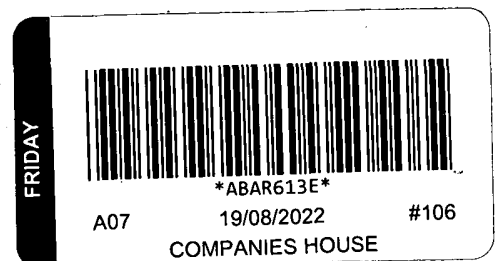


The ERM International Group Limited

Annual Report and Financial Statements

31 March 2022



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The ERM International Group Limited

Corporate information

Directors

Thomas Reichert	Chief Executive Officer
Simon Crowe	Chief Financial Officer
David McArthur	Chief Operations Officer
Sabine Hoefnagel	Director of Services, Brand and Communications

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

Roy Burrows	General Counsel
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Auditor

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Banker

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The ERM International Group Limited

Strategic report

A strategic, financial and operational review for the ERM group of companies, being The ERM International Group Limited and its subsidiaries (the "Group") is set out below.

The ERM International Group Limited (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. As explained in the 'Change of corporate ownership' section below, The ERM International Group Limited became the new parent company for the Group on 13 October 2021. 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 for the FY22 period, the Group reports net revenue of \$439 million; operating profit before amortisation of intangibles and transaction costs of \$75 million; and an operating loss (after amortisation of intangibles and transaction costs) of \$154 million. The Group has generated operating cash flow of \$95 million (pre-income taxes) during the financial period and held \$226 million of cash at 31 March 2022.

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 (1 April to 31 March 2022), including key performance indicators used by management to monitor the performance of the business. The business review presented here is for the period from 13 October 2021 to 31 March 2022 only.

We saw growing demand for ERM's services during the FY22 period and an unprecedented opportunity to influence the global sustainability agenda. We reached record levels of both backlog and weighted pipeline with our continuous investment in our Group Key Client program, our increasing diversification into Power, Chemical and TMT sectors and our longstanding recurrent relationships with a large and diverse blue chip client base. Our highly diversified and balanced business model across sectors, clients and geographies allowed us to gain market share in a rapid growing market environment. The pandemic continued to provide some challenges to our business, particularly in the Asia Pacific region, but we were able to reduce and minimise the disruption from COVID-19 as nearly all ERM locations moved towards high vaccination rates.

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 Russia-Ukraine conflict is bringing additional turbulence and uncertainty to the global economy. We have watched as events escalated and are now impacting millions of people. Our primary focus has been the safety of our Ukrainian colleagues and their families, as well as our colleagues based in Russia. Subsequent to year end, the decision was made to wind down the Russian business as a consequence of the EU, UK and US sanctions, including but not limited to the US and EU requirements that consulting services cease and for most wind down (with certain exceptions) to be completed 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.

As outlined above, the market was strong during the FY22 period and we were able to increase our Full-time equivalent ("FTE") employees in response to the improving market conditions and as a result of the increase in backlog. We ended the year at 6,506 FTEs. The average number of FTEs for the FY22 period was 6,215.

Partners: Partners in ERM are our senior management level leaders. We hired 37 Partners during the FY22 period which provides us with a strong platform to grow the business over the medium-term. We also promoted four Partners from our Path to Partnership programme and brought in three Partners through acquisitions during the FY22 period (see below).

Strategic report

Sustainability: We continue to play a leading role in the global sustainability agenda, as described on page 4. Our 2022 Sustainability Report was issued in June 2022; this is our sixth report aligned with the Global Reporting Initiative's ("GRI") Standards and our eleventh annual public report. It is available online at <https://www.erm.com/sustainability-report>.

Acquisitions: We continued to make strategic acquisitions, successfully acquiring two businesses during the FY22 period:

(i) On 8 November 2021, ERM completed the acquisition of Stratos Inc. ("Stratos"), one of Canada's leading management consultancies focused exclusively on ESG and sustainability. 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.

(ii) On 13 December 2021, ERM completed the acquisition of OPEX, a UK-based specialist software business delivering AI & data science solutions that help carbon intensive industries to reduce emissions. 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.

Subsequent to year end we completed the acquisition of two further businesses. Point Advisory Pty Ltd, which completed on 1 April 2022 and MarineSpace Limited which completed on 30 June 2022. Refer to note 29 for further details.

Change of corporate ownership

On 13 October 2021 KKR & Co. Inc. ("KKR") and certain co-investors acquired a majority interest in ERM ("KKR Transaction"). The KKR Transaction enabled ERM's Partners to re-invest in the business alongside KKR, highlighting the Partners' continued commitment to ERM and the confidence they share in the long-term outlook for the Group.

KKR will support ERM's management team to develop the business both organically, by further increasing market share through offering innovative new services in expanding international markets, and also by strategic acquisitions in what remains a large, but still fragmented, sector.

The ERM International Group Limited became the new parent company of the ERM Group and Nature Bidco Limited became the new immediate parent company of ERM Worldwide Group Limited ("EWGL"), which prior to the KKR Transaction was the parent company of the ERM group companies. This transaction was implemented by way of a Scheme of Arrangement which was overwhelmingly approved by a vote of EWGL's shareholders and approved by the High Court in the UK.

Summary results

As the KKR Transaction completed on 13 October 2021, the financial statements of The ERM International Group Limited only include trading from that date through to 31 March 2022 and do not include trading from 1 April 2021 up to 12 October 2021.

The table below presents the net revenue and operating loss reported in the Consolidated Income Statement:

	<i>Period ended</i> 31 March 2022
	\$000
Net revenue	439,173
Operating costs	(364,666)
Operating profit before amortisation of intangibles and transaction costs	74,507
Amortisation of intangible assets	(98,985)
Transaction costs (note 7)	(129,762)
Operating loss	(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 of intangibles and transaction costs amounted to \$75 million. After amortisation of intangible assets, transaction costs, deduction of dividends on preference shares which is accrued and not paid in cash, and other interest and tax, the loss for the financial period amounted to \$208 million. The Directors do not recommend payment of a dividend.

Strategic report

Cash on hand and debt facilities

We had strong operating cash flow pre-income taxes of \$95 million in the financial period. Cash conversion (defined as cash generated from operating activities pre-income taxes divided by operating profit pre-amortisation and transaction costs) was greater than 100%. We have adequate cash resources and banking facilities to meet our day-to-day working capital requirements.

In June 2021, 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 consists 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. The debt is to be fully repaid over the period 2027-2029.

Our cash resources and banking facilities at the period end are set out below:

- The Group had cash on hand of \$226.4 million, including cash deposited with ReachCentrum SA of \$146.5 million and cash held by Element Energy of \$25.2 million (refer to note 19).
The Group has a \$168.0 million revolving credit facility. At 31 March 2022, \$53.0 million was drawn and \$3.7 million of the undrawn amount was utilised as security for bank guarantees.

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. We are making a contribution 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 Sustainability Report. More information can be found in the ERM Sustainability Report that is published online annually. The 2022 report was released in June 2022.

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 period for our UK business.

<i>Fuel type</i>	Period ended 31 March 2022 Co2 tonnes	Period ended 31 March 2022 kWh
Electricity ⁽¹⁾ and gas	28.1	368,309
Total	28.1	368,309
Co2 emissions per \$1,000,000 of gross revenue	0.049	

¹ For the FY22 period, ERM has sourced 100% renewable energy through green energy contracts or renewable energy instruments.

Strategic report

Sustainability and Health and Safety (continued)

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 period, 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 include: the selection of a global vendor to provide workstation ergonomic support and risk management; complete revision and re-branding of our "Observation and Feedback ("OFP") training curriculum, now known as "See.Own.Share"; selected a third party vendor (ANS) to update and revise all of our online Health and Safety 'tools'; and, with the support from HR and operational teams, we completed preliminary research associated with establishing 'Total Wellness' metrics. During the FY22 period ERM received numerous significant awards related to safety performance from key clients or national professional organisations.

Throughout the FY22 period we continued to monitor, plan and react to the global pandemic in accordance with our established Crisis Management Plan. As such, we continued to operate regional Crisis Management Teams ("CMTs") as well as a global task force to ensure a consistent but flexible approach to the ongoing pandemic. During the FY22 period we continued the implementation of a series of tools, processes and documents to provide our business leaders and employees with the guidance necessary to manage through a wide range of decision-making scenarios. This included a formal online "Return to Work" template which documents the "Phase" or status of each office (i.e. closed, closed with limited entry, open with restrictions, open without restrictions) as well as the specific steps being taken by the office team to prepare for the current and upcoming Phase of returning to the office. We continued to utilize a global network of COVID Coordinators and Subject Matter Experts ("SMEs") to assist our business leaders in developing and communicating our plans for Return to Work; and we implemented an application that allows staff to scan a QR code to automatically "check-in" to an ERM office and answer a series of 'Community Responsibility' questions that can be tailored to the regulatory requirements of the location. The application assists our business leaders and project teams in ensuring that we stay within occupancy limitations as well as contact tracing.

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.

The permanent Committees of the Board include the Remuneration Committee, the Audit Committee and the Executive Committee. Each permanent Committee is comprised of those directors the Board considers best suited to serve on that Committee.

On a day-to-day basis we continue to be managed by the Executive Committee, 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.

Strategic report

Corporate governance (continued)

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. We have recently appointed a new Global Head of Risk at ERM.

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.

