Group drew down a total of \$293.0 million USD (€280.0 million EUR) on completion of the new facilities (€32.0 million EUR in August 2022; €15.0 million EUR in September 2022; and €233.0 million EUR in March 2023). At 31 March 2023 the balance outstanding was \$302.5 million (€280.0 million revalued to the balance sheet foreign exchange rate).
- (iii) \$238.0 million of the multi-currency revolving credit facility, repayable on 11 July 2027. The facility carries an interest rate of 2.85% plus a credit spread adjustment of 0.11448% above 1 month Term SOFR on USD denominated draws, subject to a 0% floor.

During the year ended 31 March 2023 the Group drew down \$68.0 million and repaid \$121.0 million. At 31 March 2023 the revolving credit facility was undrawn, although \$4.7 million of the facility was utilised as security for bank guarantees.

In addition, in March 2023 the Group repaid in full the \$100m second lien USD denominated term debt. This facility was repayable on 11 July 2029 and carried an interest rate of 6.5% above 3 month LIBOR subject to a 0% floor.

(c) Debt issue costs

During the year ended 31 March 2023 the Group capitalised debt issue costs of \$12,798,000 in respect to the increases to the Group's credit facilities. The unamortised debt issue costs balance of \$34,183,000 as at 31 March 2023 (2022: \$ 31,320,000) represents capitalised debt issue costs less amounts amortised to date and minor exchange rate movements.

During the period ended 31 March 2022 the Group assumed \$13,704,000 of unamortised debt issue costs on acquisition of ERM Worldwide Group Limited and a further \$19,908,000 of debt issue costs were capitalised in respect to the amendment to the Group's credit facilities.

Notes to the financial statements

18. Borrowings (continued)

(d) "A" preference shares and promissory notes

During the year ended 31 March 2023 the Company issued 5,026,395 "A" preference shares at US\$0.01 nominal value and US\$0.99 share premium each to the ERM Partners.

During the period ended 31 March 2022, on 13 October 2021 upon change of ownership of the ERM Group, the Company issued 160,202,724 "A" redeemable preference shares at US\$0.01 nominal value and US\$0.99 share premium each to the ERM Partners. The Company issued a further 11,258,279 "A" preference shares at US\$0.01 nominal value and US\$0.99 share premium each during the period ended 31 March 2022 (see note 21).

The "A" preference shares carry the right to a fixed cumulative preferential dividend of 8% compounded quarterly. The "A" preference shares are redeemable by the Company on the 20th anniversary of their issuance or a liquidation, whichever is earlier. The "A" preference shares balance at 31 March 2023 is for \$176,326,000 and includes \$18,585,000 of cumulative preferential dividend (31 March 2022: \$177,531,000, including \$6,070,000 of cumulative preferential dividend).

An Employee Benefit Trust (EBT) has been set up to acquire shares from departing shareholders. As a result of the change in the parent company, effective 13 October 2021, the assets (including cash held) by the Employee Benefit Trust ("EBT") were transferred from ERM Worldwide Group Limited (the former parent company) to The ERM International Group Limited. The trust is maintained in the Channel Islands and is managed by Ocorian Limited, an organisation independent of ERM. The EBT acquires all ordinary and preference shares re-purchased from ERM Partner leavers.

During the year ended 31 March 2023 a total of 133,900 "A" ordinary shares, 79,130 "C" ordinary shares and 18,746,163 "A" preference shares were acquired by the EBT from departing shareholders. This was settled (including accrued dividend payable of \$966,000 on the preference shares) for \$68,000 cash; \$4,963,000 deferred consideration payable; and \$4,963,000 issue of promissory notes. The balance of \$9,932,000 was cash settled in the prior year (see below).

On 31 March 2022 a payment was made to acquire "A" preference shares from departing shareholders (\$9,574,000 principal and \$358,000 accrued dividend) and this is reflected in consolidated cash flow statement for the period ended 31 March 2022. The buyback of the shares was registered subsequent to year end and hence this payment has been disclosed within trade and other receivables as at 31 March 2022 (note 16) and is not reflected in the above 31 March 2022 "A" preference share balance.

(e) "B" preference shares

No "B" preference shares were issued during the year ended 31 March 2023.

During the period ended 31 March 2022, on 13 October 2021, upon change of ownership of the ERM Group, the Company issued 1,819,925,316 "B" redeemable preference shares at US\$0.01 nominal value and US\$0.99 share premium each (see note 21) to Nature Topco UK Limited, the Company's parent company.

The "B" preference shares carry the right to a fixed cumulative preferential dividend of 8% compounded quarterly. The "B" preference shares are redeemable by the Company on the 20th anniversary of their issuance or a liquidation, whichever is earlier.

The "B" preference shares balances at 31 March 2023 is for \$2,043,587,000 and includes \$223,662,000 of cumulative preferential dividend (31 March 2022: \$1,887,959,000, including \$68,034,000 of cumulative preferential dividend).

Notes to the financial statements

19. Net Debt

Analysis of net debt

	At 31 March 2022 \$000	Cash flow \$000	Exchange difference \$000	Other non cash flow \$000	At 31 March 2023 \$000
Cash at bank and on hand	226,366	(10,121)	(9,523)	-	206,722
Cash and cash equivalents ⁽¹⁾⁽²⁾	226,366	(10,121)	(9,523)	-	206,722
Debt due within one year	(5,350)	-	-	(2,057)	(7,407)
Debt due after one year ⁽³⁾	(2,942,307)	(126,098)	(3,790)	(162,900)	(3,235,095)
Lease liabilities ⁽³⁾	(50,253)	22,821	1,789	(16,136)	(41,779)
Total	(2,771,544)	(113,398)	(11,524)	(181,093)	(3,077,559)

(1) The 31 March 2023 cash balance includes \$142 million of cash deposited with ReachCentrum SA (31 March 2022: \$147 million). ReachCentrum SA is a wholly owned subsidiary of the Group and provides administrative support to companies acting in consortia to register chemical substances under the REACH EU regulations. The cash deposited with ReachCentrum SA represents deposits received from consortium members, to be deployed on registrations and subsequent evaluations required under the REACH processes, with any excess funds required to be returned to members of the consortium if requested. A liability of \$148 million held within trade and other payables (refer to note 17) relates to the obligations towards these consortium members.

(2) The 31 March 2023 cash balance includes \$18 million of cash held by Element Energy. The Element Energy group of companies are wholly owned subsidiaries of the Group. Element Energy provides administrative support to companies participating in government funded research projects. The cash held by Element Energy represents deposits received in advance from various government bodies. The cash is held on behalf of the government bodies and is released to the external project participants on completion of approved project milestones. A liability of \$18 million held within accrued expenses and other payables (refer to note 17) relates to the obligations towards the external project participants.

