

Dragon UK Holdco Limited

**Annual report and consolidated financial
statements**

Registered number 13891957

For the year ended 31 December 2024

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Contents

Company information	1
Strategic Report	2
Directors’ Report	12
Statement of directors’ responsibilities in respect of the Annual Report and the financial statements	14
Independent auditor’s report to the members of Dragon UK Holdco Limited	15
Consolidated Profit and Loss Account and Other Comprehensive Income	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Statement of Changes in Equity	22
Company Statement of Changes in Equity	23
Consolidated Cash Flow Statement	24
Notes	25

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Company information

Directors

T Jackson
H Lane (appointed 1 May 2025)
G Archibald (appointed 19 December 2024 and resigned 1 May 2025)
A Franklin (resigned 19 December 2024)

Secretary

S James

Company number

13891957 (England and Wales)

Registered office

Axys House
Heol Crochendy
Parc Nantgarw
Cardiff
CF15 7TW

Auditor

Grant Thornton UK LLP
6th Floor
3 Callaghan Square
Cardiff
CF10 5BT

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Strategic Report

The directors present the Strategic Report for Dragon UK Holdco Limited for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Trading as Alcumus, the Dragon UK Holdco Limited Group is a market-leading provider of Supply Chain Compliance and Business Certification services, underpinned by high quality technology. Alcumus now serves over 60,000 customers worldwide, ranging in size from owner-operators to large multi-nationals, and across all major industries. Our mission is to use our expertise to simplify the world of compliance for all of our customers. We are building the tools, guidance and support that enable businesses of all sizes to prove they are safe and responsible today and prepared for the challenges of tomorrow.

Alcumus continues to focus on the pursuit of recurring revenue growth, underpinned by investment in technology to develop class-leading solutions for our customers, alongside ongoing investment in sales and marketing.

On 21st November 2024, the Alcumus business was merged with Veriforce following the acquisition of Veriforce by funds managed by Apax Partners. Please see further details in the Ownership section of this Strategic Report.

FINANCIAL OVERVIEW

Financial Highlights

2024 was another highly successful year, with the business growing at its fastest rate in recent history across most, if not all, key metrics. Momentum that was built in 2023 was carried into 2024, leading to record customer retention rates and new business acquisition.

The revenue for the year ended 31 December 2024 was £86,112,000, generating a gross margin of 75% and gross profit of £64,184,000. Adjusted EBITDA was £30,703,000 (2023: £25,528,000).

Liquidity and Borrowing

Cash holdings at 31 December 2024 were £21.4m.

Simultaneously upon the merger of Alcumus with Veriforce on 21st November 2024, all previous third party borrowings were repaid. Previous third party borrowings constituted a Term Loan of £240m (which was fully drawn at the time of the merger/repayment), an Acquisition Facility of £75m (£54m of which was drawn at the time of the merger/repayment) and a Revolving Credit Facility (£Nil of which was drawn at the time of the merger/repayment). An interest rate cap instrument that was put in place in 2022 and ran from June 2023 to June 2026 was also terminated as part of the debt repayment. As this instrument was in the money at the time it was terminated, this resulted in a payment to Alcumus of £3,370,000.

Simultaneously upon the merger of Alcumus with Veriforce, a new intercompany loan of £262.1m was put in place with Viper Bidco, Inc. Viper Bidco, Inc. is a company registered in the USA that is under common control. Interest is accruing on the loan at a rate of the Sterling Overnight Index Average (SONIA) plus 5%.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Strategic Report (*continued*)

OWNERSHIP

On 9th March 2022, funds managed by Apax Partners, through their investment in Dragon Holdco (Guernsey) Limited and related companies, purchased 100% of the issued share capital in Alcumus Group Limited from Inflexion Private Equity Partners and Alcumus management. Alcumus management and Inflexion Private Equity Partners subsequently reinvested in Dragon Holdco (Guernsey) Limited.

Apax Partners is a leading global Private Equity advisory firm. Over its more than 40-year history, Apax Partners has raised and advised funds with aggregate commitments of more than \$60 billion. The Apax Funds invest in companies across four global sectors of Tech & Telco, Services, Healthcare and Consumer. These funds provide long-term equity financing to build and strengthen world-class companies.

Inflexion is a mid-market private equity firm, investing in high-growth businesses with ambitious management teams and working in partnership with them to accelerate growth. Inflexion helps businesses achieve their next stage of growth through international expansion, mergers & acquisitions, digital enhancement, commercial strategy, talent management, and access to Inflexion's global networks.

On November 21, 2024, certain investment funds advised by Apax Partners (the "Apax Funds"), along with members of management and certain coinvestors, acquired Veriforce through the acquisition of a parent entity, Project Power Intermediate Holdings, LLC by Viper Aggregator Co. Limited (the "Company"), and substantially simultaneously therewith, certain equityholders of Dragon Holdco (Guernsey) Limited, the parent entity of Alcumus, received shares in the Company in exchange for their shares held in Dragon Holdco (Guernsey) Limited. As a result of the foregoing transactions, the Company, which is controlled by the Apax Funds, owns 100% of Veriforce and Alcumus.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Strategic Report *(continued)*

BOARD OF DIRECTORS

The ultimate controlling parent of the group post-transaction is Viper Aggregator Co. Limited. The Board of Directors for Viper Aggregator Co. Limited is comprised of the following people:

<p>Anders Meyerhoff (Investor Director) Anders is a Partner in Apax's Services team in London having joined Apax in 2012.</p> <p>Anders holds an MBA from the Wharton School at the University of Pennsylvania and BAs in Economics and German from Stanford University.</p> <p>Anders also serves on the Boards of ADCO and Safetykleen.</p>	<p>Thomas Crewe (Investor Director) Thomas is a Principal in the Services team and joined Apax in 2015.</p> <p>Thomas holds an MA from the University of Oxford in Economics and Management, and an MBA from Stanford University Graduate School of Business.</p>	<p>Frank Ehmer (Investor Director) Frank is a Partner for Apax in the Services team.</p> <p>He joined Apax in 2000 in Munich, and since 2008 has been based in London. Prior to joining the Services team in 2009, Frank focused on investments in the Media sector.</p> <p>Frank has served as board member EcoOnline, PIB Group, TOI TOI & DIXI, GamaLife and Safetykleen.</p>
<p>Edward Taylor (Investor Director) Edward is a Director within the Inflexion Portfolio team.</p> <p>Prior to joining Inflexion, Edward was Head of Corporate Finance at Wyevalle Garden Centres having trained as a Chartered Accountant at PwC where he focused on mid-market financial due diligence and financial modelling.</p> <p>He has a first-class History degree from Durham University.</p>	<p>Colby Lane (CEO) Colby is the CEO of the combined Alcumus and Veriforce entities.</p> <p>Colby holds an MBA from the Stanford University Graduate School of Business and a J.D. from Harvard Law School.</p>	

Strategic Report (*continued*)

STRATEGY AND MARKET

Strategy, Vision and Mission

Alcumus' vision is to create a better working world, helping businesses turn compliance into competitive advantage. We do this by using our expertise to simplify the world of compliance. We are building the tools, guidance and support that enable businesses of all sizes to prove they are safe and responsible today and prepared for the challenges of tomorrow.

In Supply Chain Compliance, Alcumus has successfully traded for many years through the SafeContractor brand in the UK, and more recently in North America (particularly in Canada) through the ContractorCheck and Cognibox brands. Following significant investment in 2023, the legacy Alcumus brands in Canada were unified under the SafeContractor brand following a successful new product/brand launch in May 2024. The strategy in both Canada and the UK is to continue to capitalise on market tailwinds through organic and inorganic growth.