Details of the Group's key stakeholders and how we engage with them are set out below with reference to the matters set out in section 172 (1)(a)-(f) of the Companies Act 2006 when performing their duty under the section. Further illustrations of how section 172 factors have been applied by the Board can be found throughout the Strategic report.

Prior to the acceptance of the offer from KKR, including the amendment of the financing, the share offerings impacting the capital structure, and the change in ownership, the Board considered the wider stakeholders and the employees.

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 and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

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 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 21 such acquisitions in total (two of these during the FY22 period and two after the FY22 period end) bringing in the expertise of over 800 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 has improved our business continuity, long-term resilience and protection of data. The Board reviews the relevance of the Group's strategy annually.

Strategic report

The interests of the Group's employees

Our people are key to our success. There are many ways we engage with and listen to our employees including staff surveys, forums, local face-to-face briefings, internal communities, All-staff calls and through our anonymous concern helpline.

We know that creating a diverse and inclusive work environment is essential to being a leading global business and to making ERM a great place to build a career. Diversity, equity and inclusion ("DE&I") strengthens our environmental, social and governance performance as well as our ability to recruit and retain great talent, be innovative and build effective relationships - all of which helps us create better solutions for our clients.

Examples of the FY22 period accomplishments include:

- Refreshed approach to learning and provided new content through e-learning, external speakers and other channels. This was accomplished by the complete overhaul of content for global mandatory training module on DE&I.
- We had a very strong employee sentiment towards DE&I, with 83% of employees favourable about ERM's commitment to DE&I and 90% of employees believing DE&I is important to business success.
- Expanded connections with operational and functional parts of the business to continue implementation of DE&I actions, changes to processes and practices to highlight importance of DE&I.
- Coordinated Global Inclusion Week across the business, a successful virtual campaign with 1500+ ERM employees attending live sessions.
- Created greater connection with our Safety program and explored DE&I overlap.
- Created and implemented leader training on inclusive leadership at ERM with 100+ Partners in attendance.

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 reports regarding employee performance and rewards to ensure we are differentiating for performance. We also conducted equal pay analysis across our company and shared this with Executive leadership.

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 the clients and third parties with which 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.

Strategic report

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 4.

During the FY22 period, ERM senior leaders engaged our Board and Executive Committee on 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 Regional Leadership Teams and Account Directors across the Group to support and implement this strategic direction.

The ERM Foundation supports environmental, community and sustainable development causes through appropriate charitable, educational and scientific means. Each year we seek to contribute an amount equivalent to 1% of our profits towards sustainability, including via The ERM Foundation, supporting other organisations and in pro bono work.

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 compliance 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 company's 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 regulation.

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, and 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.

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 585+ individuals who collectively own approximately 32.11% of the Group's ordinary shares. Shareholders have representation at the Board and employee shareholders are actively updated via regular reports, calls and written communications.

Strategic report

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

At the time of writing this report, the Russia-Ukraine conflict is bringing additional turbulence and uncertainty to the global economy. The Group does not have any material financial or operational exposure at the Group level, to Russia or Ukraine. We remain alert to the current macroeconomic and geopolitical uncertainty and continue to monitor the potential impact to our clients, as well as the broader markets. While the uncertainty remains elevated, we do not see an increased risk to our operations, strategy, or client demand as a result.

Impact of COVID-19

The COVID-19 crisis has created significant uncertainty for all businesses across the geographies in which the Group operates. However, the rollout of vaccination efforts has allowed a progressive return to normal working practices in many developed economies. We have seen some countries that have struggled to vaccinate their populations and are still being severely impacted, and some countries (China in particular) still under strict government imposed lockdown programs. In addition, new COVID variants means some continued uncertainty about the timing and extent of the opening up of economies. However, the business has proved to be very resilient, as demonstrated by our strong performance in the FY22 period, adapting our way of working and offering a hybrid model to our employees who are progressively returning to the offices.

The outlook for the future is robust. Market growth is driven by increased intensity of sustainability spend through LCET, increasing regulation/stricter enforcement and increasing investor/lender sustainability requirements. In addition, and despite the initial challenges that the business faced, management views COVID-19 as a long-term opportunity for the Group. In particular, the accelerated implementation of stricter environmental regulation and the increased scrutiny on clients ESG credentials will provide future revenue opportunities. Management believes that the technical capabilities investments made over recent years has positioned the Group well to benefit from this structural change.

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 is exposed to 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 2029.

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. At the year end the Group has EUR and USD denominated interest rate caps in place, maturing on 30 September 2022 and 31 March 2026 respectively. The caps minimise sensitivity to rises in 3 month EURIBOR above 0.8% and 3 month USD LIBOR above 2.5% without impacting participation in falling rates. 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 \$168.0 million, of which \$53.0 million was drawn and \$3.7 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 Power, Chemical, Oil and Gas, Technology, Finance and Mining sectors.

Strategic report

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

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.

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.

Future developments

We believe that ERM has an extraordinary growth opportunity, and commensurate challenge, ahead of us in the next financial year and beyond. FY23 budgeted growth is supported by record backlog, a track record of FTE growth in the FY22 period 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.

COVID-19 has brought some short term challenges, but we had a big bounce back in the FY22 period and over the medium term 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 we set out an ambitious five year growth plan. In order to achieve this our future investment activities will include:

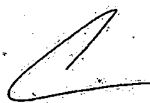
- The ongoing development of our client relationship programme.
- Expand our key service offerings so that we are positioned to gain from the proliferation of Sustainability, Climate Change, LCET and ESG super-trends.
- Expanding the role of technology and data in our service offerings and in our operational delivery.
- The ongoing hiring of new Partners from outside ERM, as well as annual internal promotions and inflow of Partners from new acquisitions.
- Continued focus on inorganic growth from acquisitions.

As discussed above, KKR's investment in ERM will support management to develop the business, both organically by further increasing market share through offering innovative new services in expanding international markets, and also by strategic acquisitions in what remains a large, but still fragmented, sector.

Strategic report

Summary

The ERM International Group Limited became the new parent company for the ERM group of companies on 13 October 2021. We are very optimistic about the future given the increased awareness on 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 are 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. The recent investment in the business by KKR demonstrates the success to date and the exciting prospects for the business.



Simon Crowe
Chief Financial Officer
15 July 2022

The ERM International Group Limited

Directors' report

The Directors present their first report and the audited financial statements for the first accounting period of The ERM International Group Limited (the "Company") from incorporation to 31 March 2022.

The Company was incorporated on 12 May 2021 and was named Nature Holdco UK Limited. On 8 September 2021 Nature Holdco UK Limited changed its name to The ERM International Group Limited. The Company became the parent Company for the Group on 13 October 2021, as described below.

Change of corporate ownership

ERM completed a change of majority investor on 13 October 2021 with KKR, as reported in the Strategic report on page 3. This resulted in:

(a) the former investors OMERS Administration Corporation ("OMERS") and Alberta Investment Management Corporation ("AIMCo"), and their affiliates realising the value of their ordinary shares, loan and PIK note investments in full for cash; and

(b) ERM Partners being given the opportunity to sell some or all of their ordinary and preference shares for cash or re-investing their shares by rolling the value of those shares into the new acquisition structure.

The ERM International Group Limited became the new parent company of the ERM Group and Nature Bidco Limited became the new immediate parent company of ERM Worldwide Group Limited, which prior to the KKR Transaction was the parent company of the ERM group.

Directors

The executive Directors who served during the period were:

Thomas Reichert	Chief Executive Officer	(appointed 22 February 2022)
Simon Crowe	Chief Financial Officer	(appointed 13 October 2021)
David McArthur	Chief Operations Officer	(appointed 13 October 2021)
Sabine Hoefnagel	Director of Services, Brand and Communications	(appointed 13 October 2021)
Keryn James	Chief Executive Officer	(appointed 13 October 2021, resigned as CEO 31 December 2021, see below)

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

Rami Bibi	(appointed 12 May 2021)
Tomas Hevia	(appointed 13 October 2021)
Mattia Caprioli	(appointed 13 October 2021)
Tim Franks	(appointed 13 October 2021)
Lars Kolks	(appointed 13 October 2021)
Joerg Metzner	(appointed 12 May 2021, resigned 13 October 2021)
Keryn James	(became non-executive 1 January 2022, resigned from the Board 31 March 2022)

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 9 to 10. The Group has net liabilities of \$204,942,000 and The ERM International Group Limited¹ (the "Company") has net liabilities of \$54,993,000. 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 of intangible assets and transaction costs of \$74,507,000 for the period ended 31 March 2022, net cash inflows from operating activities (pre-income taxes) of \$95,043,000 and cash inflows of \$231,797,000.

At 31 March 2022, the Group held cash and cash equivalents of \$226,366,000 (including \$146,523,000 deposited with ReachCentrum SA and \$25,229,000 held by Element Energy see note 19).

Directors' report

Going concern (continued)

A significant element of the indebtedness is preference shares (including accrued dividends) due to shareholders, 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.

Charitable and political donations

In the period ended 31 March 2022 the Group made donations of \$500,000 to charities, including \$265,000 to The ERM Foundation and \$200,000 to a humanitarian relief fund to support the people of Ukraine. 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. Each year we seek to contribute an amount equivalent to 1% of our profits towards sustainability, including via The ERM Foundation, supporting other organisations and in pro bono work.

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 period.

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 monthly 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.

Directors' report

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 period, the Group continued to increase its activities in managing the risks associated with entering into professional service contracts, including the implementation of a 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.

