

# Proactis Holdings Limited

Strategic Report, Directors' Report  
and Financial Statements

Registered number 05752247

Year Ended 31 July 2022

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## Company Information

### Directors

S Line  
R Hughes  
M Doody  
C Gottesman

### Registered office

Riverview Court  
Castle Gate  
Wetherby  
LS22 6LE

### Auditor

BDO LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Solicitor

Walker Morris Solicitors  
33 Wellington Street  
Leeds  
LS1 4DL

### Principal banker

HSBC Bank plc  
13 Parliament Street  
York  
YO1 8RS

## Strategic Report

### Strategic performance

The Company's financial performance is set out on page 12. The entity was formerly the ultimate parent company of the Proactis Group until the acquisition by Proactis Bidco Limited in July 2021. As a result, the consolidation of the Group has moved from Proactis Holdings Limited to Proactis Topco Limited.

The principal activity of Proactis Holdings Limited is now that of an intermediate parent undertaking to hold the Proactis Group's (the Group) trading interests globally and to remunerate the directors of Proactis Holdings. Proactis Holdings Limited aims to deliver the Group's strategy. Up until July 2021, this entity was the Group Parent.

### Overview

The Group's long-term strategy is to build an international business focused on delivering best value to its customers through the digital transformation of their procurement systems and processes with the application of the Group's software technology and provision of its expert services. The Group's strategy can be illustrated as follows:

- Maximise customer and technology opportunity
- Accelerate new business spend management momentum
- Drive adoption of existing supplier paid products
- Extend supplier paid product portfolio

This strategy is designed to deliver a strong financial proposition of profitable, cash generative organic growth with a high level of visibility illustrated by its annual recurring revenue ("ARR") across both buyer and supplier paid products.

The Group aims to drive organic growth into its business spend management solutions by retaining existing and winning new customers through continually improving its best in class procurement solutions with high service levels and excellent user support as well as a focused approach to the up-selling of the Group's extensive range of solutions, creating even broader and deeper customer relationships.

In addition, the Group has a substantial opportunity to provide complementary products which leverage the business spend management solutions with transactional services and tender services.

Proactis Holdings Limited was acquired by Proactis Bidco Limited (then named Café Bidco Limited) on 27 July 2021 as part of a deal structure which saw Pollen Street Capital and DBAY Advisors acquire the entire group. At that point Proactis Holdings Limited (then Proactis Holdings plc) was de-listed from AIM.

As a consequence of the deal structure, Proactis Topco Limited became the company with the highest level of consolidation requirement in the structure. The financial statements of the Company for the period ended 31 July 2022 are therefore no longer consolidated financial statements.

### Key risks

Although the directors seek to minimise the impact of risk factors, the Group and Company are subject to a number of risks which are as follows:

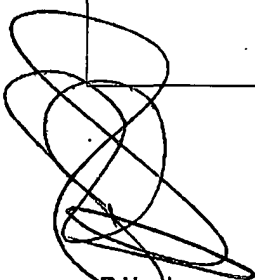
Risk	Potential impact	Mitigation
Loss of key personnel	<p>Loss of key management could have adverse consequences for the Group.</p> <p>While the Group has entered into service agreements / employment contracts with each of its key management, the retention of their services or those of other key personnel cannot be guaranteed.</p>	<p>Retention risk is considered and discussed at length at Board and Leadership Team meetings. Appropriate actions are agreed if a particular risk is raised.</p>