In Certification, Alcumus goes to market through the ISOQAR brand in the UK. The strategy for ISOQAR is again to continue to achieve scale through both organic and inorganic means, and M&A is likely to be a particularly important strategic driver for ISOQAR, both in the UK and further afield.

Market Trends and Other Factors Affecting Future Business Performance

In Supply Chain Compliance, the market continues to grow strongly, with continued interest from large buyers in ensuring their supply chain is compliant and robust. Areas such as compliance with Human Slavery and Anti-Bribery regulations and, increasingly, Sustainability, continue to drive Alcumus' products forward. With the acquisition of Planet Mark in October 2023, Alcumus has drawn upon its team of experts in sustainability and carbon reporting to develop a new product that will sit alongside SafeContractor to help large companies track carbon emissions and other sustainability metrics within their supply chains. There have been no material shifts observed in the industry generally that would risk negatively affecting future performance.

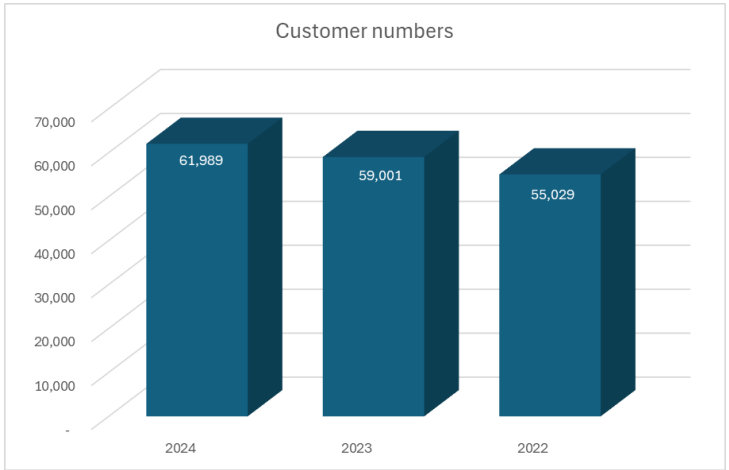
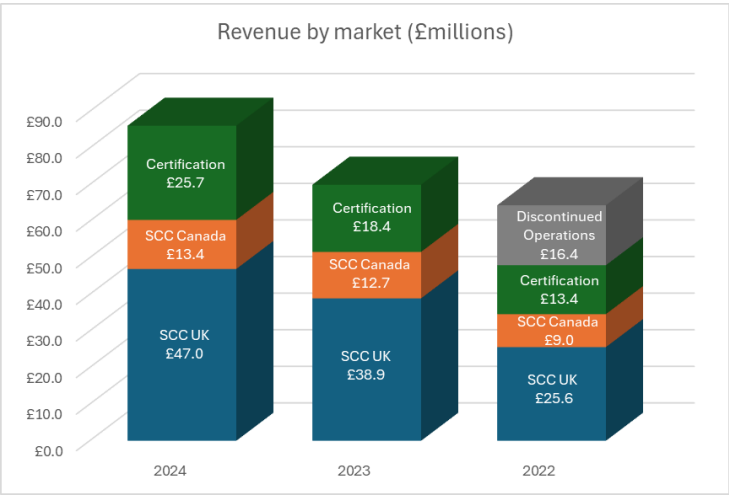
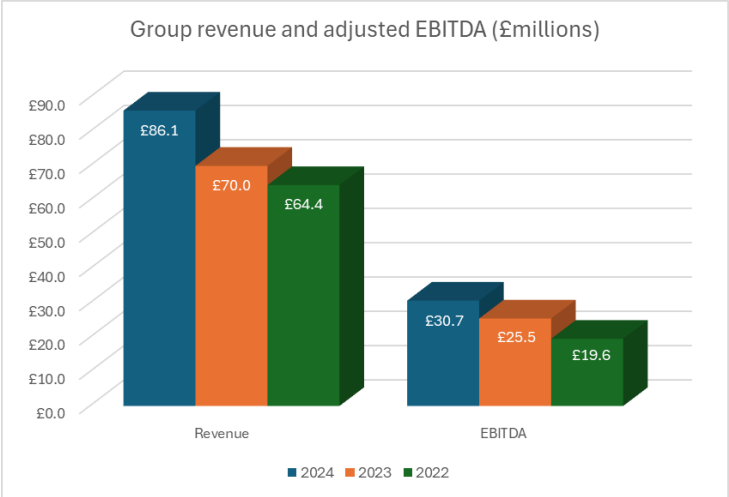
The Certification market continues to grow strongly, with newer standards in areas such as Information Security (such as ISO 27001) and Sustainability/Net Zero seeing noticeable growth. The business monitors the adoption of all standards carefully and regularly in order to identify potential future growth areas and ensure we are best-placed to capitalise on these trends. In 2024, Alcumus began offering ISO 42001 certification. ISO 42001 is the world's first Artificial Intelligence management system.

There continues to be significant consolidation and M&A activity in both the Supply Chain Compliance and Certification markets in both Europe and North America. Much of this has involved private-equity firms – both through direct majority and minority acquisitions by PE sponsors directly, but also via acquisitions by PE-backed portfolio companies.

Strategic Report (continued)

KEY PERFORMANCE INDICATORS

All Key Performance Indicators below are on an as reported basis.



Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Strategic Report (*continued*)

Adjusted EBITDA can be reconciled to the Operating loss as follows:

	2024	2023
	£'000	£'000
Operating loss	(56,350)	(48,990)
Depreciation/Amortisation	75,107	68,309
Restructuring and other non-operating costs	6,476	4,369
Share Based Payment costs	5,382	1,372
Funding-related management costs	88	468
Adjusted EBITDA	30,703	25,528

PRINCIPAL RISKS AND UNCERTAINTIES

The execution of the Group's strategy is subject to a number of risks and uncertainties. In mitigation of all material risks, Alcumus keeps under continuous review the relevance of its products and services to the prevailing regulatory and commercial environments. Importantly, exposure to a worsening macroeconomic environment is mitigated through the group's strategy of multi-year subscriptions and the collection of cash before rendering services to customers.

Key specific risks to the group include:

Exchange Rate Risk

Roughly 20% of Alcumus' revenue is denominated and collected in non-Pound Sterling currency, the majority of which is in Canadian Dollars.

Liquidity Risk

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group operates a centralised treasury function, including intercompany cash pooling and the provision of monthly cashflow reports and rolling 12-month forward forecasts to the Board. The Group currently has a healthy cash balance.

Business Change Risk

In order to remain competitive and capitalise on the significant white space that exists in its core markets, Alcumus is investing significantly in its products, underpinned by technology. There is currently a major change project in progress within the Supply Chain Compliance Division with the creation of a single product globally with a unified CRM and scalable operating system. To help mitigate this risk, Alcumus has brought in a new leadership role in the Chief Transformation Officer who has established best practice governance surrounding change programmes. A number of project management hires have also been made to further establish change management as a function within Alcumus.

Strategic Report (*continued*)

PRINCIPAL RISKS AND UNCERTAINTIES (*continued*)

Section 172(1) statement

The Group's key stakeholders are our employees, customers, suppliers and shareholders.