(3) See below reconciliation of net cash flow to movement in net debt for components of other non-cash flow.

Notes to the financial statements

19. Net Debt (continued)

Reconciliation of net cash flow to movement in net debt

	Notes	Year ended 31 March 2023 \$000	Period ended 31 March 2022 \$000
(Decrease) / increase in cash		(10,121)	231,797
Issuance of "A" preference shares	18 (d)	(4,271)	(11,258)
Purchase of "A" preference shares from departing shareholders	18 (d)	67	-
Issuance of "B" preference shares	18 (e)	-	(1,819,925)
Proceeds from bank loans	18 (b)	(361,042)	(128,626)
Repayment of bank loans	18 (b)	226,350	76,338
Debt issue costs	18 (c)	12,798	19,908
Repayment of lease liabilities and interest		22,821	10,553
Change in net debt resulting from cash flows		(113,398)	(1,621,213)
Exchange difference		(11,524)	6,652
Acquisition of subsidiaries - debt acquired, net of debt issue costs		-	(858,982)
Issuance of "A" preference shares	18 (d)	(756)	(160,203)
Repurchase of "A" preference shares	18 (d)	19,646	-
Issuance of promissory notes		(4,963)	-
Dividends accrued on "A" and "B" preference shares		(169,109)	(74,104)
Amortisation of debt issue costs		(9,775)	(2,256)
Interest accrued on leases		(2,436)	(1,380)
Lease additions, acquisitions and disposals		(13,700)	(60,058)
Other non-cash flow movement		(181,093)	(1,156,983)
Movement in net debt in the financial year/period		(306,015)	(2,771,544)
Net debt at 1 April / on in corporation		(2,771,544)	-
Net debt at 31 March		(3,077,559)	(2,771,544)

Notes to the financial statements

20. Lease liabilities

The Group leases offices, as well as a number of motor vehicles and office equipment. The leases typically run for a period of one to five years, often with an option to renew the lease after its expiry date. Each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability.

The Group is required to make additional lease payments when the usage of the underlying assets exceeds the contractual terms. The Group's variable lease payments are less than 2.1% (2022: 2.5%) of the total lease payments. These payments are not included in the measurement of the lease liabilities and are recognised as an expense in the Group's Income Statement.

Lease liabilities are payable as follows:

	31 March 2023 \$000	31 March 2022 \$000
Lease liabilities due:		
within one year	15,297	17,988
in two to five years	21,460	24,762
over five years	5,022	7,503
Total lease liabilities	41,779	50,253
Disclosed as:		
Current	15,297	17,988
Non-current	26,482	32,265
Total lease liabilities	41,779	50,253

21. Share capital

	2023 No.	2023 \$000	Allotted, called up and fully paid	
			2022 No.	2022 \$000
"A" ordinary shares ⁽¹⁾	2,293,414	23	2,427,314	24
"B" ordinary shares ⁽¹⁾	27,574,626	276	27,574,626	276
"C" ordinary shares ⁽¹⁾	4,313,645	43	2,068,104	21
"D" ordinary shares ⁽¹⁾	85,098	1	76,136	1
Deferred shares ⁽¹⁾	18,959,126	190	-	-
Special shares ⁽¹⁾	67	-	-	-
		533		322
"A" preference shares ⁽¹⁾	157,741,235	1,577	171,461,003	1,715
"B" preference shares ⁽¹⁾	1,819,925,316	18,199	1,819,925,316	18,199
		19,776		19,914

(1) Held at US\$0.01 nominal value

The share capital structure available for issue by the Company as at 31 March 2023 is comprised as follows:

- "A" ordinary shares of US\$0.01 each;
- "B" ordinary shares of US\$0.01 each;
- "C" ordinary shares of US\$0.01 each;
- "D" ordinary shares of US\$0.01 each;
- "A" preference shares of US\$0.01 each;
- "B" preference shares of US\$0.01 each;
- "Deferred" shares of US\$0.01 each; and
- "Special" shares of US\$0.01 each;

Notes to the financial statements

21. Share capital (continued)

"A", "B", "C" and "D" ordinary shares carry full voting rights. "A" and "B" preference shares carry the right to vote on a limited range of resolutions affecting the rights attached to such shares. Deferred and Special shares do not carry the right to receive notice of or to attend or vote at any general meeting of the Company.

The movement in share capital in issue from 31 March 2022 to 31 March 2023 is presented below:

	At 31 March 2022		Issued		Conversions		At 31 March 2023	
	No.	\$000	No.	\$000	No.	\$000	No.	\$000
"A" ordinary shares ⁽¹⁾	2,427,314	24	-	-	(133,900)	(1)	2,293,414	23
"B" ordinary shares ⁽¹⁾	27,574,626	276	-	-	-	-	27,574,626	276
"C" ordinary shares ⁽¹⁾	2,068,104	21	2,324,671	23	(79,130)	(1)	4,313,645	43
"D" ordinary shares ⁽¹⁾	76,136	1	8,962	-	-	-	85,098	1
Deferred shares ⁽¹⁾	-	-	-	-	18,959,126	190	18,959,126	190
Special shares ⁽¹⁾	-	-	-	-	67	-	67	-
		322		23		188		533
"A" preference shares ⁽¹⁾	171,461,003	1,715	5,026,395	50	(18,746,163)	(188)	157,741,235	1,577
"B" preference shares ⁽¹⁾	1,819,925,316	18,199	-	-	-	-	1,819,925,316	18,199
		19,914		50		(188)		19,776

(1) Held at US\$0.01 nominal value

The movement in share capital in issue from date of incorporation to 31 March 2022 is presented below:

	On incorporation		Issued		Conversions		At 31 March 2022	
	No.	\$000	No.	\$000	No.	\$000	No.	\$000
"A" ordinary shares ⁽¹⁾	-	-	2,427,314	24	-	-	2,427,314	24
"B" ordinary shares ⁽¹⁾	1	-	27,574,625	276	-	-	27,574,626	276
"C" ordinary shares ⁽¹⁾	-	-	2,068,104	21	-	-	2,068,104	21
"D" ordinary shares ⁽¹⁾	-	-	76,136	1	-	-	76,136	1
				322				322
"A" preference shares ⁽¹⁾	-	-	171,461,003	1,715	-	-	171,461,003	1,715
"B" preference shares ⁽¹⁾	-	-	1,819,925,316	18,199	-	-	1,819,925,316	18,199
				19,914				19,914

(1) Held at US\$0.01 nominal value

All shares issued during the year ended 31 March 2023 and period ended 31 March 2022 were issued at US\$0.01 nominal value and US\$0.99 share premium.