The workings of the Board and the committees

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 Chief Financial Officer, 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 8 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' report

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.

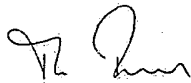
Directors' and officers' liability insurance

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.

On behalf of the Board



Thomas Reichert
Chief Executive Officer



Simon Crowe
Chief Financial Officer

15 July 2022

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 2022 and of the group's loss for the period 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 framework[s] 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, specialists 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 on projects that significantly exceed regional averages based on the WIP days key performance metric: we identified and tested the design and implementation of relevant controls which address the risk of material misstatement. We 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. Additional inquiry with project managers or project partners took place to validate projects to contract terms and supporting documentation.

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

In the light of the knowledge and understanding of the group and 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
15 July 2022

The ERM International Group Limited

Consolidated income statement

For the period ended 31 March 2022

In \$000

	Notes	Period ended 31 March 2022
Gross revenue	5	574,132
External project costs		(134,959)
Net revenue	5	439,173
Other income		365
Staff costs	6	(328,230)
Other operating expenses	7	(23,665)
Depreciation of property, plant and equipment	7,10	(3,037)
Depreciation of right of-use assets	7,11	(10,099)
Operating profit before amortisation of intangible assets and transaction costs		74,507
Amortisation of intangible assets	7,13	(98,985)
Transaction costs	7	(129,762)
Operating loss		(154,240)
Financial income	8	22,230
Financial expenses	8	(95,683)
Net financial expenses		(73,453)
Loss before income tax		(227,693)
Income tax credit	9	19,600
Loss for the financial period		(208,093)
Attributable to:		
Equity holders of the parent		(208,056)
Non-controlling interests	27	(37)
Loss for the financial period		(208,093)

The current period results all relate to continuing operations.

Consolidated statement of comprehensive income

For the period ended 31 March 2022

In \$000

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

The ERM International Group Limited

Consolidated statement of financial position

As at 31 March 2022

In \$000

	Notes	31 March 2022
Assets		
Non-current assets		
Property, plant and equipment	10	14,918
Right of-use assets	11	47,752
Net investment in sublease		451
Intangible assets	13	2,939,025
Deferred tax assets	15	53,422
Total non-current assets		3,055,568
Current assets		
Trade and other receivables	16	344,358
Current tax assets		7,963
Cash and cash equivalents	19	226,366
Total current assets		578,687
Total assets		3,634,255
Liabilities		
Current liabilities		
Trade and other payables	17	(454,391)
Borrowings	18	(5,350)
Lease liabilities	20	(17,988)
Current tax liabilities		(11,341)
Total current liabilities		(489,070)
Non-current liabilities		
Borrowings	18	(2,942,307)
Lease liabilities	20	(32,265)
Other payables	17	(1,274)
Deferred tax liabilities	15	(374,281)
Total non-current liabilities		(3,350,127)
Total liabilities		(3,839,197)
Net liabilities		
		(204,942)
Shareholders' deficit		
Share capital	21	322
Share premium		29,500
Translation reserve		(26,698)
Retained losses		(208,056)
Total deficit attributable to equity holders of the Parent		(204,932)
Non-controlling interests	27	(10)
Total deficit		(204,942)

Approved by the Board on 15 July 2022 and signed on their behalf by



Thomas Reichert
Chief Executive Officer



Simon Crowe
Chief Financial Officer

Registered No. 13391605

The ERM International Group Limited

Consolidated statement of changes in equity

For the period ended 31 March 2022

In \$000

	Attributable to equity holders of the Parent				Total	Non-controlling interests	Total deficit
	Share capital	Share premium	Translation reserve	Retained losses			
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 profit / (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)

The ERM International Group Limited

Consolidated statement of cash flows

For the period ended 31 March 2022

In \$000

	Notes	Period ended 31 March 2022
Cash flows from operating activities		
Loss before income tax		(227,693)
<i>Adjustments for:</i>		
- Depreciation of property, plant and equipment and right of-use assets	7	13,136
- Amortisation of intangible assets	7	98,985
- Transaction costs	7	129,762
- Net financial expenses	8	73,453
- Profit on disposal of property, plant and equipment and software		114
<i>Changes in working capital:</i>		
- Increase in trade and other receivables		(36,074)
- Increase in trade and other payables		43,360
Cash generated from operating activities (pre-income taxes)		95,043
Income taxes paid		(11,084)
Net cash inflow from operating activities (post-income taxes)		83,959
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	14	(1,566,082)
Payment of transaction costs		(128,778)
Purchase of property, plant and equipment		(4,712)
Proceeds from sale of property, plant and equipment		78
Purchase of intangible assets		(2,193)
Net cash outflow from investing activities		(1,701,687)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	21	29,719
Proceeds from issuance of preference shares	18(d)(e)	1,831,183
Receipts for preference shares not yet issued		844
Share issue costs		(2,325)
Purchase of preference shares from departing shareholders	18(d)	(9,932)
Proceeds from bank loans		128,626
Repayment of bank loans		(76,338)
Debt issue costs		(19,908)
Bank interest and charges paid		(17,618)
Interest rate cap premium		(4,165)
Repayment of lease liabilities		(9,173)
Lease interest paid		(1,380)
Sublease net costs		(8)
Net cash outflow from financing activities		1,849,525
Net increase in cash and cash equivalents		231,797
Effect of exchange rate fluctuations on cash held		(5,431)
Cash and cash equivalents at end of period	19	226,366

Company statement of financial position

As at 31 March 2022

In \$000

	Notes	31 March 2021
Assets		
Non-current assets		
Investment in subsidiary undertakings	12	2,010,130
Total non-current assets		2,010,130
Current assets		
Trade and other receivables	16	10,274
Current tax assets		2,219
Cash and cash equivalents		4,855
Total current assets		17,348
Total assets		2,027,478
Liabilities		
Current liabilities		
Trade and other payables	17	(16,981)
Total current liabilities		(16,981)
Non-current liabilities		
Borrowings	18	(2,065,490)
Total non-current liabilities		(2,065,490)
Total liabilities		(2,082,471)
Net liabilities		(54,993)
Shareholders' deficit		
Share capital	21	322
Share premium		29,500
Retained losses		(84,815)
Total deficit		(54,993)

The loss for the financial period in the financial statements of the parent company was \$84,815,000.

Approved by the Board on 15 July 2022 and signed on their behalf by



Thomas Reichert
Chief Executive Officer



Simon Crowe
Chief Financial Officer

Registered No. 13391605

Company statement of changes in equity

For the period ended 31 March 2022

In \$000

	Attributable to equity holders of the Company			Total deficit
	Share capital	Share premium	Retained losses	
<i>On incorporation</i>	-	-	-	-
Shares issued	322	31,825	-	32,147
Share issue costs ⁽¹⁾	-	(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)

(1) Costs of \$2,325,000 directly attributable to the issue of ordinary shares by the Company to its immediate parent, Nature Topco UK Limited, have been recognised as a deduction from the share premium account.

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 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.

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.

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.

Notes to the financial statements

2. Significant accounting policies (continued)

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 period ended 31 March 2022.

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:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement of IAS 7 Statement of Cash Flows;
- the requirement 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.

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.

Notes to the financial statements

2. Significant accounting policies (continued)

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.

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.

Notes to the financial statements

2. Significant accounting policies (continued)

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 normal 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, to include details on the scope of work and each party's rights and obligations regarding the transfer of the service as well as payment terms for the service being transferred;
- Identifying the performance obligations in the contract. Key deliverables are stated in the contract and monitored on an ongoing basis against the agreed delivery timetable. The contract states our obligations to the client. In assessing performance obligations, consideration is given as to whether each identified key deliverable is a separate performance obligation, or a series of services that are substantially the same and have the same pattern of transfer to the customer so as to form one overall performance obligation;
- Determining the transaction price. Each contract has a section describing fees and will state the invoicing profile (i.e. the value and frequency) of the invoices to be raised. The transaction price is developed during the proposal process through establishing the scope of the work and the staffing levels required to deliver that work. Upon acceptance the total fee value is stated in the contract and is also broken down into an invoicing schedule;
- Allocating the transaction price to separate performance obligations. Contracts typically include only one performance obligation and therefore the process of allocating the contract price is straightforward. In instances where more than one performance obligation is identified in the contract these contracts typically include separately agreed fees for each performance obligation. Allocation of the transaction price is therefore straightforward;
- Recognising revenue as performance obligations are satisfied. Revenue is recognised over time as the work is performed. Performance of the service does not create an asset with an alternative use, and we have enforceable right to payment for work performed to date.

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 typically enters into 'time and expense' and 'fixed fee' contracts. For contracts which are based on time and expense, gross revenue and profit is recognised based on hours and expenses incurred to date. For fixed fee contracts, gross revenue and profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. 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 principally sub-contractors on projects.

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 as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. 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.

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

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

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

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

Notes to the financial statements

2. Significant accounting policies (continued)

If the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

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

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Impairment of tangible and intangible assets policy below. Right-of-use assets are impaired when there is no expected future economic benefit from continued use due to the property being vacant, or where the anticipated sublease income is less than the contractual lease payments.

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.

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

The Group sub-leases some of its properties. The sub-lease contracts are classified as finance or operating leases under IFRS 16.

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. Internally generated intangible assets arising from development activities are recognised if capitalisation criteria have been met. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when they are technically feasible to complete the software product and can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Notes to the financial statements

2. Significant accounting policies (continued)

Software (continued)

Software development costs relating to software assets the Group control and which are revenue generating are capitalised and amortised over three to five years.