In line with Section 172(1), when making decisions, the directors consider the following criteria:

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

There is a Board of directors in place that meets on a monthly basis. All matters on which the Board is required to reach a decision are presented at Board meetings and are supported by papers setting out the background and key facts to the items discussed. When key decisions are presented at Board, such as strategic acquisitions, the directors consider whether this is the right long-term decision for the Group and whether it is in the interest of the Group's key stakeholders i.e. employees, suppliers, customers and others.

The impact of the Group on the community and environment is an ongoing interest of the company, with key initiatives being implemented regularly. Alcumus has a team of quality experts employed to tackle this area, so the focus and intention is always there to maintain the highest level of community care.

Employee engagement is also key to the success of the business and plays an important role when deciding future objectives. The Directors have created several feedback mechanisms allowing employees to engage at many points throughout the year. They collate employee feedback via quarterly anonymous employee surveys, annual conferences and roadshows held by the CEO, allowing all employees to evaluate the future intentions of the business.

ENVIRONMENTAL AND PEOPLE

Sustainability

The Group has an established sustainability programme (The Healthy People, Planet and Business Programme) which sets targets and ambitions for the business through to 2030 and aims to bring together existing initiatives and galvanise and inspire employees across three pillars – social, environmental and economic. Employees across the business lead on local initiatives and are in the process of developing Community Impact Plans for each office (and one led by field-based teams) to support development of the communities in which the business operates.

Strategic Report (*continued*)

ENVIRONMENTAL AND PEOPLE (*continued*)

Streamlined Energy and Carbon Reporting

Dragon UK Holdco Limited is reporting on all UK subsidiaries within the group (as listed in note 23) for the year ended 31 December 2024 and the consumption of reportable energy for these companies was as follows:

Natural Gas: 35,183.9 kWh (2023: 37,962.6 kWh) (Scope 1 emissions)

Gas Oil: No usage (2023: No usage) (Scope 1 emissions)

Electricity: 619,618.3 kWh (2023: 523,134.8 kWh) (Scope 2 emissions)

Vehicle travel – all activity classes: 1,972,761.7 km (2023: 2,041,885.1 km) (Scope 1, 2 and 3 emissions)

In addition to reportable energy consumption (Scope 1 and 2) their associated tonnes of carbon dioxide equivalent (tCO₂e) emissions are provided alongside voluntary reporting of material Scope 3 emissions from business travel (car mileage, public transport), overnight stays (hotels), waste generated, water usage and material use (paper printed).

Scope 1 Carbon Dioxide Equivalent (CO₂e) emissions equate to 230.8 tCO₂e (2023: 314.0 tCO₂e).

Scope 2 Carbon Dioxide Equivalent (CO₂e) emissions equate to 140.3 tCO₂e (2023: 109.4 tCO₂e).

Scope 3 Carbon Dioxide Equivalent (CO₂e) emissions equate to 65.1 tCO₂e (2023: 29.9 tCO₂e).

Total Scope 1,2 and 3 emissions equate to 436.2 tCO₂e (2023: 453.3 tCO₂e). Based on the intensity metric of the average annual employee headcount, the group used on average 0.71 tCO₂e (2023: 0.76 tCO₂e) for each UK employee for 2024 (618 employees) (2023: 600 employees).

As part of The Sustainability Strategy and internal Healthy People, Planet and Business Programme, Alcumus' energy use across its offices is constantly monitored and tracked using Alcumus' internal ESG carbon accounting software to ensure compliance with carbon reduction targets.

A number of energy saving, and renewable energy initiatives continued to be implemented in 2025 based on the 2019 ESOS assessment recommendations, which include the installation of electric vehicle charging points, final installation of LED luminaires to light fittings and initiatives to reduce emissions from business travel.

A detailed carbon accounting and reporting methodology has been established for each year (from a base year of 2019), following the Green House Gas Protocol (GHGP) standards. This document details the source data and methods used to produce the above carbon inventory for all three scopes, taken from primary activity-based source data and monthly averages where applicable. Activity data is a quantitative measure of a level of activity (e.g., litres of fuel consumed, Kilowatt hours (kWh) of electricity or natural gas used, kilometres travelled, cubic meters of water supplied/removed, kilograms of waste generated etc.) that results in GHG emissions. Conversion Factors for greenhouse gas (GHG) reporting for each emission source (activity data) were taken from the Defra/BEIS managed dataset published by the UK Government on an annual basis. These factors are suitable for use by UK-based organisations of all sizes and international organisations reporting on UK operations. Therefore, the scope of the factors is defined such that it is relevant to emissions reporting. The individual conversion factors used are detailed in the carbon accounting and reporting methodology.

Strategic Report (*continued*)

ENVIRONMENTAL AND PEOPLE (*continued*)

Social

Community engagement is a core part of Alcumus' values and employee engagement strategy. As a successful, growing organisation we believe strongly that we have a responsibility to improve the communities that we work in, and the world at large.

Alcumus has a number of initiatives that help drive and deliver community engagement. Chief among these are the provision of one day's annual leave for all employees to use as a 'giving day' to support good causes in the local community. Teams have volunteered at local schools, dog rescue centres, social community centres and cleared litter from local beaches.

Alcumus engages heavily in charity donations, often alongside employees. In the last 12 months, Alcumus has given meaningful donations for, amongst others, humanitarian efforts in Ukraine, to the charity Impetus, and to the Bookmark Reading charity, which helps children develop reading skills.

Alcumus takes its responsibilities to the environment incredibly seriously and has been ISO14001 (Environmental Management Systems) certified for a number of years. We plant trees for every employee on their first anniversary of employment and at other key service milestones and run a number of initiatives that focus on reducing waste and cutting emissions. Examples of these include the installation of solar panels and electric charging points at Alcumus offices.

Human Rights and Compliance

As an organisation that helps our customers create a safer, more sustainable world, Alcumus remains vigilant to the blight of modern slavery and human trafficking and are committed to meeting our obligations under the Modern Slavery Act 2015. Whilst issues around human rights are not a material issue for Alcumus given the nature of our business, we take a zero-tolerance approach to non-ethical practices and are committed to acting professionally, fairly, and with integrity at all times. This applies not just to Alcumus internally, but to all of our business dealings and supply chain relationships, wherever we operate. We contractually require our business partners and suppliers to provide training to their employees and supply chain and we track our compliance with modern slavery obligations as part of our wider internal sustainability programme.

As part of our commitments in this area, we have robust policies in place including:

Modern Slavery Policy;

Whistleblowing Policy;

Code of Conduct Policy; and

Anti-Bribery and Corruption Policy.

People and Employee Engagement

Building and maintaining a fantastic culture at Alcumus is one of management's highest priorities. We strive to maximise engagement and promote opportunities for career progression, development and, perhaps above all else, personal and professional satisfaction.

We carry out twice-yearly employee engagement surveys across the entire employee base, which helps keep management connected to the needs of employees.

Staff welfare is a vital part of Alcumus' employee engagement strategy. In consultation with employees, Alcumus has introduced a hybrid working policy to encourage flexible and inclusive working patterns. Mental health is always high on the agenda, with the business having 50 trained Mental Health First Aiders. For employees encountering financial difficulties, a financial assistance programme is offered, alongside healthcare programmes and wellbeing options to support physical and mental good health.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Strategic Report (*continued*)

ENVIRONMENTAL AND PEOPLE (*continued*)

Gender Diversity

At Alcumus, we put our people at the heart of everything we do, delivering our people strategy with the ultimate aim of making Alcumus a great place to work for everyone, irrespective of gender. The Alcumus Board and Senior Management Team are committed to constantly improving the gender balance across all levels in our business.