**Strategic Report** (continued)

<p>Competition</p>	<p>Competitors may be able to develop products and services that are more attractive to customers than the Group's products and services.</p> <p>In order to be successful in the future, the Group will need to continue to finance research and development activities and continue to respond promptly and effectively to the challenges of technological change in the software industry and competitors' innovations.</p> <p>An inability to devote sufficient resources to product development activities in order to achieve this may lead to a material adverse effect on the Group's business.</p>	<p>The Group continues to invest substantially in the development of its technology and other solutions to enable it to meet the challenge of fast changing market demand and ever-increasing levels of technological advancement.</p> <p>The Group has an extensive product portfolio arising from the Group's acquisition history. The Board recognises this and has projects underway to better leverage those products that deliver in line with the Group's strategic plan.</p>
<p>Acquisitions</p>	<p>The Group has historically been acquisitive and has stated that it will consider acquiring suitable companies which fit certain criteria.</p> <p>The Group recognises that there is a risk of operational disturbance in course of integrating acquired companies into the Group's existing operations.</p> <p>Acquisitions may also be made where the desired synergy benefits may fail to materialise, may take longer than anticipated or may be lower than have been or where the targets results or cash flows may not match the Group's expectations.</p>	<p>The Group mitigates this risk by way of due diligence, a detailed planning process and continued monitoring of the progression of integration of acquisition into the wider group.</p>
<p>Internal operations</p>	<p>The Group is subject to the risks and challenges in managing an organisation operating in various countries.</p> <p>If the Board and ELT are unable to manage the international aspects of the Group's business and ensure that global processes are sufficiently well developed and robust, its operating results and overall business will be significantly and adversely affected.</p>	<p>Monthly meetings are held with regional management teams to discuss progress against the Group's strategy.</p> <p>Matters arising from these meetings are discussed at Board and Leadership Team meetings and appropriate actions agreed, if required.</p>
<p>Government policy</p>	<p>There may be changes in future government policy in relation to eProcurement which may have a material adverse effect on the Group's business, such as Brexit, eGov, gCloud and legislation conflicts between the various jurisdictions that the Group will operate in following Completion.</p>	<p>The Board and Leadership Team monitor this area regularly.</p>

**Strategic Report (continued)**

<p>Privacy or data protection failures</p>	<p>The Group's operations are subject to a number of laws relating to privacy and data protection. Such laws and regulations govern the Group's ability to collect and use personal information.</p> <p>The Group relies on third party contractors and its own employees to collect personal data and to maintain its databases and therefore the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection requirements.</p> <p>If the Group is found not to comply with the data protection laws and regulations, this may result in investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK or similar regulatory authorities in other jurisdictions in which the Group operates. This in turn could damage its reputation, lead to negative publicity and result in the loss of the goodwill of its existing customers and deter new customers, all of which would have a material adverse effect on the Group's business, results of operations and financial condition.</p>	<p>All critical suppliers to the business are first evaluated by the Group's Compliance Team.</p> <p>Depending on the nature and scope of the services various processes will then be enacted commensurate with their perceived risk to the business.</p> <p>Each of these suppliers will need to undergo a full Data Protection Impact Assessment and only on successful conclusion of that exercise, can the service then be utilised.</p> <p>Proactis is GDPR Compliant and all employees are required to undertake annualised Security and GDPR re-training.</p> <p>All employees are also required to annually, review all corporate policies and sign confirmation and acceptance.</p>
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**R. Hughes**  
 Director & Company Secretary

Riverview Court, Castle Gate  
 Wetherby LS22 6LE

21 December 2022

## Directors' Report

The directors present their directors' report and the audited financial statements for the year ended 31 July 2022.

### Principal activities

The principal activity of Proactis Holdings Limited is that of an intermediate parent undertaking to hold the Proactis Group's (the Group) trading interests globally and to the directors of the Company.

### Business review

The results for the year are detailed on page 12.

Impairment testing of the investments has resulted in the need to impair the investment held by Proactis Holdings Limited in Proactis Tenders Limited by a total amount of £2,640,000 (2021: impairment of Proactis Tenders Limited of £636,000).

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2021: £Nil). Retained loss of £6,072,000 (2021: Retained loss of £2,391,000) has been transferred to reserves.

### Directors

The directors who held office during the year and up to the date of this report are listed below:

T Sykes (resigned 1 December 2022)  
R Hughes  
C Gottesman (appointed 22 November 2021)  
M Doody (appointed 4 April 2022)  
S Line (appointed 28 June 2022)  
A Aubrey (resigned 1 September 2021)  
R Potts (resigned 1 September 2021)  
N Brown (resigned 1 September 2021)

### Political and charitable donations

The Company made no political donations during the year (2021: £Nil). The Company made no charitable donations during the year (2021: £Nil).