During the year ended 31 March 2023 the Company issued 2,324,671 "C" ordinary shares, 8,962 "D" ordinary shares and 5,026,395 "A" preference shares.

During the period ended 31 March 2022 the Company was incorporated with the issue of 1 ordinary share which was converted to 1 ordinary "B" share on 13 October 2021. On 13 October 2021, pursuant to a Scheme of Arrangement, the Company issued 2,427,314 "A" ordinary shares at an aggregate value of \$2,427,314 and 27,574,625 "B" ordinary shares at an aggregate value of \$27,574,625. Details of the "A" and "B" preference shares are disclosed in note 18 (d) and note 18 (e) respectively.

During the year ended 31 March 2023 a total of 133,900 "A" ordinary shares, 79,130 "C" ordinary shares and 18,746,163 "A" preference shares were acquired by the EBT from departing shareholders (see note 18). During the period ended 31 March 2022 no shares were acquired from departing shareholders.

Notes to the financial statements

21. Share capital (continued)

Pursuant to the Articles of Association of the Company, all "A" ordinary shares, "C" ordinary shares, "D" ordinary shares, and all but one of the "A" preference shares acquired by the EBT from each shareholder are automatically converted into 'deferred shares' of US\$0.01 nominal value each.

'Deferred shares' are not entitled to receive any dividends and do not carry the right to receive notice of nor to attend or vote at any general meeting of the Company. The one "A" preference share not converted into a deferred share is instead converted into a special share of US\$0.01 nominal value. At 31 March 2023, there were 67 special shares in issue (31 March 2022: zero). Special shares are not entitled to receive any dividends nor do they carry the right to receive notice of or to attend or vote at any general meeting of the Company.

Preference shares are shown on the statement of financial position as debt and in note 18 as falling due after more than one year.

22. Pension commitments

Group companies operate various defined contribution pension schemes in countries around the world, including Australia, Hong Kong and the United Kingdom. The schemes are funded by the payment of contributions to separately administered funds. A 401K Plan is maintained by Vanguard for United States employees, to which the US employers make matching contributions.

At the balance sheet date, an accrual of \$4,754,000 relating to unpaid pension contributions is included within the financial statements (2022: \$4,181,000). The amount charged to the income statement during the year ended 31 March 2023 was \$21,525,000 (2022 period: \$5,418,000).

23. Contingent liabilities

Due to the nature of the Group's operations, the Group is periodically exposed to contingent liabilities arising from its contracting arrangements or actual or potential disputes, claims or litigation. The Group has processes to identify contingent liabilities when they arise and where possible to quantify the potential exposure. Following IAS 37, when it is judged probable that a liability will arise and that liability can be estimated, a charge is made for the cost of settlement and included in accruals. For other cases it is not possible to predict with certainty the results of these contingent liabilities but the Directors believe, taking into account counter-claims including any claims against third parties, insurance coverage and provisions in the accounts, that the outcome will not have a material effect on the Group's financial position.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below

Transactions with the management personnel

The "A" preference shares are owned globally by ERM Partners, who are senior management level leaders of the business. The "A" preference shares balance at 31 March 2023 for \$176,326,000 includes \$18,585,000 of cumulative preferential dividend. See note 18 (d).

The Company Directors are considered to be the key management personnel. Directors' remuneration is disclosed in note 6. During the year ended 31 March 2023, 149,600 "C" ordinary shares were issued to the Directors of the Company. All shares are fully paid and included in note 21.

Notes to the financial statements

24. Related party transactions (continued)

Other related party balances

KKR provide strategic corporate planning and other management services to the Group in accordance with an annual management advisory agreement. In consideration of these services the Group reported advisory fees and related expenses of \$2,742,000 during the year ended 31 March 2023 (2022 period: \$1,167,000).

In addition, during the year ended 31 March 2023 the Group paid advisory fees of \$2,394,000 to KKR Capstone EMEA LLP and finance arrangement fees of \$3,526,000 to KKR Capital Markets Partners LLP.

25. Financial instruments and related disclosures

Financial risk management

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors usually meets every other month, with extra meetings as required. At these meetings operational performance as well as business risks are monitored and discussed with any necessary actions agreed to mitigate key risks.

Details of the Group's principal risks and uncertainties are also set out in the Strategic report on page 10. Furthermore, details of cash on hand and debt facilities are set out in the Strategic report on page 4.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from and work in progress with customers.

The carrying amount of the Group's non-derivative financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	31 March 2023 \$000	31 March 2022 \$000
Trade receivables, net	16	202,622	184,309
Amounts recoverable on contracts	16	156,957	108,456
Other receivables ⁽¹⁾		7,028	7,788
Interest rate cap at fair value	16	22,005	8,905
Interest rate cap premium	16	6,848	4,165
Cash and cash equivalents	19	206,722	226,366
Total		602,182	539,989

(1) Comprises note 16 balance less excluded items under IFRS such as local tax and statutory related receivable balances.

The Group has no significant concentrations of credit risk at the balance sheet date. The trade receivables balance is spread across a large number of different customers in the following key sectors: oil and gas; power; manufacturing and retail; transportation, utilities and construction; chemical and pharmaceutical; mining and metals; technology, media and telecommunications; and legal / financial institutions. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The Group only sells to customers who are creditworthy and mitigates risk in certain markets by trading on terms with accelerated payments, bank guarantees and letters of credit. The Group monitors the creditworthiness of counterparties using publicly available information. As a result the Group's exposure to bad debts is not significant and default rates have historically been very low.

The Group is also exposed to credit risk arising from other financial assets, which comprise cash and short-term deposits. The Group's policy is that surplus funds are held with counterparties, who are either party to the Group's banking syndicate, or who are creditworthy counterparties. The Group only deals with banks with A-1 (S&P) / P-1 (Moody's) rating in order to manage this risk.

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due.

The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring any obligations, limits and covenants (where applicable) on a regular basis to ensure there are no expected significant breaches, which would lead to an "Event of Default". The only covenant relates to the use of revolving credit facility at each quarter end. The Group has been below the threshold for testing this covenant at every quarter end. There are no other covenants that apply to the Group.