Our reported gender pay gap for 2024 improved by 3 points compared to 2023. Our aim remains to close our pay gap over the coming years having made overall improvements since figures were first reported in 2017. We support equality through equal pay and are confident that men and women are paid equally for doing the same roles in Alcumus.

The number of employees by gender as at 31 December 2024 was as follows:

	Male No.	Male %	Female No.	Female %	Total No.	Total %
Directors	1	0.1%	1	0.1%	2	0.2%
Senior Leadership	1	0.1%	1	0.1%	2	0.2%
Employees	439	54.8%	359	44.8%	798	99.6%
Total	441	55.0%	361	45.0%	802	100.0%

Walker Guidelines

In the view of the Directors, this Annual Report and consolidated financial statements comply with all aspects of the Walker Guidelines for Disclosure and Transparency in Private Equity.

By order of the Board



T Jackson
Director

23 May 2025

Axys House
Heol Crochendy
Parc Nantgarw
Cardiff
CF15 7TW

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Directors' Report

The Directors present their report, together with the Strategic Report and the audited consolidated financial statements of Dragon UK Holdco Limited (the Company) and its subsidiaries (together, the Group) for the year ended 31 December 2024.

Principal activities

Alcumus is a market-leading provider of Supply Chain Compliance and Business Certification services, underpinned by high quality technology.

Results and proposed dividends

The loss for the financial year amounted to £93,083,000 (2023: loss of £75,148,000).

No dividends were paid during the year (2023: £nil). The Directors do not recommend the payment of a final dividend (2023: £nil).

Research and development

Research and development (R&D) activities continued throughout the year to develop new products as well as enhance the technological excellence of existing products. R&D activities are either expensed or capitalised based on the accounting policy shown in note 1. Capitalised R&D costs are recognised as intangibles (note 10).

Directors

The directors who held office during the year and subsequently, until the date of this report, were as follows:

T Jackson	
H Lane	(appointed 1 May 2025)
G Archibald	(appointed 19 December 2024 and resigned 1 May 2025)
A Franklin	(resigned 19 December 2024)

Financial risk management

A detailed description of financial risks and mitigations of these risks is included in the Strategic Report.

Going concern and future developments

The Group and Company financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have a reasonable expectation that the Group and the Company will have sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Directors have made this assessment on the basis of the current cash position and medium-term cash flow forecasts. The Group's position is strengthened by a very high level of recurring revenue (>90%), the majority of which originates from customers with annual evergreen subscriptions and multi-year contracts.

As part of their going concern assessment, the directors have modelled severe but plausible downside scenarios including a drop off in both new business and renewals across all divisions of the Group. The forecasts indicate that, even after taking account of reasonably possible downsides, the Group and Company will continue their positive EBITDA performance and generate positive operating cash flows in the going concern period. As a result, even in a plausible downside scenario the Group is expected to remain in full compliance with its loan covenants and to be able to meet its financial obligations as they fall due.

Based on the above, the directors are satisfied that the Group and Company will have sufficient funds to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Directors' Report (*continued*)

Employees

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Qualifying third party indemnity provisions

Professional indemnity cover for the purpose of the Companies Act 2006 has been taken out with a reputable insurance broker and has been in place throughout the year and up to the date of signing these financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP was appointed as auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.



T Jackson
Director

Axys House
Heol Crochendy
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CF15 7TW

23 May 2025

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

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 financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *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 parent company and the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Dragon UK Holdco Limited

Opinion

We have audited the financial statements of Dragon UK Holdco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024, which comprise the consolidated profit and loss account and other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Independent auditor's report to the members of Dragon UK Holdco Limited *(continued)*

Other information

The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and consolidated financial statements. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities in respect of the annual report and the financial statements set out on page 14, 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.

Independent auditor's report to the members of Dragon UK Holdco Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The Group and Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, as those most likely to have a material effect if non-compliance were to occur;
- We obtained an understanding of how the Group and Company is complying with significant legal and regulatory frameworks through inquiries of management;
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Group and Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the Group and Company's control environment;
 - the Group and Company's relevant controls over areas of significant risks; and
 - the Group and Company's business processes in respect of classes of transactions that are significant to the financial statements.
- Audit procedures performed by the engagement team included:
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the Group and Company operates; and
 - understanding of the legal and regulatory requirements specific to the Group and Company.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Independent auditor's report to the members of Dragon UK Holdco Limited *(continued)*

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

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

Use of our report

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

Rhian Owen

Rhian Owen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
23 May 2025

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2024

	<i>Note</i>	2024	2023
		£000	£000
Turnover	<i>1,2</i>	86,112	69,986
Cost of sales		(21,928)	(17,350)
Gross profit		64,184	52,636
Administrative expenses		(120,534)	(101,626)
Operating loss	<i>3</i>	(56,350)	(48,990)
Interest receivable and similar income	<i>6</i>	3,750	4,900
Interest payable and similar expenses	<i>7</i>	(37,893)	(38,211)
Loss before taxation	<i>3</i>	(90,493)	(82,301)
Taxation	<i>8</i>	(754)	5,455
Loss for the financial year		(91,247)	(76,846)
Other comprehensive income			
Foreign exchange differences on translation of subsidiary undertakings		(1,836)	1,698
Total comprehensive loss for the financial year		(93,083)	(75,148)

The notes form part of these financial statements.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Consolidated Balance Sheet

at 31 December 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
<i>Intangible assets</i>					
Goodwill	9		436,846		501,121
Other intangibles	10		39,673		43,127
Investments	11		-		3,851
			476,519		548,099
Tangible assets	12		6,078		5,240
			482,597		553,339
Current assets					
Debtors	13	17,988		20,133	
Cash at bank and in hand		21,417		61,855	
			39,405	81,988	
Creditors: amounts falling due within one year	14	(22,170)		(21,026)	
Net current assets			17,235		60,962
Total assets less current liabilities			499,832		614,301
Creditors: amounts falling due after more than one year	15	(265,949)		(292,824)	
Provisions for liabilities					
Deferred tax	17		(2,833)		(2,726)
Net assets			231,050		318,751
Capital and reserves					
Called up share capital	18		4,589		4,589
Share premium account	18		454,316		454,316
Share option reserve	19		-		2,546
Foreign exchange reserve	18		163		1,999
Profit and loss account	18		(228,018)		(144,699)
Shareholders' funds			231,050		318,751

These financial statements were approved by the board of directors on 23 May 2025 and were signed on its behalf by:



T Jackson

Director

Company registered number: 13891957

The notes form part of these financial statements.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Company Balance Sheet
at 31 December 2024

	<i>Note</i>	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
Investments	11		458,614		458,614
Current assets					
Debtors	13	405		639	
Cash at bank and in hand		128		63	
			533	702	
Creditors: amounts falling due within one year	14	(671)		(464)	
Net current (liabilities)/assets			(138)		238
Provisions for liabilities: deferred tax			78		-
Net assets			458,554		458,852
Capital and reserves					
Called up share capital	18		4,589		4,589
Share premium account	18		454,316		454,316
Profit and loss account brought forward		(53)		-	
Loss for the year		(298)		(53)	
Profit and loss account carried forward	18		(351)		(53)
Shareholders' funds			458,554		458,852

These financial statements were approved by the board of directors on 23 May 2025 and were signed on its behalf by:



T Jackson
Director

Company registered number: 13891957

The notes form part of these financial statements.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	Called up share capital £000	Share premium account £000	Share option reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2023	4,552	450,615	1,174	301	(67,853)	388,789
<i>Transactions with owners recorded directly in equity:</i>						
Shares issued 9 May 2023	3	286	-	-	-	289
Shares issued 20 October 2023	34	3,415	-	-	-	3,449
Share based payments	-	-	1,372	-	-	1,372
Dividends paid	-	-	-	-	-	-
	<u>37</u>	<u>3,701</u>	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>5,110</u>
Comprehensive income for the financial period						
Loss for the year	-	-	-	-	(76,846)	(76,846)
<i>Other comprehensive income:</i>						
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	1,698	-	1,698
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698</u>	<u>-</u>	<u>1,698</u>
Total comprehensive income for the financial year	-	-	-	1,698	(76,846)	(75,148)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698</u>	<u>(76,846)</u>	<u>(75,148)</u>
At 31 December 2023	4,589	454,316	2,546	1,999	(144,699)	318,751
	<u>4,589</u>	<u>454,316</u>	<u>2,546</u>	<u>1,999</u>	<u>(144,699)</u>	<u>318,751</u>
At 1 January 2024	4,589	454,316	2,546	1,999	(144,699)	318,751
<i>Transactions with owners recorded directly in equity:</i>						
Share based payments	-	-	5,382	-	-	5,382
Dividends paid	-	-	-	-	-	-
Release of share option reserve to distributable reserves	-	-	(7,928)	-	7,928	-
	<u>-</u>	<u>-</u>	<u>(2,546)</u>	<u>-</u>	<u>7,928</u>	<u>5,382</u>
Comprehensive income for the financial year						
Loss for the year	-	-	-	-	(91,247)	(91,247)
<i>Other comprehensive income:</i>						
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	(1,836)	-	(1,836)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,836)</u>	<u>-</u>	<u>(1,836)</u>
Total comprehensive loss for the financial year	-	-	-	(1,836)	(91,247)	(93,083)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,836)</u>	<u>(91,247)</u>	<u>(93,083)</u>
At 31 December 2024	4,589	454,316	-	163	(228,018)	231,050
	<u><u>4,589</u></u>	<u><u>454,316</u></u>	<u><u>-</u></u>	<u><u>163</u></u>	<u><u>(228,018)</u></u>	<u><u>231,050</u></u>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Company Statement of Changes in Equity
for the year ended 31 December 2024

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2023	4,552	450,615	-	455,167
<i>Transactions with owners recorded directly in equity:</i>				
Shares issued 9 May 2023	3	286	-	289
Shares issued 20 October 2023	34	3,415	-	3,449
Dividends paid	-	-	-	-
	<u>37</u>	<u>3,701</u>	<u>-</u>	<u>3,738</u>
Comprehensive income for the financial year				
Loss for the financial period	-	-	(53)	(53)
	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>(53)</u>
Total comprehensive profit for the financial year	-	-	(53)	(53)
	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>(53)</u>
At 31 December 2023	<u>4,589</u>	<u>454,316</u>	<u>(53)</u>	<u>458,852</u>
Balance at 1 January 2024	4,589	454,316	(53)	458,852
<i>Transactions with owners recorded directly in equity:</i>				
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Comprehensive income for the financial year				
Loss for the financial year	-	-	(298)	(298)
	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>(298)</u>
Total comprehensive loss for the financial year	-	-	(298)	(298)
	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>(298)</u>
At 31 December 2024	<u>4,589</u>	<u>454,316</u>	<u>(351)</u>	<u>458,554</u>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Consolidated Cash Flow Statement

for the year ended 31 December 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Profit/(loss) for the year	(91,247)	(76,846)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	75,107	68,309
Interest receivable and similar income	(3,750)	(4,900)
Interest payable and similar expenses	37,893	38,211
Share based payment expense	5,382	-
Taxation	754	(5,455)
	24,139	19,319
(Decrease)/increase in trade and other debtors	(920)	1,111
Increase in trade and other creditors	1,090	2,009
	24,309	22,439
Tax paid	(605)	(1,600)
Net cash flow from operating activities	23,704	20,839
Cash flows from investing activities		
Interest received	3,750	4,900
Acquisition of subsidiaries (including acquisition costs)	-	(32,541)
Acquisition of tangible fixed assets	(2,337)	(1,179)
Acquisition of other intangible assets	(12,287)	(10,115)
Proceeds from sale of financial assets	3,370	-
Net cash flow from investing activities	(7,504)	(38,935)
Cash flows from financing activities		
Loan repayments	(31,796)	-
Interest paid	(24,599)	(32,984)
Repayment of finance lease liabilities	(243)	(100)
Net cash flow from financing activities	(56,638)	(33,084)
Net decrease in cash and cash equivalents	(40,438)	(51,180)
Cash and cash equivalents at beginning of the year	61,855	113,035
Cash and cash equivalents at end of the year	21,417	61,855

The notes form part of these financial statements.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes

(forming part of the financial statements)

1 Accounting policies

Dragon UK Holdco Limited (the “Company”) is a private company, limited by shares, incorporated, domiciled and registered in England and Wales, the company’s registered number is 13891957 and the registered office address is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”). The presentation currency of these financial statements is Great British pound sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included,
- Key Management Personnel compensation has not been included a second time,
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following are stated at their fair value: financial instruments classified at fair value through the profit or loss account (see note 11).

Going concern

The Group and Company financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have a reasonable expectation that the Group and the Company will have sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Directors have made this assessment on the basis of the current cash position and medium-term cash flow forecasts. The Group’s position is strengthened by a very high level of recurring revenue (>90%), the majority of which originates from customers with annual evergreen subscriptions and multi-year contracts.

As part of their going concern assessment, the directors have modelled severe but plausible downside scenarios including a drop off in both new business and renewals across all divisions of the Group. The forecasts indicate that, even after taking account of reasonably possible downsides, the Group and Company will continue their positive EBITDA performance and generate positive operating cash flows in the going concern period. As a result, even in a plausible downside scenario the Group is expected to be able to meet its financial obligations as they fall due.

Based on the above, the directors are satisfied that the Group and Company will have sufficient funds to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes

(forming part of the financial statements)

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 December 2024. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign subsidiaries have been translated to the Group's functional currency at the foreign exchange ruling at the reporting date. Exchange differences arising on translation of the foreign subsidiaries' assets and liabilities have been recognised in a foreign exchange reserve.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in "Expenses" below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property 50 years
- Fixtures, fittings and equipment 3 years
- Motor vehicles 4 years
- Freehold improvements 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities (included in technology and software) may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and external development costs incurred. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill when all three of the following conditions are met:

- the recognition criteria are met (i.e. it is probable that economic benefits will flow and the value of the asset can be measured reliably);
- the intangible asset arises from contractual or other legal rights; and
- the intangible asset is separable

Notes (continued)

1 Accounting policies (continued)

Intangible assets and goodwill (continued)

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

Other intangible assets are amortised on a straight-line basis over its useful life. Other intangibles assets have no residual value. The finite useful life of other intangible assets is estimated to be 3 years which is a prudent estimate which balances realistic expectations of value with duration of economic benefits.

Brands, licences, copyrights and trademarks were valued using the relief from royalty approach. Customer relationships were valued using a multi-period excess earning method approach.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. 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 unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, also it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Turnover represents accreditation services, audit certification services and software. Accreditation revenue generated from new business is recognised at the point of registration and renewals recognised at the point of renewal. Audit certification revenue is recognised at the point the associated audit is performed. Software revenue is recognised over the term of the contract to which it relates, reflecting the phasing of work through initiation, go live and completion stages.