### Disclosure of information to auditor

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board

  
R Hughes  
Director

Riverview Court  
Castle Gate  
Wetherby LS22 6LE

21 December 2022

## **Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## Independent Auditor's Report to the Members of Proactis Holdings Limited

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Proactis Holdings Limited ("the Company") for the year ended 31 July 2022 which comprise the profit and loss account and other comprehensive income, the balance Sheet, the statement of changes in equity and the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the 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.

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of Proactis Holdings Limited** *(continued)*

### **Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

The audit team was structured with the appropriate experience and competence, including component audit teams, and specialists were used where further specific knowledge was required including in areas relating to laws and regulations, for example an independent tax review.

## Independent Auditor's Report to the Members of Proactis Holdings Limited (continued)

As part of the audit, we gained an understanding of the legal and regulatory framework applicable to the Company, the industries and geographies in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, company law and tax legislation in the jurisdictions within which the Company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to improve performances and management bias in accounting estimates. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made in significant accounting estimates;
- Specific reviews over journal entries to revenue to ensure postings to revenue were reasonable, required and not arbitrarily improving performance;
- Identifying and testing journal entries on the areas where we identified significant risks, being cash, revenue, material postings, and any with unusual entry combinations;
- Holding discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Review of minutes of Board meetings throughout the period, to identify any inconsistencies with our audit work or matters of which we needed to be aware.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:  
  
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Mark Langford (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds, UK  
21 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Profit and Loss Account and Other Comprehensive Income for the year ended 31 July 2022

	Notes	2022 £000	2021 £000 Restated*
<b>Revenue</b>	2	1,040	1,816
Administrative costs		(2,629)	(5,774)
Impairment of investments		(2,640)	(636)
<b>Operating loss</b>	4	<u>(4,229)</u>	<u>(4,594)</u>
Income from shares in group undertakings		-	3,550
Finance income	5	-	31
Finance expenses	6	(1,785)	(1,436)
<b>Loss before taxation</b>		<u>(6,014)</u>	<u>(2,449)</u>
Income tax (charge)/credit	7	(58)	58
<b>Loss for the year</b>		<u>(6,072)</u>	<u>(2,391)</u>

All trading relates to continuing operations in both the current year and prior year.

There was no other comprehensive income for either period.

The following notes form an integral part of these financial statements.

\* Restatement detailed in note 19

**Balance Sheet  
 as at 31 July 2022**

	Notes	2022 £000	2021 £000 Restated*
<b>Non-current assets</b>			
Investments	8	77,687	80,327
Debtors : amounts due after more than one year	9	14,516	6,900
		<u>92,203</u>	<u>87,227</u>
<b>Current assets</b>			
Debtors : amounts due within one year	10	2,088	9,926
Cash at bank and in hand		3,342	893
		<u>5,430</u>	<u>10,819</u>
Creditors : amounts falling due within one year	11	(36,885)	(60,224)
<b>Net current liabilities</b>		<u>(31,455)</u>	<u>(49,405)</u>
<b>Total assets less current liabilities</b>		<u>60,748</u>	<u>37,822</u>
Creditors – amounts falling due after more than one year	12	(28,998)	-
<b>Net assets</b>		<u>31,750</u>	<u>37,822</u>
<b>Capital and reserves</b>			
Called up share capital	13	9,982	9,982
Share premium account		106	106
Capital reserve		449	449
Profit and loss account		21,213	27,285
<b>Shareholders' funds</b>		<u>31,750</u>	<u>37,822</u>

\* Restatement detailed in note 19

The following notes form an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved by the Board of Directors on 21 December 2022 and signed on its behalf by:

  
 Richard Hughes – Chief Financial Officer

## Statement of Changes in Equity

	Share capital £000	Share premium £000	Capital reserve £000	Retained earnings £000	Total £000
<b>At 31 July 2020</b>	<b>9,553</b>	<b>-</b>	<b>449</b>	<b>27,524</b>	<b>37,526</b>
<b>Total comprehensive income for the period</b>					
Restated result for the period*	-	-	-	(2,391)	(2,391)
<b>Transactions with owners of the company</b>					
Share options exercised	429	106	-	-	535
Share-based payment charges	-	-	-	2,152	2,152
<b>At 31 July 2021</b>	<b>9,982</b>	<b>106</b>	<b>449</b>	<b>27,285</b>	<b>37,822</b>
<b>Total comprehensive income for the period</b>					
Result for the period	-	-	-	(6,072)	(6,072)
<b>Transactions with owners of the company</b>					
	-	-	-	-	-
<b>At 31 July 2022</b>	<b>9,982</b>	<b>106</b>	<b>449</b>	<b>21,213</b>	<b>31,750</b>