The Group has a centralised treasury function that monitors and manages cash balances and cash flow forecasts for the operating entities. Cash flow forecasting is performed in the operating entities of the Group to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Group does not breach on any of its borrowing obligations facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet targets and, if applicable, external regulatory or legal requirements – for example, any currency restrictions.

The Group is exposed to certain restrictions imposed by the terms of its debt facilities and the loans are secured by fixed and floating charges over the assets of the Group. A portion of cash flow from operations is used for the payment of interest and principal.

The cash flow forecasts continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed banking facilities. For further details of the Group's borrowings see note 18.

At the year end the Group also had a revolving credit facility of \$238 million, which was undrawn and \$4.7 million of the undrawn amount was utilised as security for bank guarantees (2022: \$168 million facility; \$53.0 million drawn; \$3.7 million utilised as security for bank guarantees).

The carrying amount of the Group's non-derivative financial liabilities at fair values represents the maximum liquidity exposure. The maximum exposure to liquidity risk at the reporting dates was as follows:

	Notes	31 March 2023 \$000	31 March 2022 \$000
Non-derivative financial liabilities – current:			
Trade payables	17	39,678	50,546
Accrued expenses and other payables ⁽¹⁾		263,760	239,142
Secured bank loans	18	5,350	5,350
Promissory notes	18	2,057	-
		310,845	295,038
Non-derivative financial liabilities – non-current:			
Other payables	17	-	1,274
Secured bank loans	18	1,012,276	876,817
"A" preference shares	18	176,326	177,531
"B" preference shares	18	2,043,587	1,887,959
Promissory notes	18	2,906	-
		3,235,095	2,943,581
Total non-derivative financial liabilities		3,545,940	3,238,619

(1) Comprises note 17 balance less excluded items under IFRS such as local taxes and statutory related balances.

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Liquidity risk (continued)

The maturity profile of the contractual undiscounted cash flows of the Group's non-derivative financial liabilities is set out below. The Group did not have any financial instruments designated as hedging instruments as at 31 March 2023 (31 March 2022: none).

31 March 2023 In \$000	Carrying amount	Contractual undiscounted cash flows			
		12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:					
Trade payables	39,678	39,678	-	-	-
Accrued expenses and other payables	263,760	263,760	-	-	-
Secured bank loans	1,017,626	5,350	5,350	16,050	990,876
"A" preference shares ⁽¹⁾	176,326	-	-	-	176,326
"B" preference shares ⁽¹⁾	2,043,587	-	-	-	2,043,587
Promissory notes	4,963	2,057	2,906	-	-
Total	3,545,940	310,845	8,256	16,050	3,210,789

31 March 2022 In \$000	Carrying amount	Contractual undiscounted cash flows			
		12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:					
Trade payables	50,546	50,546	-	-	-
Accrued expenses and other payables	240,416	239,142	1,274	-	-
Secured bank loans	882,167	5,350	5,350	16,050	855,417
"A" preference shares ⁽¹⁾	177,531	-	-	-	177,531
"B" preference shares ⁽¹⁾	1,887,959	-	-	-	1,887,959
Total	3,238,619	295,038	6,624	16,050	2,920,907

(1) As disclosed in note 18, the preference shares are redeemable by the Company on the 20th anniversary of their issuance or a liquidation, whichever is earlier.

It is not expected that the cash flows included in the maturity analysis could occur at significantly different amounts. Contractual cash flows are net of deferred finance costs.

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's income. Other risks include recession impacting geographies or sectors the Group operates in.

ERM's business is derived in a large part from the petroleum, manufacturing, chemical, pharmaceutical, mining, power, infrastructure and technology industries. A major change in one or more of these industries could result in significant changes in the market for environmental services and ERM's business, which could give rise to temporary or long-term challenges or setbacks for ERM, which may adversely affect operations, financial condition and results of operations.

These risks are managed by strong reporting, control and forecasting over cash flows. Management monitors macro-economic trends and the impact on business or sector performance and, if necessary, takes appropriate action to mitigate risks.

The Group's indebtedness is drawn in US Dollars and Euros to provide a natural hedge against these currencies, being the major currencies in which the Group operates. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Currency risk

The Group operates internationally and is, therefore, exposed to foreign exchange risk which can negatively impact revenue, costs, margins and profit.

The Group's exposure to transaction risk on the translation and conversion of trade transactions is not considered significant to warrant any income statement and balance sheet hedging. A natural hedge is in place as costs are typically in the same currency as sales for ERM entities.

The currency risk is also managed through the use of foreign currency bank accounts.

In order to minimise the Group's exposure over funding costs, such as funding for business acquisitions, the Group's policy allows funds to be raised in currencies other than US Dollars. Where this is done the borrowing will be treated as a natural hedge against net assets in that currency and documented and designated as such.

The level of Group monetary assets and liabilities at the reporting date in currencies other than the local currency of operation is not significant. Monetary assets and liabilities refer to cash, deposits, borrowings and other amounts to be received or paid in cash. Amounts exclude intercompany balances which eliminate on consolidation.

The Group's bank loans include EUR denominated term debt (see note 18(b)). At 31 March 2023 the balance outstanding on the EUR term debt was €495 million revalued to \$535 million at the balance sheet foreign exchange rate (31 March 2022: €215 million EUR debt revalued to \$238 million). The consolidated income statement includes foreign exchange movements on revaluation of the EUR debt, reported within financial income and expenses. The table below discloses the impact on financial income / expenses of a 10% increase / decrease in USD against EUR.

<i>Impact</i>	USD 10% Strengthening		USD 10% Weakening	
	Year ended	Period ended	Year ended	Period ended
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	\$000	\$000	\$000	\$000
Financial income / (expenses)	41,241	13,902	(50,406)	(16,991)

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Interest rate risk

The Group's indebtedness is drawn in US dollars and Euros to provide a natural hedge against the major currencies in which the Group operates. The Group is exposed to the risk of interest rate fluctuations mainly with regard to the interest expense on the external debt. The Group's bank borrowings incur variable interest rate charged at EURIBOR/LIBOR plus a fixed margin.

The Group assesses whether interest rate hedges should be entered into on a regular basis. The Group has entered into arrangements for interest rate caps to hedge against the increase of interest rates on the bank loans. The caps minimise sensitivity to rises rates without impacting existing participation in falling rates. In addition, subsequent to year end, the Group entered into arrangements for interest rate swaps effective 31 March 2023. The interest rate caps and swaps have not been designated as hedging instruments.

Details of the Group's caps and swaps are set out in the tables below.