Any amounts invoiced where the service is to be provided in future, or for subscriptions paid in advance, are included in deferred income, in line with contractual arrangements.

Turnover is stated net of value added tax and trade discounts and includes rechargeable expenses where applicable.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include, where applicable, interest payable on bank borrowings and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

1 Accounting policies (continued)

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

An analysis of turnover by class of business and by country of classification is as follows:

	2024 £000	2023 £000
Accreditation	60,367	51,625
Certification	25,745	18,361
	<hr/> 86,112 <hr/>	<hr/> 69,986 <hr/>
United Kingdom	71,601	56,300
Europe	405	421
Rest of the world	14,106	13,265
	<hr/> 86,112 <hr/>	<hr/> 69,986 <hr/>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

3 Expenses and auditor's remuneration

Included in the loss for the financial period are the following:

	2024	2023
	£000	£000
Depreciation of tangible fixed assets	1,024	659
Amortisation of goodwill	60,008	58,703
Amortisation of other intangible fixed assets	14,075	8,947
<i>Auditor's remuneration:</i>		
Audit of these financial statements	108	98
Audit of financial statements of subsidiaries	50	75
Other services including taxation	145	56
Restructuring and other non-operating costs (see note below)	6,476	4,369
Management costs	88	468

Restructuring and other non-operating costs reflect corporate activity during the period including a large amount of restructuring to position Alcumus for future growth, various corporate projects, and business transformation activity.

4 Staff numbers and costs

The average number of staff employed by the group, including directors, during the period was:

	2024	2023
	Number	Number
Auditors	131	125
Consultants	54	45
Sales and marketing	250	221
Management and administration	394	349
	829	748

The aggregate payroll costs of the above were:

	2024	2023
	£000	£000
Wages and salaries	35,152	28,521
Social security costs	2,821	2,916
Other pension costs	1,317	985
	39,920	32,422

The compensation for key management personnel totalled £2,902,029 (2023: £545,000).

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

5 Remuneration of directors

	2024 £000	2023 £000
Directors' emoluments	2,850	522
Company contributions to defined contribution pension schemes	52	23
	<u>2,902</u>	<u>545</u>

Directors' emoluments represent amounts receivable by the directors for qualifying services to the Dragon UK Holdco Limited group as a whole during the period.

The highest paid director received remuneration of £2,009,204 (2023: £325,600). In addition, the value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £35,208 (2023: £10,000).

In previous years Dragon Holdco (Guernsey) Limited issued certain employees of the Group shares as part of an incentive arrangement.

This is a group share based payment arrangement. These shares were determined to have a total fair value of £7,928,287. The scheme closed on 21 November 2024 following the acquisition of the group and the remaining fair value of the scheme was recognised, deemed vested in accordance with FRS102, being a charge of £5,381,949 for the year ended 31 December 2024.

6 Interest receivable and similar income

	2024 £000	2023 £000
On cash balances	3,750	4,900
	<u>3,750</u>	<u>4,900</u>

7 Interest payable and similar expenses

	2024 £000	2023 £000
On bank borrowings	23,079	32,984
On loan notes	3,239	-
On finance lease obligations	-	15
Net loss on financial assets measured at fair value through profit or loss (note 11)	481	2,749
Amortisation of debt issue costs	184	2,463
Loss on loan settlement	10,910	-
	<u>37,893</u>	<u>38,211</u>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account

	2024 £000	2023 £000
<i>Current tax</i>		
UK corporation tax on income for the period	5	-
Foreign tax	(315)	9
Adjustments in respect of prior periods	1,338	(1,021)
	<hr/>	<hr/>
Total current tax charge/(credit)	1,028	(1,012)
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	(349)	(4,053)
Adjustments in respect of prior periods	75	(390)
	<hr/>	<hr/>
Total deferred tax credit	(274)	(4,443)
	<hr/>	<hr/>
Total tax charge/(credit) (all recognised in the Profit and Loss account)	754	(5,455)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2024 £000	2023 £000
Loss for the period	(91,247)	(76,846)
Total tax charge/(credit)	754	(5,455)
	<hr/>	<hr/>
Loss excluding taxation	(90,493)	(82,301)
Tax using the UK corporation tax rate of 25% (2023: 23.52%)	(22,623)	(19,357)
Non-taxable income	(1)	(76)
Expenses not deductible for tax purposes	19,950	13,911
Fixed asset differences	29	(202)
Remeasurement of deferred tax for change in tax rates	(364)	(230)
Movement in deferred tax asset not recognised	2,343	1,910
Adjustments in respect of prior periods	1,338	(1,021)
Adjustments in respect of prior periods – deferred tax	75	(390)
Other permanent differences	7	-
	<hr/>	<hr/>
Total tax charge/(credit) included in profit or loss	754	(5,455)
	<hr/> <hr/>	<hr/> <hr/>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

9 Goodwill

Group	Goodwill £000
<i>Cost</i>	
At 1 January 2024	605,093
Foreign exchange adjustments	(5,020)
	<hr/>
At 31 December 2024	600,073
	<hr/> <hr/>
<i>Amortisation</i>	
At 1 January 2024	103,972
Foreign exchange adjustments	(753)
Amortisation for the year	60,008
	<hr/>
At 31 December 2024	163,227
	<hr/> <hr/>
Net book value	
At 31 December 2024	436,846
	<hr/> <hr/>
At 31 December 2023	501,121
	<hr/> <hr/>

Amortisation is recognised in administrative expenses.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

10 Other intangible fixed assets

Group

	Brand £000	Customer relationships £000	Licences, copyright and trademarks £000	Technology and software £000	Total £000
Cost					
At 1 January 2024	15,642	13,923	3,058	26,967	59,590
Foreign exchange adjustments	-	(1,341)	(374)	(273)	(1,988)
Additions	-	-	-	12,287	12,287
At 31 December 2024	15,642	12,582	2,684	38,981	69,889
Amortisation and impairment					
At 1 January 2024	2,089	4,467	476	9,431	16,463
Foreign exchange adjustments	-	(201)	(56)	(65)	(322)
Amortisation for the year	1,565	1,149	267	11,094	14,075
At 31 December 2024	3,654	5,415	687	20,460	30,216
Net book value					
At 31 December 2024	11,988	7,167	1,997	18,521	39,673
At 31 December 2023	13,553	9,456	2,582	17,536	43,127

Amortisation is recognised in administrative expenses.

11 Fixed asset investments

	2024 Group £000	2023 Group £000	2024 Company £000	2023 Company £000
At 1 January 2024	3,851	6,600	458,614	455,165
Additions	-	-	-	3,449
Movement in fair value (note 7)	(481)	(2,749)	-	-
Disposals	(3,370)	-	-	-
At 31 December 2024	-	3,851	458,614	458,614

The group investment was a financial asset (Interest Rate Cap) acquired as part of the new long-term borrowing arrangements. This financial instrument was recognised at fair value, and hedge accounting was not applied. The Interest Rate Cap was settled on 22 November 2024 and the company received £3,370,000 cash, recognising a loss of £481,000 against the previous fair value recognised, as per note 7.

New interest rate agreements in the year are recognised initially at fair value, reflecting the transaction price, with subsequent changes in fair value, measured at each reporting date, recognised in profit or loss.