\* Restatement detailed in note 19

The following notes form an integral part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting policies

#### *Significant accounting policies*

Proactis Holdings Limited (the "Company") is a company incorporated and domiciled in the United Kingdom, with subsidiary undertakings in the United States, France, Germany, Netherlands, Ireland, Belgium, New Zealand, and Australia. The address of its registered office is Riverview Court, Castle Gate, Wetherby, LS22 6LE.

The following paragraphs summarise the significant accounting policies of the Company, which have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The Company has elected to prepare its Company financial statements in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards ("IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The entity was formerly the ultimate parent company of the Proactis Group until the acquisition by Proactis Bidco Limited in July 2021. For the year ended 31 July 2021, Proactis Holdings Ltd presented consolidated Group accounts and therefore did not present a Company profit & loss account. As a result of the acquisition, the consolidation of the Group has moved from Proactis Holdings Limited to Proactis Topco Limited. For the year ended 31 July 2022, the Company presents its profit & loss account for the first time.

The Company's intermediate parent, Proactis Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Proactis Topco Limited are prepared in accordance with UK adopted International Financial Reporting Standards and are available to the public and may be obtained from Riverview Court, Castle Gate, Wetherby, LS22 6LE. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Going concern*

The financial statements have been approved on the assumption that the Group remains a going concern. The following paragraphs summarise the issues and basis on which the directors have reached their conclusion.

The Group's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Strategic Report on page 4. Notwithstanding net current liabilities at 31 July 2022 of £31,455,000 (2021: £49,405,000), the directors have prepared the financial statements on a going concern basis. Net assets at 31 July 2022 are £31,750,000 (2021: £37,822,000).

The bank facilities with HSBC consist of £35m debt facility including a £20m Term Loan and a £15m Revolving Credit Facility, both with a ratcheted coupon rate of at least 2.5% over SONIA and no higher than 6.5% over SONIA. The financial covenants of this facility include net leverage, interest cover, and cashflow cover.

Net bank debt at 31 July 2022 was £29.1m, comprising cash balances of £6.3m and gross bank debt of £35.4m. At 31 July 2022 the Group was fully drawn down on the Revolving Credit Facility with the next amortisation being due on the Term Loan on 30 November 2022.

On 30 November 2022 an amendment to the facilities was signed and included the following amendments:

- A change to the profit definition on the Interest Cover covenant to use Adjusted Cash EBITDA rather than Adjusted EBIT; and
- Updated covenant suite.

The directors have prepared Group forecasts covering the period to 31 July 2024 and have assessed the ability of the Group to meet its liabilities as they fall due in the 18 month period from the date of the approval of these financial statements. These forecasts reflect the director's plausible assumptions about trading performance, including a number of assumptions in relation to recurring revenue, new business wins and discretionary spend category cost savings. In this scenario, the Group is expected to maintain sufficient liquidity and remain in compliance with covenants throughout the forecast period.

Whilst the Group's cash flow forecasts have been prepared using current trading assumptions, the operating environment presents a number of challenges which could negatively impact the actual performance achieved. These risks include, but are not limited to, achieving forecast recurring revenue and new business wins and also the director's ability to implement cost saving initiatives in areas of discretionary spend where required. If future trading performance significantly underperforms the Group's forecasts, this could impact the ability of the Group to comply with its covenant tests over the period of the forecasts.

The directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of at least 12 months from the date of approval of these financial statements. Accordingly, the Company's financial statements have been prepared on a going concern basis.

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Investments*

Fixed asset investments are stated at cost less provision for impairment where appropriate. The directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the year.

Share options of the company shares, have been granted to employees in subsidiary companies in the current and previous years. The associated share option charges are treated as an increase in investment in the subsidiary.