Cap amount \$'000	Interest rate cap terms
USD 300,000	4-year 2.5% IR Cap on 3M USD LIBOR from 31 March 2022 to 31 March 2026
USD 125,000	3-year 3.5% IR Cap on 3M USD LIBOR from 30 September 2022 to 30 September 2025
EUR 125,000	3-year 2.5% IR Cap on 3M EURIBOR from 30 September 2022 to 30 September 2025

Swap amount \$'000	Interest rate swap terms
EUR 150,000 ⁽¹⁾	3-year fixed 3.1065% swap on 3M EURIBOR from 31 March 2023 to 31 March 2026
EUR 50,000 ⁽¹⁾	3-year fixed 3.324% swap on 3M EURIBOR from 31 March 2023 to 31 March 2026

(1) Entered into subsequent to year end, effective 31 March 2023

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was as follows:

Face value	31 March 2023	31 March 2022
	\$000	\$000
Fixed rate instruments		
"A" preference shares ⁽¹⁾	176,326	177,531
"B" preference shares ⁽¹⁾	2,043,587	1,887,959
Promissory notes	4,963	-
	2,224,876	2,065,490
Variable rate instruments		
Cash and cash equivalents	(206,722)	(226,366)
Senior credit facility	1,051,809	860,487
Revolving credit facility	-	53,000
	845,087	687,121

(1) Subject to non-cash accrued dividends

Based on current operating profits the Group's interest coverage is 2.8x thereby providing sufficient headroom to enable the Group to pay its interest expenses on outstanding debt. The ratio is calculated by dividing the Group's operating profit before transaction costs, amortisation, net financial expenses and income taxes by the Group's bank interest expense for the year.

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Interest rate sensitivity analysis

The current effective rate of interest applied to the Group's debt facilities is calculated as 3 month USD LIBOR or 3 month EURIBOR rate both subject to a floor of 0.00% plus a margin of between 3.25% and 4.50%. At 31 March 2023, 3 month USD LIBOR was 5.16% (2022: 0.457%) and 3 month EURIBOR was 3.02% (2022: (0.461%)).

The Group's sensitivity to a change in interest rates by +/- 1%, above the floor of 0.00% on floating rate borrowings (bank borrowings which attract interest at floating rates) would affect the consolidated income statement and consolidated statement of other comprehensive income and equity for the period by approximately \$4.6 million (2022: \$3.8 million).

Capital risk

The Group's objectives when managing capital (defined as net cash plus equity) are to safeguard its ability to continue as a going concern whilst seeking to optimise returns to its shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future growth. The Directors regularly monitor:

- The Group's level of capital to ensure that this can be achieved. This is measured on the basis of the net debt leverage ratio. This ratio is calculated as net debt divided by total earnings before interest, tax, depreciation and amortisation. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents.
- Performance versus annual budget and quarterly forecasts.

Cash is used to fund the Group's continued investment and growth of the global brand. It is also used to make routine payments of capital expenditure and tax. The Group also has access to the multi-currency revolving credit facility of \$238 million which was undrawn at 31 March 2023 (\$4.7 million of the undrawn amount was utilised as security for bank guarantees). (2022: \$53.0 million drawn; \$3.7 million utilised as security for bank guarantees).

The Group is in compliance with the limited financial and other obligations, limits and covenants within its committed bank credit facilities, and has been in compliance throughout the historical period.

Fair value disclosures

The carrying amount of financial assets and liabilities approximate their fair values. The majority of the financial assets are current. The majority of the current interest-bearing liabilities are at variable interest rate. The fair values of the non-current fixed rate interest-bearing liabilities are not materially different from their carrying amounts.

The fair values of financial assets and liabilities, including liabilities held at amortised cost, are approximately equal to the carrying values of the non-derivative financial assets and the carrying values of non-derivative financial liabilities.

The Group did not have any financial instruments designated as hedging instruments as at 31 March 2023 (31 March 2022: none).

Notes to the financial statements

26. Investment in subsidiaries

Details of the related undertakings which the Group and the Company hold, directly or indirectly are shown below. All companies either carry out the principal activities of the Group, namely the provision of environmental, health, safety, risk, social and sustainability consulting services, or are holding companies. The address key refers to the registered office address which is provided in the subsequent table.

		<i>Share class</i>	<i>Holding %</i>	<i>Country of incorporation</i>	<i>Address key</i>
<i>North America</i>					
Coho Climate Advisors LLC	*	Interests	100	USA	1
ERM Consultants Canada Ltd.	*	Common	100	Canada	2
	*	Preferred	100		
Environmental Resources Management Michigan, Inc.	*	Common	100	USA	3
Environmental Resources Management Southwest, Inc.	*	Class A	100	USA	4
	*	Class B	100		
Environmental Resources Management, Inc.	*	Common	100	USA	5
ERM Alaska, Inc.	*	Common	100	USA	6
ERM Certification & Verification Services Incorporated	*	Common	100	USA	7
ERM Consulting & Engineering, Inc.	*	Common	100	USA	8
ERM Emerald US Inc.	*	Common	100	USA	9
ERM Information Solutions, Inc.	*	Common A	100	USA	4
	*	Common B	100		
	*	Common C	100		
ERM NC, Inc.	*	Common	100	USA	10
ERM-Delaware, Inc.	*	Common	100	USA	9
ERM-NA Holdings Corp.	*	Common	100	USA	5
Shelton Communications Group, Inc.	*	Ordinary	100	USA	11
SustainAbility, Inc	*	Ordinary	100	USA	1
<i>United Kingdom</i>					
Action Media Safety Ltd.	*	Ordinary	100	1 UK	12
Arcus Consultancy Services Limited	*	Ordinary	100	UK	13
Critical Resource Strategy & Analysis Limited	*	Ordinary	100	UK	13
CSA Global (UK) Limited	*	Ordinary	100	UK	13
E4Tech (UK) Ltd	*	Ordinary	100	UK	13
	*	Ordinary A	100		
	*	Ordinary B	100		
Eagle 4 Limited	*	Ordinary D	100	UK	13
	*	Ordinary	100		
Element Energy Limited	*	Ordinary	100	UK	13
Emerald 2 Limited	*	Ordinary	100	UK	13
Engineering Safety Consultants Ltd	*	Ordinary	100	UK	13
	*	Ordinary B	100		
Environmental Resources Management Limited	*	Ordinary	100	UK	13
ERM-Asia Pacific Holdings, Limited	*	Ordinary	100	UK	13
ERM Certification and Verification Services Limited	*	Ordinary	100	UK	13
ERM Dolphyn Holdco Limited	*	Ordinary	100	UK	13
ERM Dolphyn SPV1 Limited	*	Ordinary	100	UK	13
ERM Dolphyn SPV 2 Limited	*	Ordinary	100	UK	13
ERM Emilion Limited	*	Ordinary	100	UK	13
	*	Rollover	100		
ERM Eurasia Limited	*	Ordinary	100	UK	13
ERM-Europe, Ltd	*	Ordinary	100	UK	13

* Held by subsidiary undertaking (holding % shown is the holding % by ERM Group as a whole).