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 1 year
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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets held at fair value through profit or loss are recognised within the income statement.

Trade and other receivables (excluding prepayments) and contract fulfilment assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost, less provisions for impairment.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument to the gross carrying amount of the debt instrument on initial recognition.

i. Trade and other receivables

Trade and other receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date. Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provisions for impairment. Provisions for impairment are recognised using the simplified approach as set out in IFRS 9 Financial Instruments (IFRS 9) and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss.

ii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an 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.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always 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, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the financial statements

2. Significant accounting policies (continued)

Definition of default

The Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The IFRS 9 rebuttable default presumption of more than 90 days past due has not been used because the Group's historical experience indicates that the default occurs later than when a financial asset is 90 days past due.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 180 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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.

Financial liabilities

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

- At fair value through profit or loss
- At amortised cost

The Group classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Financial liabilities not classified as fair value through profit or loss, such as derivatives, are classified and measured at amortised cost using the effective interest method.

The Group's financial liabilities comprise bank loans and borrowings, and trade and other payables, including accruals. All financial liabilities are recognised initially at their fair value plus any directly attributable issue costs and subsequently measured at amortised cost using the effective interest method except for derivatives, which are classified as held for trading, except where they qualify for hedge accounting, and are held at fair value. The fair values of the Group's liabilities held at amortised cost are approximately equal to their carrying amount.

i. Bank loans and borrowings

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

The Group's "A" & "B" preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in accordance with the contractual arrangement. Non-discretionary dividends thereon are recognised as interest expense in the income statement as accrued.

Notes to the financial statements

2. Significant accounting policies (continued)

ii. Trade payables, accruals and other payables

Trade payables, accruals and other payables are included in current liabilities, except for maturities greater than 12 months after the reporting date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

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.

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)

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 period.

The adoption of new and revised IFRS Standards in issue but not yet effective are not expected to have a material impact on the financial statements of the Group.

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.

Notes to the financial statements

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

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

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.

At the balance sheet date, management tested the sensitivity of the valuation multiple across each of the regional CGUs. No reasonably possible change in the multiple assumption would cause the carrying amount of each of the regional CGUs goodwill to exceed each of the regional CGUs recoverable amount.

Looking ahead to the next financial year, if there were to be a reduction in the market multiple, this could potentially lead to a reduction in headroom. In order to trigger an impairment, the multiple would need to reduce to an extent not considered reasonably possible.

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 Period ended 31 March 2022 \$000	Net revenue by origin Period ended 31 March 2022 \$000
Europe, Middle East and Africa	155,465	123,478
Asia Pacific	71,450	54,336
Latin America and Caribbean	26,417	16,524
North America	286,257	215,056
Global Businesses	34,543	29,779
Total	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.

6. Staff costs, staff numbers and Directors' remuneration

Staff costs

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

	Period ended 31 March 2022 \$000
Wages and salaries ⁽¹⁾	262,822
Social security costs	25,674
Contributions to defined contribution plans	5,418
Other staff costs	34,444
Staff costs before Government grants	328,358
Government grants ⁽²⁾	(128)
Total staff costs	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. This was introduced by Governments, in many jurisdictions within which the Group operates, in response to the COVID-19 pandemic.

Notes to the financial statements

6. Staff costs, staff numbers and Directors' remuneration (continued)

Staff numbers

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

	Period ended 31 March 2022
Partners	586
Consultants	4,654
Administration	975
Total	6,215

The Company had no employees during the period ended 31 March 2022.

Directors' remuneration

The emoluments of all executive Directors of the Company for the period ended 31 March 2022 were paid by other Group companies and are as follows:

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

	Period ended 31 March 2022 \$000
Emoluments	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 period ended 31 March 2022.

Notes to the financial statements

7. Other operating expenses by nature, including transaction costs

Operating expenses include:

	Period ended 31 March 2022 \$000
Depreciation of property, plant and equipment	3,037
Depreciation of right-of-use assets	10,099
Amortisation of intangible assets	98,985
Transaction costs – KKR Transaction (note 14(a))	127,535
Transaction costs – other acquisitions	2,227
Foreign exchange gains on non-financing activities	27
Auditor's remuneration:	
- audit of the Group financial statements	1,318
- audit of financial statements of subsidiaries pursuant to legislation	2,475
- tax compliance and tax advisory services	4,185
- other advisory services	595

8. Financial income and expenses

	Period ended 31 March 2022 \$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	8,905
Bank interest income	17
Total financial income	22,230
Dividends accrued on preference shares (see note 18(d) & 18(e))	(74,104)
Interest and charges on bank loans and overdrafts	(16,852)
Amortisation of debt issue costs	(2,256)
Lease interest	(1,380)
Other interest expense	(1,091)
Total financial expenses	(95,683)
Net financial expenses	(73,453)

The Company reported \$74,306,000 net financial expenses during the period ended 31 March 2022, consisting of: dividends accrued on preference shares \$74,104,000; intercompany interest expense \$199,000; and net bank interest expense \$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.

	Period ended 31 March 2022
	\$000
Current tax:	
Current period	20,895
Prior year	(1,672)
Total current tax charge	19,223
Deferred tax:	
Current period	(38,958)
Prior year	135
Total deferred tax credit (note 15)	(38,823)
Total tax credit for the period (note 9(b))	(19,600)

(b) Reconciliation of tax credit

The tax credit is reconciled to the loss in the consolidated income statement as follows:

	Period ended 31 March 2022
	\$000
Loss before income tax	(227,693)
Loss before income tax at UK statutory rate of 19%	(43,262)
<i>Effects of:</i>	
Higher statutory tax rates on overseas earnings	6,621
Disallowed dividends accrued on preference shares	4,784
Corporate interest restriction in the UK	4,321
Non-deductible expenses	23,969
Impact of different tax rates on intangibles	6,964
Impact of leases	(406)
Movement in unrecognised deferred tax	(20,674)
Tax losses utilised	(380)
Prior year items	(1,537)
Total tax credit for the period (note 9 (a))	(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 (note 14)	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
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
Carrying amounts:					
Net book value at 31 March 2022	3,845	3,900	309	6,864	14,918

11. Right-of-use assets

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

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

Group	Leasehold Property \$000	Furniture, fittings, plant and machinery \$000	Motor vehicles \$000	Total \$000
Cost:				
Acquired (note 14)	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
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
Carrying amounts:				
Net book value at 31 March 2022	46,042	502	1,208	47,752

Notes to the financial statements

12. Investment in subsidiary undertakings

Company	Investment in subsidiaries \$000
Investment in Nature Midco Limited (a)	2,010,130
Cost and carrying value as at 31 March 2022	2,010,130

See note 26 for details of related undertakings.

(a) During the period, the Company subscribed for the following ordinary shares in its immediate subsidiary undertaking, Nature Midco Limited:

- On incorporation of Nature Midco Limited, the Company subscribed for 1 ordinary share for 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.

13. Intangible assets

Group	Goodwill \$000	Brand \$000	Customer relationships \$000	Customer order books \$000	Software \$000	Total \$000
Cost:						
Acquired (note 14)	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
Amortisation:						
Provided during the financial 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
Carrying amounts:						
Net book value at 31 March 2022	1,624,548	223,920	1,068,814	11,837	9,906	2,939,025

Notes to the financial statements

13. Intangible assets (continued)

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.

The KKR Transaction that was executed on 13 October 2021 provided an independent third-party valuation of the ERM Group. When calculating the fair value of each regional CGU as at 31 March 2022, management has placed reliance on certain valuation inputs utilised in this observable transaction. Management has determined that there are no internal indicators of a downside change to the fair value of the ERM Group as supported by the KKR Transaction.

Management has reviewed the carrying value of the goodwill for each regional CGU using the Group's fair value model. In assessing fair value, the Group applies 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 is considered the most appropriate method for valuing each of the regional CGUs as sufficient and reliable transaction data is available from the recent KKR Transaction. This approach is determined to be Level 2 in the fair value hierarchy.

The key judgements, assumptions and inputs used in the fair valuation assessment have been summarised below.

- Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of the regional business units over the last 12 months to 31 March 2022;
- Adjustments have been made for those entities acquired that did not have a full year EBITDA. A pro forma 12-month EBITDA has been utilised for those entities acquired, resulting in an increase in the Europe, Middle East and Africa regional CGU EBITDA of \$2 million;
- The KKR Transaction multiple has been utilised as the basis of the multiple in the 31 March 2022 fair value calculation.
- Management have used the cost incurred to sell the business in the KKR Transaction as the basis for the cost to sell in the fair value model. The total costs to sell have been estimated at \$53 million and have been allocated to the regional CGUs on weighted basis of the total EBITDA.

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

Regional CGU	Period ended 31 March 2022 \$000
Europe, Middle East and Africa	465,134
Asia Pacific	288,163
Latin America and Caribbean	54,917
North America	816,334
Total value*	1,624,548

* Including exchange differences after retranslation into USD at the year end.

Each regional CGUs fair value less cost to sell is greater than the carrying amount of the regional CGUs assets. No impairment of goodwill has been recognised in the period ended 31 March 2022 as each segment of CGUs recoverable amount exceeds its carrying value.

Sensitivity to changes in assumptions

Management tested the sensitivity of the valuation multiple across each of the regional CGUs. No reasonably possible change in the multiple assumption would cause the carrying amount of each of the regional CGUs goodwill to exceed each of the regional CGUs recoverable amount.