The company investment reflects shares in its group undertakings. In the opinion of the directors the investment in its subsidiary undertakings is not worth less than the value shown in the financial statements. Details of subsidiaries can be found under note 23. All subsidiaries have been included in the consolidation.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

12 Tangible fixed assets

	Freehold property £000	Freehold improvements £000	Leasehold improvements £000	Motor Vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost						
At 1 January 2024	3,526	247	-	1,322	1,253	6,348
Foreign exchange adjustments	-	-	(3)	-	(58)	(61)
Additions	-	564	172	840	761	2,337
Transfers	-	(44)	44	-	-	-
Disposals	-	-	-	(464)	-	(464)
At 31 December 2024	3,526	767	213	1,698	1,956	8,160
Depreciation						
At 1 January 2024	143	120	-	164	681	1,108
Foreign exchange adjustments	-	-	(2)	-	(43)	(45)
Charge for the year	78	112	16	342	476	1,024
Transfers	-	(32)	32	-	-	-
Disposals	-	-	-	(5)	-	(5)
At 31 December 2024	221	200	46	501	1,114	2,082
Net book value						
At 31 December 2024	3,305	567	167	1,197	842	6,078
At 31 December 2023	3,383	127	-	1,158	572	5,240

At 31 December 2024 the net carrying amount of assets leased under a finance lease was £1,197,000 (2023: £1,158,000).

13 Debtors

	2024 Group £000	2023 Group £000	2024 Company £000	2023 Company £000
Due within one year:				
Trade debtors	8,380	8,861	-	-
Prepayments and accrued income	2,651	2,502	-	-
Other debtors	4,788	6,867	85	319
Corporation tax	2,169	1,903	-	-
Amounts owed by group undertakings	-	-	320	320
	17,988	20,133	405	639

Trade debtors are stated net of a provision for the doubtful debtors of £247,136 (2023: £82,088).

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

14 Creditors: amounts falling due within one year

	2024	2023	2024	2023
	Group	Group	Company	Company
	£000	£000	£000	£000
Trade creditors	1,543	2,002	-	-
Obligations under finance leases (note 16)	999	826	-	-
Social security and other taxes	831	903	-	-
Accruals (other than interest)	3,960	3,225	-	-
Other creditors	677	910	-	1
Deferred income	14,160	13,160	-	-
Amounts owed to group undertakings	-	-	671	463
	22,170	21,026	671	464

Securities and charges

Golub Capital Markets LLC hold the following securities and charges:

- Charge code 1389 1957 0001: fixed and floating charges over all property or undertaking of Dragon UK Holdco Limited, including a negative pledge, dated 21 November 2024.
- Charge code 1389 2165 0001: fixed and floating charges over all property or undertaking of Dragon UK Midco 1 Limited, including a negative pledge, dated 21 November 2024.
- Charge code 1389 2549 0002: fixed and floating charges over all property or undertaking of Dragon UK Midco 2 Limited, including a negative pledge, dated 21 November 2024.
- Charge code 1389 2607 0002: fixed and floating charges over all property or undertaking of Dragon UK Bidco Limited, including a negative pledge, dated 21 November 2024.
- Charge code 0695 5372 0014: fixed and floating charges over all property or undertaking of Alcumus Holdings Limited, including a negative pledge, dated 21 November 2024.
- Charge code 0263 7608 0012: fixed and floating charges over all property or undertaking of Alcumus Isoqar Limited, including a negative pledge, dated 21 November 2024.
- Charge code 0761 8138 0009: fixed and floating charges over all property or undertaking of Alcumus Safecontractor Limited, including a negative pledge, dated 21 November 2024.
- Charge code 0260 3010 0009: fixed and floating charges over all property or undertaking of Alcumus Safeworkforce Limited, including a negative pledge, dated 21 November 2024.
- Charge code 0847 2139 0002: fixed and floating charges over all property or undertaking of Planet First Limited, including a negative pledge, dated 21 November 2024.

HSBC UK Bank Plc hold the following securities and charges:

- Charge code 0695 5372 0010: security over cash deposits of Alcumus Holdings Limited, fixed charge, including a negative pledge, dated 29 April 2022.

Aylesbury Bc Property Limited hold the following securities and charges:

- Fixed charge over rent deposit of £15,470 paid by Alcumus Holdings Limited, dated 30 August 2012.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2024	2023	2024	2023
	Group	Group	Company	Company
	£000	£000	£000	£000
Bank loans	-	287,467	-	-
Loan notes	262,107	-	-	-
Accrued interest	3,239	1,519	-	-
Obligations under finance leases (note 16)	603	389	-	-
Other creditors	-	3,449	-	-
	<u>265,949</u>	<u>292,824</u>	<u>-</u>	<u>-</u>

The loan notes comprise a £262.1m loan with Viper Bidco, Inc which was received upon the merger with Veriforce as discussed in the Strategic Report. Interest is accruing on the loan at a rate of the Sterling Overnight Index Average (SONIA) plus 5%. The loan notes are due for repayment on 21 November 2031.

16 Other interest bearing loans and borrowings

Finance lease liabilities are payable as follows:

Group	Minimum lease payments	
	2024	2023
	£000	£000
Less than one year	999	826
Between one and five years	603	389
More than five years	-	-
At 31 December 2024	<u>1,602</u>	<u>1,215</u>

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes *(continued)*

17 Provisions for liabilities: deferred tax

	2024	2023
	£000	£000
At 1 January 2024	2,726	4,989
Acquired and disposed of through business combinations	-	1,520
Other movement	381	660
Recognised in the Profit and Loss Account for the period (note 8)	(274)	(4,443)
	<hr/>	<hr/>
At 31 December 2024	2,833	2,726
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets and liabilities are attributable to the following:

Group	Assets	Liabilities	Net
	2024	2024	2024
	£000	£000	£000
Business combinations	-	5,660	(2,060)
Fixed asset timing differences	-	596	596
Unused tax losses	(739)	-	(739)
Short term timing differences	(624)	-	(624)
Deferred tax on share based payments	(1,982)	-	(1,982)
Other	(78)	-	(78)
	<hr/>	<hr/>	<hr/>
Net tax (assets) / liabilities	(3,423)	6,256	2,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In addition to the deferred tax assets and liabilities above, the Group has unrecognised deferred tax assets in respect of the following:

	2024	2023
	£000	£000
Unused tax losses	1,422	-
Corporate interest restriction	1,929	7,153
Other timing differences	1	-
	<hr/>	<hr/>
Tax assets	3,352	7,153
	<hr/> <hr/>	<hr/> <hr/>

A deferred tax asset has not been recognised on the items above in the financial statements on the grounds that there is uncertainty that sufficient taxable profits will be generated in the foreseeable future for the asset to be recovered.

Company

There are no deferred tax balances in relation to the Company.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

18 Share capital and reserves

	2024 £000	2023 £000
<i>Allotted, called up and fully paid</i>		
458,915,464 (2023: 458,915,464) Ordinary shares of £0.01 each	4,589	4,589
	<u>4,589</u>	<u>4,589</u>

The holder of the ordinary share is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The share premium account represents amounts received on the issue of share capital in excess of the nominal value of the share capital, less any costs incurred as a result of the issue.

Share option reserve

The share option reserve is the cumulative amount charged to profit in respect of employee share option arrangements (note 19). The scheme closed on 21 November 2024 following the acquisition of the group, and the reserve was transferred to the profit and loss reserve.

Foreign exchange reserve

Includes cumulative foreign exchange gains/losses arising on translation of the subsidiary results into the group's functional currency.

Profit and loss account

Includes all current and prior period retained profits and losses.

19 Share based payments

In previous years, shares of the company's immediate parent company were granted to employees of the company's subsidiaries. All of these shares remained in the ownership of the employees at the year end.