(1) The subsidiary is undergoing liquidation process.

Notes to the financial statements

26. Investment in subsidiaries (continued)

		Share class	Holding %	Country of incorporation	Address key
<i>United Kingdom (continued)</i>					
ERM International Services Limited	*	Ordinary	100	UK	13
ERM Limited	*	Ordinary	100	UK	13
ERM (Overseas Holdings) Limited	*	Ordinary	100	UK	13
ERM Regulatory Services Limited	*	Ordinary	100	UK	13
ERM Worldwide Group Limited	*	Ordinary	100	UK	13
First Option Safety Group Limited	*	Ordinary	100	UK	13
Libryo Ltd	*	Ordinary	100	UK	13
MarineSpace Ltd	*	Ordinary	100	UK	13
Nature Bidco Limited	*	Ordinary	100	UK	13
Nature Midco Limited		Ordinary	100	UK	13
Operational Excellence (Opex) Group Ltd	*	Ordinary A	100		
	*	Ordinary B	100		
	*	Ordinary C	100		
	*	Ordinary Y	100	UK	14
	*	Ordinary Z	100		
	*	Preference	100		
SustainAbility Limited	*	Ordinary	100	UK	13
The Fifth Business (Scotland) Limited	*	Ordinary	100	UK	15
The Renewables Consulting Group Limited	*	Ordinary	100	UK	13
<i>EMEA</i>					
Environmental Resources Management-ERM N.V.	*	Ordinary	100	Belgium	16
ERM Remediation & Construction Management Belgium NV	*	Registered	100	Belgium	17
ReachCentrum SA	*	Registered	100	Belgium	16
Sustainalize B.V.	*	Ordinary	100	Belgium	16
ERM Denmark ApS	*	Ordinary	100	Denmark	18
ERM France SAS	*	Ordinary	100	France	19
Emerald Germany GmbH	*	Ordinary	100	Germany	20
ERM GmbH	*	Ordinary	100	Germany	20
ERM Consultants (Ghana) Limited	*	Ordinary	100	Ghana	21
ERM-ESL JV Ghana Limited	*	Common	90	Ghana	21
Salama Environmental Resources Management, LLC	*	Ordinary	100	Iraq	22
ERM Environmental Resources Management Ireland Limited	*	Ordinary	100	Ireland	23
ERM Italia S.p.A.	*	Ordinary	100	Italy	24
ERM Eurasia Limited Liability Partnership	*	Ordinary	100	Kazakhstan	25
ERM Consulting East Africa Limited	*	Ordinary	100	Kenya	26
ERM Holdings B.V.	*	Registered	100	Netherlands	27
Environmental Resources Management Nederland B.V.	*	Ordinary	100	Netherlands	27
Sustainalize B.V.	*	Ordinary	100	Netherlands	28
Sustainalize Holding B.V.	*	Ordinary	100	Netherlands	28
The Fifth Business B.V.	*	Ordinary	100	Netherlands	28
RePlan ERM Consulting Nigeria Limited	*	Ordinary	100	Nigeria	29
ERM Norway AS	*	Ordinary	100	Norway	30

* Held by subsidiary undertaking (holding % shown is the holding % by ERM Group as a whole).

(1) The ERM International Group Limited directly owns Nature Midco Limited.

(2) The subsidiary is undergoing liquidation process.

Notes to the financial statements

26. Investment in subsidiaries (continued)

		Share class	Holding %	Country of incorporation	Address key	
<i>EMEA (continued)</i>						
The Renewables Consulting Group (Nordic) AS	*	Ordinary	51	Norway	31	
ERM Polska Sp.z.o.o.	*	Ordinary	100	Poland	32	
ERM Portugal - Consultores em Engenharia do Ambiente, LDA	*	Quotas	100	Portugal	33	
ERM Environmental Resources Management S.R.L	*	Ordinary	100	Romania	34	
ERM (Senegal) SARL	*	Ordinary	100	Senegal	35	
Arcus Consultancy Services (South Africa) Proprietary Limited	*	Ordinary	100	South Africa	36	
CSA Global South Africa (Pty) Ltd	*	Ordinary	100	South Africa	37	
Environmental Resources Management Southern Africa Proprietary Limited	*	Ordinary	74.965	1	South Africa	37
Standards & Legal (RF) Proprietary Limited	*	Ordinary	100	South Africa	38	
Environmental Resources Management Iberia, SAU	*	Class A	100	Spain	39	
	*	Class B	100			
The Renewables Consulting Group SL	*	Ordinary	100	Spain	39	
E4tech S.à.r.l.	*	Ordinary	100	Switzerland	40	
ERM Swiss GmbH	*	Ordinary	100	Switzerland	40	
ERM Consulting Tanzania Limited	*	Ordinary	100	Tanzania	41	
<i>Asia Pacific</i>						
ACN 077 165 532 Pty Ltd	*	Ordinary	100	2	Australia	42
Element Energy Australia Pty Ltd	*	Ordinary	100		Australia	42
Emerald Newco Pty Limited	*	Ordinary	100		Australia	42
Environmental Resources Management Australia Pty Limited	*	Ordinary	100		Australia	42
ERM Australia Pacific Pty Ltd	*	Ordinary	100		Australia	42
ERM Emilion Australia Pty Ltd	*	Ordinary	100		Australia	42
ERM Services Australia Pty Ltd	*	Ordinary	100		Australia	42
ERM Australia Consultants Pty Ltd	*	Ordinary	100	3	Australia	42
Point Advisory Pty Ltd	*	Ordinary	100		Australia	42
ERM (Shanghai) Limited	*	Ordinary	100		China	43
ERM CVS (Shanghai) Limited	*	Ordinary	100		China	43
ERM China (Holdings) Limited	*	Ordinary	100		Hong Kong	44
ERM-China Limited	*	Ordinary	100		Hong Kong	44
ERM-Hong Kong, Limited	*	Ordinary	100		Hong Kong	44
ERM India Private Limited	*	Equity	100		India	45
PT CSA Global (Indonesia) Ltd	*	Ordinary	100		Indonesia	46
PT. ERM Indonesia	*	Ordinary	100		Indonesia	46
ERM Japan Ltd.	*	Common	100		Japan	47
The Renewables Consulting Group KK	*	Ordinary	100		Japan	47
ERM Korea Limited	*	Ordinary	100		Korea	48
ReachCentrum Asia Limited	*	Ordinary	100		Korea	48
Environmental Resources Management (M) Sdn. Bhd.	*	Ordinary	20	1	Malaysia	49
ERM Asia Pacific (M) Sdn. Bhd.	*	Ordinary	100		Malaysia	49
ERM Technical Services (M) Sdn. Bhd.	*	Ordinary	100		Malaysia	49

* Held by subsidiary undertaking (holding % shown is the holding % by ERM Group as a whole).