The ERM International Group Limited

Notes to the financial statements

14. Business combinations

Acquisitions during the period ended 31 March 2022

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

	EWGL (note a)	Stratos (note b)	OPEX (note c)	Total
	\$000	\$000	\$000	\$000
Identifiable intangible assets: ⁽¹⁾				
Brand	230,880	-	540	231,420
Customer relationships	1,105,840	316	2,260	1,108,416
Customer order books	72,900	162	-	73,062
Software	5,625	-	3,886	9,511
Property, plant and equipment	13,212	88	424	13,724
Right of use assets	53,377	162	2,831	56,370
Trade and other receivables	285,443	1,225	1,234	287,902
Cash	199,888	128	920	200,936
Trade and other payables	(430,619)	(667)	(782)	(432,068)
Lease liabilities	(53,377)	(162)	(2,831)	(56,370)
Deferred tax (net)	(356,484)	(133)	(1,589)	(358,206)
Current tax (net)	338	18	-	356
Total identifiable assets	1,127,023	1,137	6,893	1,135,053
Less: Non-controlling interest	(27)	-	-	(27)
Add: Goodwill ⁽²⁾	1,619,780	3,383	18,869	1,642,032
Net assets acquired	2,746,776	4,520	25,762	2,777,058
Satisfied by:				
"A" ordinary share capital	2,427	-	-	2,427
"A" preference share capital	160,203	-	-	160,203
Cash ^{(3) (4)}	544,643	4,520	23,314	572,477
Deferred consideration	-	-	2,448	2,448
Debt assumed – bank debt, net of issue costs	858,982	-	-	858,982
Debt settled – investor loan notes and PIK notes	1,180,521	-	-	1,180,521
Total	2,746,776	4,520	25,762	2,777,058

(1) Adjustments made to the fair value of identifiable intangible assets relate to the value of the brand, customer order books, customer relationships and certain software assets acquired in accordance with IFRS 3 "Business combinations".

(2) 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, for Stratos and OPEX, the synergies expected to be achieved from integrating the companies into ERM.

(3) ERM Worldwide Group Limited cash consideration of \$544,643,000 includes \$94,000 of uncashed cheques issued to selling shareholders (still to be paid).

(4) Acquisition of subsidiaries net of cash acquired per the cash flow statement is \$1,566,082,000. This consists of: cash consideration disclosed above (\$572,477,000) less uncashed cheques (\$94,000, see footnote 4) net of cash acquired (\$200,936,000); settlement of investor loan notes and PIK notes disclosed above (\$1,180,521,000); and \$14,114,000 deferred consideration paid in respect of subsidiaries acquired prior to the KKR Transaction date.

Notes to the financial statements

14. Business combinations (continued)

From the date of acquisition, the acquired companies contributed \$2,873,000 of net revenue and \$206,000 of operating profit (excluding costs of acquisition). If the acquisitions had occurred at the beginning of the FY22 period, the acquired companies would have contributed an additional \$1,070,000 of net revenue and \$220,000 of operating profit.

(a) 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.

The Group incurred transaction related expenses of \$127.5 million in connection with the acquisition of the EWGL group (note 7), which have been expensed under IFRS 3 through the income statement.

(b) 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.

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 period 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.

(c) 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.

Notes to the financial statements

14. Business combinations (continued)

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 period 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.

15. Deferred tax assets and liabilities

The deferred tax movement is as follows:

Group	\$000
Acquisition of ERM Worldwide Group Limited (note 14)	(356,484)
Acquisition of OPEX (note 14)	(1,589)
Acquisition of Stratos (note 14)	(133)
Credit for the period recognised in income statement (note 9(a))	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)

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

Group	31 March 2022
	\$000
Included within non-current assets	53,422
Included within non-current liabilities	(374,281)
	(320,859)

The deferred tax recognised is comprised of the following:

Group	31 March 2022	31 March 2022
	Assets	Liabilities
	\$000	\$000
Depreciation in advance of capital allowances	1,723	-
Pensions	1,308	-
Bonuses	6,231	-
Bad / doubtful debts	1,883	-
Intangible assets	-	(361,246)
Tax losses	10,112	-
Vacation accruals	3,274	-
WIP provisions	-	(308)
Interest restrictions	5,410	-
Leases	13,131	(12,727)
Other timing differences	10,350	-
Deferred tax assets / (liabilities)	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 2022 are measured at 25%.

At the balance sheet date, the Group has unrecognised deferred tax assets of \$37,200,000. This includes a deferred tax asset of \$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 2022 \$000	Company 31 March 2022 \$000
Trade receivables (net of allowance) ⁽¹⁾	184,309	-
Amounts recoverable on contracts	108,456	-
Amounts due from Group undertakings	-	226
Other receivables	10,807	116
Prepayments	17,485	-
Interest rate cap fair value	8,905	-
Interest rate cap premium	4,165	-
Payment to departing shareholders (note 18(d))	9,932	9,932
Net investment in sublease	299	-
Total	344,358	10,274

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

The average credit period taken on trade receivables, calculated by reference to the net amount owed at the period end as a proportion of total revenue in the pro forma 12 months was 57.9 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 2022	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	0.3%	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

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

	31 March 2022 \$000
Expected credit loss rate	4.0%
Total gross carrying amount	112,933
Lifetime ECL	4,477

Notes to the financial statements

16. Trade and other receivables (continued)

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.

	Period ended 31 March 2022 \$000
Acquired	12,825
Unused amounts reversed	(4,618)
Change in loss allowance	5,328
At 31 March	13,535

17. Trade and other payables

	Group 31 March 2022 \$000	Company 31 March 2022 \$000
Current liabilities:		
Trade payables	50,546	-
Other taxes and social security costs	25,439	-
Bills in advance ⁽¹⁾	97,643	-
Accrued expenses and other payables ^{(1) (2)}	280,763	2,118
Amounts due to Group undertakings	-	14,863
Total	454,391	16,981
Non-current liabilities:		
Other payables	1,274	-
Total	1,274	-

(1) Accrued expenses and other payables include \$112.8 million relating to deposits paid by customers to ReachCentrum SA, a subsidiary of the Group. Bills in advance include \$27.0 million relating to work to be completed on ReachCentrum SA products. Refer to note 19.

(2) Accrued expenses and other payables include \$25.2 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 LIBOR + 3.75% and for structural loans carry interest rates of three month local currency LIBOR + 4.09%. Amounts due to Group undertakings are repayable on demand.

Notes to the financial statements

18. Borrowings

	Group 31 March 2022 \$000	Company 31 March 2022 \$000
Current liabilities:		
Secured bankloans	5,350	-
	5,350	-
Non-current liabilities:		
Secured bankloans ⁽¹⁾	876,817	-
"A" preference shares	177,531	177,531
"B" preference shares	1,887,959	1,887,959
	2,942,307	2,065,490
Total borrowings	2,947,657	2,065,490

(1) Secured bankloans are disclosed net of unamortised debt issue costs of \$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 2022 \$000	Company 31 March 2022 \$000
<i>Amounts falling due:</i>		
within one year	5,350	-
in one to two years	5,350	-
in two to five years	16,050	-
over five years	2,952,227	2,065,490
	2,978,977	2,065,490
Less: unamortised debt issue costs	(31,320)	-
Total borrowings	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 as at 31 March 2022 are set out below.

On 13 October 2021 the Group completed an amendment to its credit facilities (see note 18(b)). The 13 October 2021 bank loans disclosed below are the bank debt assumed on acquisition of ERM Worldwide Group Limited but prior to completion of the amendment to the credit facilities on the same day. The previous terms are not presented here.

In \$000	Currency	Nominal interest rate	Year of maturity	31 March 2022	13 October 2021
				Face and Carrying amount	Face and Carrying amount
Senior credit facility ⁽¹⁾	USD	3M LIBOR+ 3.50%	2028	522,412	488,750
Senior credit facility ⁽¹⁾	EURO	3M EURIBOR + 3.50%	2028	238,075	208,936
Senior credit facility ⁽¹⁾	USD	3M LIBOR+ 6.5%	2029	100,000	175,000
Total senior credit facility				860,487	872,686
Revolving credit facility	USD	3M LIBOR + 3.25%	2027	53,000	-
Total secured bank loans				913,487	872,686
Less: unamortised debt issue costs				(31,320)	(13,704)
Total debt, net of debt issue costs				882,167	858,982
"A" preference shares	USD	8% fixed		177,531	160,203
"B" preference shares	USD	8% fixed		1,887,959	1,819,925
Total borrowings				2,947,657	2,839,110

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

Notes to the financial statements

18. Borrowings (continued)

(b) Bank loans

In July 2019, Emerald 2 Limited, a subsidiary of the Group, refinanced its loan facilities and entered into a new Syndicated Facility Agreement with a syndicate of financial institutions.

In June 2021, Emerald 2 Limited 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 consists 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. The debt is to be fully repaid over the period 2027-2029.