These shares were determined to have a total fair value of £7,928,287. The scheme closed on 21 November 2024 following the acquisition of the group and the remaining fair value of the scheme was recognised, deemed vested in accordance with FRS102, being a charge of £5,381,949 for the year ended 31 December 2024.

As this share-based payment is in relation to employees of the group headed by Dragon UK Holdco Limited, the charge has been passed down to the group by means of a capital contribution, to be reflected in the appropriate subsidiary entity with the relevant employee expenses.

20 Pension Commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £1,317,000 (2023: £985,000).

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

21 Related party transactions

All transactions and balances with Dragon UK Holdco Limited's wholly owned subsidiaries have been eliminated upon consolidation. The Company has taken advantage of the exemption available under Financial Reporting Standard 102 from disclosing transactions with other wholly owned group companies.

During the financial year the company incurred transactions with Verint Systems UK Limited, Safetykleen UK Limited, EcoOnline Info Exchange Limited, EcoOnline UK Limited and Comax UK Limited, all being a related party by virtue of common ownership.

Name	Costs recharged/ sales from group £000	Costs recharged to group £000	Debtor / (creditor) balance at 31 Dec 2024 £000	Costs recharged/ sales from group £000	Costs recharged to group £000	Debtor / (creditor) balance at 31 Dec 2023 £000
Verint Systems UK Limited	3	-	-	2	-	-
Safetykleen UK Limited	3	-	-	2	-	-
EcoOnline Info Exchange Limited	1,202	(47)	70	2,173	(90)	485
EcoOnline UK Limited	-	-	-	46	-	-
Comax UK Limited	-	-	-	11	-	-

22 Ultimate and immediate controlling party

At 31 December 2024 Dragon UK Holdco Limited headed the only group to consolidate these financial statements. At the date of approval of these financial statements, the immediate parent is Dragon Holdco (Guernsey) Limited, and the ultimate holding company is VXI Feeder L.P. The ultimate controlling party are funds managed, advised or controlled by Apax Partners by virtue of their majority shareholding. Further information can be found in the Ownership section of the Strategic Report.

23 Subsidiaries

Details of the company's directly and indirectly held subsidiary undertakings are set out below:

Name	Audit exemption	Registered office address	Company number	Principal activity	Ordinary shares held
Dragon UK Midco 1 Limited	*	Note 3	13892165	Holding company	100%*
Dragon UK Midco 2 Limited	*	Note 3	13892549	Holding company	100%
Dragon UK Bidco Limited	*	Note 3	13892607	Holding company	100%
Alcumus Group Limited (note 1)	*	Note 3	09793309	Holding company	100%
Alcumus Midco Limited (note 1)	*	Note 3	09794154	Holding company	100%
Alcumus PIKco Topco Limited (note 1)	*	Note 3	13086441	Holding company	100%
Alcumus PIKco Midco Limited (note 1)	*	Note 3	13087054	Holding company	100%
Alcumus PIKco Bidco Limited (note 1)	*	Note 3	13087002	Holding company	100%
Alcumus Bidco Limited (note 2)	*	Note 3	09794274	Holding company	100%
Alcumus Holdings Limited	*	Note 3	06955372	Holding company	100%
Alcumus Isoqar Limited		Note 3	02637608	Certification services	100%
Alcumus Safeworkforce Limited		Note 3	02603010	Accreditation	100%
Alcumus Safecontractor Limited		Note 3	07618138	Accreditation	100%
CitrusHR Limited	*	Note 3	08452449	Accreditation	100%
Planet First Limited	*	Note 3	08472139	Accreditation	100%
The Planet Mark Limited	*	Note 3	12733450	Dormant	100%
Alcumus Safecontractor Inc.	*	Note 4	n/a	Accreditation	100%
Cognibox Inc.		Note 4	n/a	Accreditation	100%

Notes (continued)

23 Subsidiaries (continued)

* For the year ended 31 December 2024, these companies have taken the entitled exemption from audit under section 479A of the Companies Act 2006. Dragon UK Holdco Limited has therefore given a guarantee under section 479C of the Companies Act 2006 in respect of these subsidiaries.

Note 1) These companies were dissolved via voluntary strike-off on 15 April 2025

Note 2) An application to strike the company off the register was made on 13 January 2025

Note 3) The registered office address of these entities is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW

Note 4) The registered office address of this entity is 528, 5e rue de la Pointe, Shawinigan, QC, G9N 1E8, Canada

24 Accounting estimates and judgements

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

Critical accounting judgements in applying the company's accounting policies:

Capitalisation of development costs

Management demonstrate judgement in distinguishing the research and development phases of a new internally developed asset, and determining whether the recognition requirements of FRS 102 have been met. Following capitalisation, management monitor whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Share based payments

On November 21, 2024, certain investment funds advised by Apax Partners (the "Apax Funds"), along with members of management and certain coinvestors, acquired Veriforce through the acquisition of a parent entity, Project Power Intermediate Holdings, LLC by Viper Aggregator Co. Limited (the "Company"), and substantially simultaneously therewith, certain equityholders of Dragon Holdco (Guernsey) Limited, the parent entity of Alcumus, received shares in the Company in exchange for their shares held in Dragon Holdco (Guernsey) Limited. As a result of the foregoing transactions, the Company, which is controlled by the Apax Funds, owns 100% of Veriforce and Alcumus.

With assistance from external experts, it is managements' assessment that the transaction above represents a vesting event in regard to the existing share scheme and that the remaining share-based payment expense associated with this scheme should be recognised in the year.

Source of estimation uncertainty and judgements involving estimations:

The company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Useful economic lives and valuation of goodwill and intangible assets

Notwithstanding this, as significant balances are the group's goodwill and other intangible assets, management undertakes an annual impairment review to identify the occurrence of events or changes in circumstances that indicate the carrying amount of any goodwill or intangible asset may not be recoverable. Where indicators are present a full impairment test will be carried out, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Dragon UK Holdco Limited
Annual report and consolidated financial statements
For the year ended 31 December 2024

Notes (continued)

25 Operating lease commitments

Non-cancellable operating lease rentals relate to property and printers (2023: printers). Non-cancellable operating lease rentals are payable as follows:

	2024 £000	2023 £000
Less than one year	305	24
Between one and five years	695	20
More than 5 years	164	-
	<u>1,164</u>	<u>44</u>

For the year ended 31 December 2024, £131,000 of lease payments were recognised as an expense during the year.

26 Net debt

The below is an analysis of changes in net debt from the beginning to the end of the current reporting period:

	Borrowings due after one year £000	Obligations under finance lease liabilities £000	Cash and cash equivalents £000	Net debt £000
Balance at 1 January 2024	(292,435)	(1,215)	61,855	(231,795)
Cash flows	33,315	243	(40,438)	(6,880)
Non-cash changes	(6,226)	(630)	-	(6,856)
	<u>(265,346)</u>	<u>(1,602)</u>	<u>21,417</u>	<u>(245,531)</u>

Borrowings include bank loans, other creditors and accrued interest payable.

27 Post balance sheet events

On 25 February 2025, Alcumus Holdings Limited acquired 100% of the ordinary share capital of Adder Bidco BV, a newly incorporated subsidiary, registered in Belgium.

On 28 February 2025, Adder Bidco BV acquired 100% of the ordinary share capital of Onyx Virtual Academy BV, registered in Belgium. Trading as Onyx One, the company is a leading contractor management solution in Belgium.