(1) The subsidiary is consolidated as the Group has the right to exercise dominant influence over the subsidiary Board.

(2) During the year the name was changed from CSA Global Pty Ltd to ACN 077 165 532 Pty Ltd.

(3) During the year the name was changed from ERM Stakeholder Engagement Pty Ltd to ERM Australia Consultants Pty Ltd.

Notes to the financial statements

26. Investment in subsidiaries (continued)

		Share class	Holding %		Country of incorporation	Address key
<i>Asia Pacific (continued)</i>						
ERM Myanmar Company Limited	*	Ordinary	100	1	Myanmar	50
ERM New Zealand Limited	*	Ordinary A	100		New Zealand	51
CSA Global (Singapore) Pte. Ltd.	*	Ordinary	100		Singapore	52
Environmental Resources Management (S) Pte Ltd	*	Ordinary	100		Singapore	52
ERM Taiwan Co., Ltd	*	Ordinary	100		Taiwan	53
The Renewables Consulting Group (Taiwan) Limited	*	Ordinary	100		Taiwan	54
ERM-Siam Co., Ltd.	*	Ordinary	49	2	Thailand	55
ERM Vietnam Company Limited	*	Ordinary	100		Vietnam	56
<i>Latin America</i>						
ERM Argentina S.A.	*	Ordinary	100		Argentina	57
ERM Brasil Ltda.	*	Quotas	100		Brazil	58
NINT - Natural Intelligence Ltda.	*	Quotas	100		Brazil	59
ERM-Chile S.A.	*	Ordinary	100		Chile	60
Environmental Resources Management Colombia Ltda.	*	Quotas	100		Colombia	61
ERM Guyana Inc.	*	Common	100		Guyana	62
ERM-Mexico, S.A. de C.V.	*	Common A	100		Mexico	63
	*	Common B	100			
Environmental Resources Management Panama S.A.	*	Common	100		Panama	64
ERM Peru S.A.	*	Common	100		Peru	65
Environmental Resources Management Puerto Rico, Inc.	*	Common A	100		Puerto Rico	66
	*	Common B	100			

* Held by subsidiary undertaking (holding % shown is the holding % by ERM Group as a whole).

(1) The subsidiary is undergoing liquidation process.

(2) The subsidiary is consolidated as the Group has the right to exercise dominant influence over the subsidiary Board.

The companies listed below have a statutory accounting period ended on a date other than 31 March. All other Group companies have a statutory accounting period to 31 March.

	Country of incorporation
CSA Global South Africa (Pty) Ltd	South Africa
ERM (Shanghai) Limited	China
ERM Brasil Ltda.	Brazil
ERM-Chile S.A.	Chile
Environmental Resources Management ERM Colombia Ltda.	Colombia
ERM-Mexico, S.A. de C.V.	Mexico
ERM Peru S.A.	Peru
NINT - Natural Intelligence Ltda.	Brazil
ERM Eurasia Limited Liability Partnership	Kazakhstan
ERM Environmental Resources Management S.R.L.	Romania
ERM (Senegal) SARL	Senegal
Sustainalize B.V.	Netherlands
Sustainalize BVBA	Belgium
Sustainalize Holding B.V.	Netherlands
Coho Climate Advisors LLC	USA

Notes to the financial statements

26. Investment in subsidiaries (continued)

As permitted by section 479A of the Companies Act 2006, the company intends to take advantage of the audit exemption in relation to the individual accounts of the following companies:

	<i>Registered number</i>
Arcus Consultancy Services Limited	05644976
Critical Resource Strategy & Analysis Limited	05964884
Engineering Safety Consultants Ltd	07006868
ERM-Asia Pacific Holdings, Limited	03067139
ERM Eurasia Limited	02451345
ERM International Services Limited	03771741
ERM (Overseas Holdings) Limited	03698847
ERM Regulatory Services Limited	10054379
SustainAbility Limited	02108210
The Fifth Business (Scotland) Limited	SC147414

The registered office addresses for the subsidiaries are set out below, with reference to the 'address key' in the preceding tables:

Address key	Address
1	850 New Burton Road, Suite 201, Dover, Delaware, 19904, United States
2	900-885 West Georgia Street, Vancouver, British Columbia V6C 3H1, Canada
3	25 E. 8th Street, Suite 220, Holland MI 49423, United States
4	840 West Sam Houston Parkway North, Suite 600, Houston, Texas 77024, United States
5	75 Valley Stream Parkway, Suite 200, Malvern, Pennsylvania 19355, United States
6	900 E. Benson Blvd., Suite 480, Anchorage, AK 99508, United States
7	1155 Perimeter Center, West Suite 1100, Atlanta GA 30338, United States
8	One Beacon Street, 5th Floor, Boston, Massachusetts, 02108, United States
9	1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, United States
10	300 West Summit Avenue, Suite 330, Charlotte NC 28203, United States
11	111 E Jackson Ave suite 201, East Jackson Avenue, Knoxville, Knox County TN 37915, United States
12	Atria One, 144 Morrison Street, Edinburgh, Scotland, EH3 8EB, United Kingdom
13	2nd Floor Exchequer Court, 33 St Mary Axe, London EC3A 8AA, United Kingdom
14	18 Carden Place, Aberdeen, Scotland, AB10 1UQ, United Kingdom
15	23 Albert Street, Aberdeen, Scotland, AB25 1XX, United Kingdom
16	3rd Floor, Central Gate, Cantersteen 47, Brussels, 1000, Belgium
17	Posthoflei 5, bus 6, Antwerp, 2600, Belgium
18	Business Center Winghouse, 73 Ørestads Boulevard, 2300, København, Denmark
19	13 Rue Faidherbe, Paris, 75011, France
20	Siemensstrasse 9, Neu-Isenburg, 63263, Germany
21	PwC Tower, A4 Rangoon Lane, Cantonments City, PMB CT42, Cantonments, Accra, Ghana
22	1st Floor, Karada Mariam District 222, Street 37, Building 41, Baghdad, Iraq
23	D5 Nutgrove Office Park, Dublin 14, D14 X343, Ireland
24	Via San Gregorio 38, Milan, 20124, Italy
25	Office 709, 86 Gogol str., Almaty, 050000, Republic of Kazakhstan
26	c/- Ikigai Lavington, 2nd Floor, JGO Building, LR. NO.3734/173, 90 James Gichuru Road, Nairobi, Nairobi County, Kenya
27	Arthur van Schendelstraat 460, Utrecht, 3511 MJ, Netherlands