The credit facilities drawn at 31 March 2022 comprise the following:

- (i) \$522.4 million USD denominated 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 3.50% above 3 month USD LIBOR subject to a 0% floor. During the period ended 31 March 2022 the Group drew down \$35.0 million USD on completion of the amendment to the credit facilities and repaid \$1.3 million USD. At 31 March 2022, the balance outstanding was \$522.4 million.
- (ii) €215.0 million EUR denominated term debt. The facility is repayable on 11 July 2028 and carries an interest rate of 3.50% above 3 month EURIBOR subject to a 0% floor. During the period ended 31 March 2022 the Group drew down \$40.6 million USD (€35.0 million EUR) on completion of the amendment to the credit facilities. At 31 March 2022 the balance outstanding was \$238.1 million (€215.0 million fully drawn, revalued to the balance sheet foreign exchange rate).
- (iii) \$100.0 million USD denominated term debt. The facility is repayable on 11 July 2029 and carries an interest rate of 6.5% above 3 month LIBOR subject to a 0% floor. During the period ended 31 March 2022 the Group repaid \$75.0 million USD on completion of the amendment to the credit facilities. At 31 March 2022 the facility was fully drawn.
- (iv) \$168.0 million of the multi-currency revolving credit facility, repayable on 11 July 2027. Depending on the duration and currency drawn, the facility carries an interest rate of 3.25% above 1, 3 or 6 month currency LIBOR on USD denominated draws and 3.50% above 1, 3 or 6 month currency LIBOR on non-USD denominated draws, both subject to a 0% floor.

During the period ended 31 March 2022 the Group drew down \$53.0 million. At 31 March 2022 \$53.0 million USD denominated revolving credit facility was drawn. Interest on this draw down is charged at 3.25% above 1 or 3 month LIBOR subject to a 0% floor. In addition, \$3.7 million of the facility was utilised as security for bank guarantees.

(c) Debt issue costs

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. The unamortised debt issue costs balance of \$31,320,000 as at 31 March 2022 represents capitalised debt issue costs less amounts amortised to date and minor exchange rate movements.

Notes to the financial statements

18. Borrowings (continued)

(d) "A" preference shares

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 2022 is for \$177,531,000 and includes \$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 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.

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. The buyback of the shares was registered subsequent to year end and hence this payment has been disclosed within trade and other receivables (note 16) and is not reflected in the above 31 March 2022 "A" preference share balance.

(e) "B" preference shares

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 2022 is for \$1,887,959,000 and includes \$68,034,000 of cumulative preferential dividend.

Notes to the financial statements

19. Net Debt

Analysis of net debt

	On Incorporation \$000	Cash flow \$000	Exchange difference \$000	Other non cash flow \$000	At 31 March 2022 \$000
Cash at bank and on hand	-	231,813	(5,447)	-	226,366
Money market deposits	-	(16)	16	-	-
Cash and cash equivalents ⁽¹⁾⁽²⁾	-	231,797	(5,431)	-	226,366
Debt due within one year	-	1,338	-	(6,688)	(5,350)
Debt due after one year ⁽³⁾	-	(1,864,901)	11,451	(1,088,857)	(2,942,307)
Lease liabilities ⁽³⁾	-	10,553	632	(61,438)	(50,253)
Total	-	(1,621,213)	6,652	(1,156,983)	(2,771,544)

(1) The 31 March 2022 cash balance includes \$146.5 million of cash deposited with ReachCentrum SA. 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 \$139.8 million held within trade and other payables (refer to note 17) relates to the obligations towards these consortium members.

(2) The 31 March 2022 cash balance includes \$25.2 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 \$25.2 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	Period ended 31 March 2022 \$000
Increase in cash		231,797
Issuance of "A" preference shares	18 (d)	(11,258)
Issuance of "B" preference shares	18 (e)	(1,819,925)
Proceeds from new bank loans	18 (b)	(128,626)
Repayment of new bank loans	18 (b)	76,338
Debt issue costs	18 (c)	19,908
Repayment of lease liabilities and interest		10,553
Change in net debt resulting from cash flows		(1,621,213)
Exchange difference		6,652
Acquisition of subsidiaries - debt acquired, net of debt issue costs	18 (a)	(858,982)
Issuance of "A" preference shares	18 (d)	(160,203)
Dividends accrued on "A" and "B" preference shares		(74,104)
Amortisation of debt issue costs		(2,256)
Interest accrued on leases		(1,380)
Lease additions, acquisitions and disposals ⁽¹⁾		(60,058)
Other non-cash flow movement		(1,156,983)
Movement in net debt in the financial period		(2,771,544)
Net debt at 31 March 2022		(2,771,544)

(1) Lease non-cash flow includes \$53,377,000 lease liabilities assumed on acquisition of ERM Worldwide Group Limited (see note 14).

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 ten 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 2.5% 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 2022 \$000
Lease liabilities due:	
within one year	17,988
in two to five years	24,762
over five years	7,503
Total lease liabilities	50,253
Disclosed as:	
Current	17,988
Non-current	32,265
Total lease liabilities	50,253

21. Share capital

	Allotted, called up and fully paid	
	2022 No.	2022 \$000
"A" ordinary shares ⁽¹⁾	2,427,314	24
"B" ordinary shares ⁽¹⁾	27,574,626	276
"C" ordinary shares ⁽¹⁾	2,068,104	21
"D" ordinary shares ⁽¹⁾	76,136	1
		322
"A" preference shares ⁽¹⁾	171,461,003	1,715
"B" preference shares ⁽¹⁾	1,819,925,316	18,199
		19,914

(1) Held at US\$0.01 nominal value

The share capital structure available for issue by the Company as at 31 March 2022 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; and
- "B" preference shares of US\$0.01 each;

"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:

Notes to the financial statements

21. Share capital (continued)

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 period ended 31 March 2022 were issued at US\$0.01 nominal value and US\$0.99 share premium.

The Company was incorporated with the issue of 1 ordinary "B" share of US\$0.01 nominal value issued at \$1.00.

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 (all at US\$0.01 nominal value plus US\$0.99 share premium). Details of the "A" and "B" preference shares issued as part of the KKR Transaction are disclosed in note 18 (d) and note 18 (e) respectively.

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 \$4,181,000 relating to unpaid pension contributions is included within the financial statements. The amount charged to the income statement during the period ended 31 March 2022 was \$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.

Notes to the financial statements

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 2022 for \$177,531,000 includes \$6,070,000 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 period ended 31 March 2022, 150,702 "A" ordinary shares, 164,870 "C" ordinary shares, 59,702 "D" ordinary shares and 13,886,630 "A" preference shares were issued to the Directors of the Company. All shares are fully paid and included in note 21.

Other related party balances

On 13 October 2021 Nature Bidco Limited, a subsidiary of the Group, entered into an annual management advisory agreement with KKR, whereby they would provide strategic corporate planning and other management services to the Group. In consideration of these services provided, Nature Bidco Limited has reported total advisory fees of \$1,167,000 during the period ended 31 March 2022.

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 9. 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, and 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 2022 \$000
Trade receivables, net	16	184,309
Amounts recoverable on contracts	16	108,456
Other receivables ⁽¹⁾		7,788
Interest rate cap fair value	16	8,905
Interest rate cap premium	16	4,165
Cash and cash equivalents	19	226,366
Total		539,989

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

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Credit risk (continued)

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.

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 \$168.0 million, of which \$53.0 million was drawn and \$3.7 million of the undrawn amount was utilised as security for bank guarantees.

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Liquidity risk (continued)

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 2022 \$000
Non-derivative financial liabilities – current:		
Trade payables	17	50,546
Accrued expenses and other payables ⁽¹⁾		239,142
Secured bank loans	18	5,350
		295,038
Non-derivative financial liabilities – non-current:		
Other payables	17	1,274
Secured bank loans	18	876,817
"A" preference shares	18	177,531
"B" preference shares	18	1,887,959
		2,943,581
Total non-derivative financial liabilities		3,238,619

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

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 2022.

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 mostly in US Dollars to provide a natural hedge against the US Dollar, the major currency 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 2022 the balance outstanding on the EUR term debt was €215 million revalued to \$238 million at the balance sheet foreign exchange rate. 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>EUR Impact</i>	USD 10% Strengthen	USD 10% Weakening
	Period ended 31 March 2022	Period ended 31 March 2022
	\$000	\$000
Financial income/(expenses)	13,902	(16,991)

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Interest rate risk

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 interest rate cap has not been designated as a hedging instrument.

At the year end the Group has EUR and USD denominated interest rate caps in place, maturing on 30 September 2022 and 31 March 2026 respectively. The caps minimise sensitivity to rises in 3 month EURIBOR above 0.8% and 3 month USD LIBOR above 2.5%, respectively, without impacting existing participation in falling rates. 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 reporting date the interest rate profile of the Group's interest bearing financial instruments was as follows:

Face value	31 March 2022
	\$000
Fixed rate instruments	
"A" preference shares ⁽¹⁾	177,531
"B" preference shares ⁽¹⁾	1,887,959
	2,065,490
Variable rate instruments	
Cash and cash equivalents	(226,366)
Senior credit facility	860,487
Revolving credit facility	53,000
	687,121

(1) Subject to non-cash accrued dividends

Notes to the financial statements

25. Financial instruments and related disclosures (continued)

Interest rate risk (continued)

Based on current operating profits the Group's interest coverage is 4.4 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 period.

Interest rate sensitivity analysis

The current effective rate of interest applied to the Group's debt facilities (including the drawn revolving credit facility) 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 6.5%. At 31 March 2022, 3 month USD LIBOR was 0.457% and 3 month EURIBOR was (0.461)%.

EURIBOR rates are currently below the zero percent floor and would need to rise above the floor for the Group to incur higher interest costs on its EURO borrowings. 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 \$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 \$168.0 million of which \$53.0 million was drawn at 31 March 2022 (and \$3.7 million of the undrawn amount was 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 2022.

The ERM International Group Limited

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.

	Holding %	Country of incorporation	Address key
<i>North America</i>			
CSA Global Consultants Canada Ltd.	*	100	Canada 1
ERM Consultants Canada Ltd.	*	100	Canada 1
Stratos Inc.	*	100	Canada 2
BrownFlynn, Ltd.	*	100	USA 3
Contek Solutions, LLC	*	100	USA 4
Environmental Resources Management Michigan, Inc.	*	100	USA 5
Environmental Resources Management Southwest, Inc.	*	100	USA 6
Environmental Resources Management, Inc.	*	100	USA 7
Environmental Resources Management-Southeast, Inc.	*	100	USA 8
ERM Alaska, Inc.	*	100	USA 9
ERM Canada, Inc.	*	100	USA 10
ERM Certification & Verification Services Incorporated	*	100	USA 11
ERM Consulting & Engineering, Inc.	*	100	USA 12
ERM Emerald US Inc.	*	100	USA 10
ERM Information Solutions, Inc.	*	100	USA 6
ERM NC, Inc.	*	100	USA 13
ERM-Delaware, Inc.	*	100	USA 10
ERM-NA Holdings Corp.	*	100	USA 7
ERM-West, Inc.	*	100	USA 14
M.J. Bradley & Associates LLC	*	100	USA 15
Michael Pisani & Associates, Inc	*	100	USA 16
Natural Resource Group, LLC	*	100	USA 17
SustainAbility, Inc	*	100	USA 15
The Fifth Business, Inc	*	100	USA 15
The Renewables Consulting Group LLC	*	100	USA 15
<i>United Kingdom</i>			
Action Media Safety Ltd.	*	100	UK 18
Arcus Consultancy Services Limited	*	100	UK 19
Critical Resource Strategy & Analysis Limited	*	100	UK 19
CSA Global (UK) Limited	*	100	UK 19
E4Tech (UK) Ltd	*	100	UK 19
Eagle 4 Limited	*	100	UK 19
Element Energy Holdings Limited	*	100	UK 19
Element Energy Limited	*	100	UK 19
Emerald 2 Limited	*	100	UK 19
Emerald 3 Limited	*	100	UK 19
Engineering Safety Consultants Ltd	*	100	UK 19
Environmental Resources Management Limited	*	100	UK 19
ERM-Asia Pacific Holdings, Limited	*	100	UK 19

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

The ERM International Group Limited

Notes to the financial statements

26. Investment in subsidiaries (continued)

	Holding %	Country of incorporation	Address key
<i>United Kingdom(continued)</i>			
ERM Certification and Verification Services Limited	*	100	UK 19
ERM Dolphyn Holdco Limited	*	100	UK 19
ERM Dolphyn SPV 2 Limited	*	100	UK 19
ERM Dolphyn SPV1 Limited	*	100	UK 19
ERM Emillion Limited	*	100	UK 19
ERM Eurasia Limited	*	100	UK 19
ERM-Europe, Ltd	*	100	UK 19
ERM International Services Limited	*	100	UK 19
ERM Limited	*	100	UK 19
ERM (Overseas Holdings) Limited	*	100	UK 19
ERM Regulatory Services Limited	*	100	UK 19
ERM Worldwide Group Limited	*	100	UK 19
First Option Group Limited	*	100	UK 19
First Option Safety Group Limited	*	100	UK 19
Nature Bidco Limited	*	100	UK 19
Nature Midco Limited		100	UK 19
Operational Excellence (Opex) Group Ltd	*	100	UK 20
OPEX GRP Limited	*	100	UK 20
SustainAbility Limited	*	100	UK 19
The Fifth Business (Scotland) Limited	*	100	UK 21
The Renewables Consulting Group Limited	*	100	UK 19
<i>EMEA</i>			
Environmental Resources Management-ERM N.V.	*	100	Belgium 22
ERM Remediation & Construction Management Belgium NV	*	100	Belgium 22
ReachCentrum SA	*	100	Belgium 22
Sustainalize B.V.	*	100	Belgium 23
ERM France SAS	*	100	France 25
Emerald Germany GmbH	*	100	Germany 26
ERM GmbH	*	100	Germany 26
Sustainalize GmbH	*	100	Germany 27
ERM Consultants (Ghana) Limited	*	100	Ghana 28
ERM-ESL JV Ghana Limited	*	90	Ghana 28
Salama Environmental Resources Management, LLC	*	100	Iraq 29
ERM Environmental Resources Management Ireland Limited	*	100	Ireland 30
ERM Italia S.p.A.	*	100	Italy 31
ERM Eurasia Limited Liability Partnership	*	100	Kazakhstan 32
ERM Consulting East Africa Limited	*	100	Kenya 33
Environmental Resources Management Nederland B.V.	*	100	Netherlands 24
ERM Holdings B.V.	*	100	Netherlands 34
Sustainalize B.V.	*	100	Netherlands 24
Sustainalize Holding B.V.	*	100	Netherlands 24
The Fifth Business B.V.	*	100	Netherlands 24
RePlan ERM Consulting Nigeria Limited	*	100	Nigeria 35
ERM AS	*	100	Norway 36

* 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.

The ERM International Group Limited

Notes to the financial statements

26. Investment in subsidiaries (continued)

		Holding %	Country of incorporation	Address key
<i>EMEA (continued)</i>				
ERM Norway AS	*	100	Norway	36
The Renewables Consulting Group (Nordic) AS	*	51	Norway	37
ERM Polska Sp.z.o.o.	*	100	Poland	38
ERM Portugal - Consultores em Engenharia do Ambiente, LDA	*	100	Portugal	39
ERM Environmental Resources Management S.R.L	*	100	Romania	40
ERM (Senegal) SARL	*	100	Senegal	41
Arcus Consultancy Services (South Africa) Proprietary Limited	*	100	South Africa	42
CSA Global South Africa (Pty) Ltd	*	100	South Africa	43
Environmental Resources Management Southern Africa Proprietary Limited	*	100	2 South Africa	43
Environmental Resources Management Iberia, SAU	*	100	Spain	44
The Renewables Consulting Group SL	*	100	Spain	45
E4tech S.à.r.l.	*	100	Switzerland	46
ERM Swiss GmbH	*	100	Switzerland	46
ERM Consulting Tanzania Limited	*	100	Tanzania	47
<i>Asia Pacific</i>				
CSA Global Pty Ltd	*	100	Australia	48
Element Energy Australia Pty Ltd	*	100	Australia	48
Emerald Newco Pty Limited	*	100	Australia	49
Environmental Resources Management Australia Pty Limited	*	100	Australia	48
ERM Australia Pacific Pty Ltd	*	100	Australia	48
ERM Emilion Australia Pty Ltd	*	100	Australia	48
ERM Services Australia Pty Ltd	*	100	Australia	48
ERM Stakeholder Engagement Pty Ltd	*	100	Australia	48
ERM (Shanghai) Limited	*	100	China	50
ERM CVS (Shanghai) Limited	*	100	China	50
ERM China (Holdings) Limited	*	100	Hong Kong	51
ERM-China Limited	*	100	Hong Kong	51
ERM-Hong Kong, Limited	*	100	Hong Kong	51
ERM India Private Limited	*	100	India	52
PT CSA Global (Indonesia) Ltd	*	100	Indonesia	53
PT. ERM Indonesia	*	100	Indonesia	53
ERM Japan Ltd.	*	100	Japan	54
The Renewables Consulting Group KK	*	100	Japan	54
ERM Korea Limited	*	100	Korea	55
ReachCentrum Asia Limited	*	100	Korea	55
Environmental Resources Management (M) Sdn. Bhd.	*	100	2 Malaysia	56
ERM Asia Pacific (M) Sdn. Bhd.	*	100	Malaysia	56
ERM Technical Services (M) Sdn. Bhd.	*	100	Malaysia	56
ERM Myanmar Company Limited	*	100	Myanmar	57
ERM New Zealand Limited	*	100	New Zealand	58
CSA Global (Singapore) Pte. Ltd.	*	100	Singapore	59
Environmental Resources Management (S) Pte Ltd	*	100	Singapore	59
ERM Taiwan Co., Ltd	*	100	Taiwan	60
The Renewables Consulting Group (Taiwan) Limited	*	100	Taiwan	61

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

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

The ERM International Group Limited

Notes to the financial statements

26. Investment in subsidiaries (continued)

		<i>Holding %</i>		<i>Country of incorporation</i>	<i>Address key</i>
<i>Asia Pacific (continued)</i>					
ERM-Siam Co., Ltd.	*	100	3	Thailand	62
ERM Vietnam Company Limited	*	100		Vietnam	63
<i>Latin America</i>					
ERM Argentina S.A.	*	100		Argentina	64
ERM Brasil Ltda.	*	100		Brazil	65
ERM-Chile S.A.	*	100		Chile	66
Environmental Resources Management Colombia Ltda.	*	100		Colombia	67
rePlan Colombia S.A.S.	*	100		Colombia	68
ERM Guyana Inc.	*	100		Guyana	69
ERM-Mexico, S.A. de C.V.	*	100		Mexico	70
Environmental Resources Management Panama S.A.	*	100		Panama	71
ERM Peru S.A.	*	100		Peru	72
Environmental Resources Management Puerto Rico, Inc.	*	100		Puerto Rico	73

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

(3) 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.