Notes to the financial statements

26. Investment in subsidiaries (continued)

Address key	Address
28	Parijsboulevard 143 E , 3541 CS, Utrecht, Netherlands
29	33 Ogunlowo Street, Off Obafemi Awolowo Way, Ikeja, Lagos, Nigeria
30	Bygg D, Andoyfaret 33, Kristiansand, 4623, Norway
31	Colletts gate 7, 0169 OSLO, Norway
32	Ul. Chmielna 134, Warsaw, 00-805, Poland
33	Avenida da República, 6, 1.º Esq, 1050-191, Lisboa, Portugal
34	145 Calea Victoriei, 7th Level (8th Floor), Sector 1, Bucharest, 010072, Romania
35	AZUR 15 Building, 12, Boulevard Djily MBAYE, Dakar, BP 50555, Senegal
36	240 Main Road, 1st Floor Great Westerford, Rondebosch, Western Cape, 7700, South Africa
37	Building 32, The Woodlands Office Park, Woodlands Drive, Woodmead, Johannesburg, 2148, South Africa
38	The Great Westerford, First Floor, 240 Main Road, Rondebosch, Cape Town, Western Cape, 7700, ZA
39	Paseo de la Castellana 257, 2ª planta, 28046, Madrid, Spain
40	Techno-Pole 4, Sierre, 3960, Switzerland
41	Amani Place, 7th Floor, Ohio Street, Dar es Salaam, Tanzania
42	Level 14/207 Kent Street, Sydney NSW 2000, Australia
43	Suite 2005 Litong Plaza, No.1350 Sichuan North Road, Shanghai, 200080, China
44	Flat/RM 2509, 25/F, One Harbourfront, 18 Tak Fung Street, Hung Hom, Hong Kong
45	B-1/flat no-1770, Vasant Kunj, New Delhi, 110070, India
46	Sinarmas MSIG Tower, 37th Floor Unit 37-124, Jalan Jend. Sudirman Kav. 21, RT.10/RW.1, Kuningan, Karet, Kacamantan Setiabudi, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta, 12920, Indonesia
47	Landmark Tower 19F, 2-2-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa 220-8119, Japan
48	12F Samhwa Tower, 16, Eulji-ro 5-gil, Jung-gu, Seoul, Korea
49	52, 1st Floor, Jalan SS 21/58, Damansara Utama, Petaling Jaya, Selangor Darul Ehsan 47400, Malaysia
50	Room 408 (A), 4th Floor, Prime Hill Business Square, No. 60, Shwe Dagon Pagoda Road, Dagon Township, Yangon, Yangon (West), Yangon Region, Myanmar
51	MinterEllisonRuddWatts, Level 22, PwC Tower, 15 Customs Street West, Auckland Central, Auckland, 1010, New Zealand
52	88 Market Street, #40-16 CapitaSpring, 048948, Singapore
53	11F, No.223, Songjiang Rd, Zhongshan District, Taipei City, Taiwan
54	Taipei 101 Tower Level 37, No. 7, Sec. 5, Xinyi Road, Taipei, Taiwan
55	179 Bangkok City Tower, 24th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand
56	7th Floor, Saigon Finance Center, 9 Dinh Tien Hoang Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam
57	Av. Cabildo 2677 Piso 6, Buenos Aires, C1428AAI, Argentina
58	Avenida Luis Carlos Berrini, 105 – 17º andar - cj. 171, Cidade Monções, São Paulo/SP, Brazil, 04571-010
59	Rua Lauro Müller, Rio de Janeiro, RJ, 22290-160, Brazil
60	Cruz del Sur 133 of, 802 Las Condes, Santiago, Chile
61	Cra 16 No 93A-36 Piso 6, Bogota, Colombia
62	Lot 210 New Market Street, Georgetown, Guyana
63	Mariano Escobedo #476, 13th floor, Colonia Nueva Anzures, Mexico City, 11590, Mexico
64	Century Tower, Piso 17, Oficina 1705, Via Ricardo J. Alfaro, Panama City, 0832-0588, Panama
65	Calle Las Orquideas 675, Interior 402, San Isidro, Lima, 27, Peru
66	G-8 O'Neill St, San Juan, PR, 00918, Puerto Rico

Notes to the financial statements

27. Non-controlling interests

The non-controlling interest relates to The Renewables Consulting Group (Nordic) AS.

	2023	2022
Cost and carrying amount	\$000	\$000
At 1 April	(10)	-
Acquisition of non-controlling interests	-	27
Share of retained profit / (loss) for the year / period	3	(37)
At 31 March	(7)	(10)

28. Ultimate parent company

The parent and ultimate parent company is Nature Topco UK Limited, a limited company registered in England and Wales. The smallest group within which the results of the Company are consolidated is The ERM International Group Limited, and the largest group with which the results of the Company are consolidated is Nature Topco UK Limited. The consolidated financial statements of Nature Topco UK Limited are available to the public and can be obtained from their registered address at 11th Floor 200 Aldersgate Street, London, England, EC1A 4HD.

As at 31 March 2023, the shareholdings in The ERM International Group Limited are held 68.09% by Nature Topco UK Limited and 31.91% by ERM management (comprised of approximately 610 individual shareholders). The shareholdings of Nature Topco UK Limited are held 49.29% by KKR Patagonia Aggregator L.P., 40.56% by KKR Core Investor (L) SCSp (both of which are ultimately controlled by KKR & Co. Inc, a Delaware corporation publicly listed on the New York Stock Exchange) and 10.15% by Corporación Financiera Alba, S.A. (a Spanish corporation publicly listed on the Madrid Stock Exchange). There are no natural persons who hold, directly or indirectly, a 25% or more shareholding in the Company.

29. Events since the balance sheet date

There are no reportable events after the balance sheet date.