	<i>Country of incorporation</i>
ERM (Shanghai) Limited	China
ERM Brasil Ltda.	Brazil
ERM-Chile S.A.	Chile
Environmental Resources Management ERM Colombia Ltda.	Colombia
rePlan Colombia S.A.S.	Colombia
ERM-Mexico, S.A. de C.V.	Mexico
ERM Peru S.A.	Peru
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 GmbH	Germany
Sustainalize Holding B.V.	Netherlands
E4tech S.à.r.l.	Switzerland
First Option Group Limited	United Kingdom
Element Energy Holdings Limited	United Kingdom
OPEX GRP Limited	United Kingdom
Operational Excellence (Opex) Group Ltd	United Kingdom

Notes to the financial statements

26. Investment in subsidiaries (continued)

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	900-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Canada
2	130 Adelaide Street West, Suite 701, Toronto CA, Ontario, M5H 2K4, Canada
3	Terminal Tower, 36th floor, 50 Public Square, Cleveland OH 44113, United States
4	6221 Chapel Hill Blvd, Suite 300, Plano, Texas, 75093, United States
5	3352 128th Avenue, Holland, Michigan 49424, United States
6	840 West Sam Houston Parkway North, Suite 600, Houston, Texas 77024, United States
7	75 Valley Stream Parkway, Suite 200, Malvern, Pennsylvania 19355, United States
8	5000 Meridian Boulevard, Suite 300, Franklin, Tennessee 37067, United States
9	900 E. Benson Blvd., Suite 480, Anchorage, AK 99508, United States
10	1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, United States
11	3200 Windy Hill Road SE, Suite 1500 WEST, Atlanta, Georgia 30339-5640, United States
12	One Beacon Street, 5th Floor, Boston, Massachusetts, 02108, United States
13	300 West Summit Avenue, Suite 330, Charlotte NC 28203, United States
14	1277 Treat Blvd., Suite 500, Walnut Creek, California 94597, United States
15	850 New Burton Road, Suite 201, Dover, Delaware, 19904, United States
16	3838 N Causeway Boulevard, Suite 3000, Metairie, Louisiana, 70002, United States
17	80 South Eighth Street, Minneapolis, Minnesota 55402, United States
18	6th Floor, 102 Westport, Edinburgh, Scotland, EH3 9DN, GB
19	2nd Floor Exchequer Court, 33 St Mary Axe, London EC3A 8AA, United Kingdom
20	18 Carden Place, Aberdeen, Scotland, AB10 1UQ, United Kingdom
21	23 Albert Street, Aberdeen, Scotland, AB25 1XX, United Kingdom
22	3rd Floor, Central Gate, Cantersteen 47, Brussels, 1000, Belgium
23	Posthoflei 5, bus 6, Antwerp, 2600, Belgium
24	Parijsboulevard 143 E, 3541 CS, Utrecht, Netherlands
25	13 Rue Faidherbe, Paris, 75011, France
26	Siemensstrasse 9, Neu-Isenburg, 63263, Germany
27	Am Niehler Hafen 8, Gebäude 4a, 50735, Köln, Germany
28	c/o PwC Tower, A4 Rangoon Lane, Cantonments City, PMB CT42 Cantonments, Accra, Ghana
29	1st Floor, Karada Mariam District 222, Street 37, Building 41, Baghdad, Iraq
30	D5 Nutgrove Office Park, Dublin 14, D14 X343, Ireland
31	Via San Gregorio 38, Milan, 20124, Italy
32	Office 709, 86 Gogol str., Almaty, 050000, Republic of Kazakhstan
33	LR No. 12081/10 Sameer Business Park Block C, Unit C1, Mombasa Road, P.O.Box 10032-00100, Nairobi, Kenya.
34	Arthur van Schendelstraat 460, Utrecht, 3511 MJ, Netherlands
35	33 Ogunlowo Street, Off Obafemi Awolowo Way, Ikeja, Lagos, Nigeria
36	Bygg D, Andoyfaret 33, Kristiansand, 4623, Norway
37	Collettsgate 7, 0169 OSLO, Norway
38	Ul. Chmielna 134, Warsaw, 00-805, Poland
39	Avenida da República, 6, 1.º Esq, 1050-191, Lisboa, Portugal
40	145 Calea Victoriei, 7th Level (8th Floor), Sector 1, Bucharest, 010072, Romania
41	AZUR 15 Building, 12, Boulevard Djily MBAYE, Dakar, BP 50555, Senegal
42	240 Main Road, 1st Floor Great Westerford, Rondebosch, Western Cape, 7700, South Africa
43	Building 32, The Woodlands Office Park, Woodlands Drive, Woodmead, Johannesburg, 2148, South Africa
44	Paseo de la Castellana 257, 2ª planta, 28046, Madrid, Spain
45	Av Diagonal Num.640 P.6, 08017 Barcelona, Espana, Spain
46	Techno-Polè 4, Sierre, 3960, Switzerland

The ERM International Group Limited

Notes to the financial statements

26. Investment in subsidiaries (continued)

Address key	Address
47	Amani Place, 7th Floor, Ohio Street, Dares Salaam, Tanzania
48	Level 15, 309 Kent Street, Sydney, New South Wales 2000, Australia
49	Level 9, 501 Swanston St., Melbourne, City of Melbourne VIC 3000, Australia
50	Suite 2005 Litong Plaza, No.1350 Sichuan North Road, Shanghai, 200080, China
51	Flat/RM 2509, 25/F, One Harbourfront, 18 Tak Fung Street, Hung Hom, Hong Kong
52	B-/flat no-1770, Vasant Kunj, New Delhi, 110070, India
53	SinamasMSIG 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
54	Landmark Tower 19F, 2-2-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa 220-8119, Japan
55	12F Samhwa Tower, 16, Eulji-ro 5-gil, Jung-gu, Seoul, Korea
56	52, 1st Floor, Jalan SS 21/58, Damansara Utama, Petaling Jaya, Selangor Darul Ehsan 47400, Malaysia
57	Room No. 007 Inya Lake Hotel, #37 Kaba Aye Pagoda Road, Mayangone Township, Yangon, Myanmar
58	MinterEllisonRuddWatts, Level 20, 88 Shortland Street, Auckland Central, 1010, New Zealand
59	88 Market St, Market Street, #40-16, Singapore, 048948, Singapore
60	11F, No.223, Songjiang Rd, Zhongshan District, Taipei City, Taiwan
61	Taipei 101 Tower Level 37, No. 7, Sec. 5, Xinyi Road, Taipei, Taiwan
62	179 Bangkok City Tower, 24th Floor, South Sathom Road, Thungmahamek, Sathom, Bangkok, 10120, Thailand
63	7th Floor, Saigon Finance Center, 9 Dinh Tien Hoang Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam
64	Av. Cabildo 2677 Piso 6, Buenos Aires, C1428AAI, Argentina
65	Avenida Luis Carlos Berrini, 105 – 17º andar - cj. 171, Cidade Monções, São Paulo/SP, Brazil, 04571-010
66	Cruz del Sur 133 of, 802 Las Condes, Santiago, Chile
67	Cra 16 No 93A-36 Piso 6, Bogota, Colombia
68	CR 9, Numero 74, IN 3, LC 3, Bogota, Colombia
69	Lot 210 New Market Street, Georgetown, Guyana
70	Mariano Escobedo #476, 13th floor, Colonia Nueva Anzures, Mexico City, 11590, Mexico
71	Century Tower, Piso 17, Oficina 1705, Via Ricardo J. Alfaro, Panama City, 0832-0588, Panama
72	Calle Las Orquideas 675, Interior 402, San Isidro, Lima, 27, Peru
73	City Tower Suite 1002, 250 Ponce de Leon Avenue, PO Box 192291, San Juan, Puerto Rico 00919-2291

27. Non-controlling interests

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

	2022
Cost and carrying amount	\$000
Acquisition of non-controlling interests	27
Share of retained loss for the period	(37)
At 31 March	(10)

Notes to the financial statements

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 result of the Company are consolidated is The ERM International Group Limited, and the largest group within 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 2022, the shareholdings in The ERM International Group Limited are held 67.89% by Nature Topco UK Limited and 32.11% by ERM management (comprised of approximately 587 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

On 1 April 2022, ERM completed the acquisition of Point Advisory Pty Ltd ("PA"), 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. The transaction was conducted via the acquisition of 100% of the issued shares in Point Advisory Pty Ltd. Cash consideration of \$9,376,000 was paid subsequent to year end, being the initial purchase price of \$9,740,000 (AUD 13,000,000) offset by a net debt and working capital adjustment of \$364,000 (AUD 486,000). Deferred consideration of up to AUD 5,000,000 based on profits for the year ended 30 June 2022 will be accrued based on the fair value at acquisition date. At the time these financial statements were authorised for issue the Group had not yet completed the acquisition accounting.

On 30 June 2022, ERM completed the acquisition of MarineSpace Limited, a UK based marine planning and environmental consultancy that provides specialist advice and services to clients across a range of sectors. The acquisition will bring expertise and technical capabilities that will enable ERM to offer consulting and services to marine developers globally. At the time these financial statements were authorised for issue the Group had not yet completed the acquisition accounting.

Subsequent to year end, the decision was made to wind down the Russian business as a consequence of the EU, UK and US sanctions, including but not limited to the US and EU requirements that consulting services cease and for most wind down (with certain exceptions) to be completed by 7 July 2022.