#### *Impairment*

The carrying amount of the Company's non-financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each CGU. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows.

#### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Financial assets*

The Company classifies its financial assets as loans and receivables measured at amortised cost and cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are carried at amortised cost.

#### *Cash and cash equivalents*

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at close to their carrying values or traded in an active market.

#### *Financial liabilities*

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

#### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Company has convertible loan notes that have been issued and depending on the terms of the agreement these are either measured as a single instrument at fair value or as a hybrid instrument with the derivative element measured at fair value and the host liability measured at amortised cost.

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Post-retirement benefits*

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund.

The Company pays an agreed contribution to a separate entity, relieving it of any liability for future payments. These obligations are expensed in the profit and loss account when due.

#### *Share-based payments*

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

#### *Revenue*

IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard requires revenue earned to be recognised in line with performance obligations based on a five step model. The Company identifies its performance obligations with respect to the different services being provided. The following summarises the performance obligations that the Company has identified for significant revenue lines and provides information regarding the performance obligation and the revenue recognition policy.

Revenue is generated from revenue streams within the Proactis Group. Revenue from the provision of shared services by Strategic Service Providers to other Group entities ('Service Recipients' is recognised systematically over the period of time that delivery to a customer has occurred in line with the work completed.

#### *Taxation*

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised.

## Notes to the Financial Statements *(continued)*

### 2 Revenue

	2022 £000	2021 £000
Revenue from other group entities	1,040	1,816
	1,040	1,816

### 3 Employees and directors' remuneration

Average number of employees during the year was 4 (2021: 3). All of the persons employed were directors.

	2022 £000	2021 £000
Directors' remuneration		
- Wages and salaries	596	1,309
- Company contributions to defined contribution pension schemes	46	74
- Other short term benefits	26	40
- Amounts paid to third parties in respect of directors' services	73	40
- Compensation for loss of office	-	30
	741	1,493
Social security costs	43	375
Share based payments	-	2,152
	784	4,020

There were 2 directors in the group's defined contribution pension scheme (2021: 3).

At year end there was £Nil (2021: £550,000) outstanding bonus payments due to the Directors.

Emoluments of the highest paid director were £282,000 (2021: £563,000). Company pension contributions of £27,000 (2021: £25,000) were made to a pension scheme on his behalf.

**Notes to the Financial Statements (continued)**

**4 Operating loss**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Operating loss is stated after charging :		
Impairment of investments (Note 8)	2,640	636
Auditors' remuneration:		
Audit of these financial statements	9	119
	-----	-----

**5 Finance income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable	-	31
	-----	-----

**6 Finance expenses**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank interest	1,652	1,327
Other charges relating to convertible loan notes	98	93
Other interest	15	-
Interest charges from other group companies	20	16
	-----	-----
	<b>1,785</b>	<b>1,436</b>
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## Notes to the Financial Statements *(continued)*

### 7 Taxation

Recognised in the income statement

	2022 £000	2021 £000 Restated*
<i>Current tax</i>		
Current year	58	(58)
Adjustment in respect of prior periods	-	-
	58	(58)
 Total tax charge/(credit) in the income statement	 58	 (58)

Reconciliation of effective tax rate

	2022 £000	2021 £000
Loss before tax for the period	(6,014)	(2,449)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(1,143)	(465)
Current tax adjustments in respect of prior periods	-	-
Disallowable net expenses	509	355
Income not taxable	-	(674)
Group relief	692	875
Adjustments in respect of share-based payments	-	(149)
	58	(58)
 Total tax charge/(credit)	 58	 (58)

\* Restatement detailed in note 19

It was announced that the current corporation tax rate of 19% would be increased to 25% with effect from 1 April 2023. This change was enacted in May 2021. The Company has neither a deferred tax asset or liability at 31 July 2022 and therefore this future change to the rates has not impacted this entity.

## Notes to the Financial Statements (continued)

### 8 Investments

	<b>Shares in subsidiary undertakings £000</b>
<b>Cost</b>	
At 31 July 2021 and 31 July 2022	<b>145,416</b>
<b>Impairment</b>	
At 31 July 2021	65,089
Impairment in the year	2,640
At 31 July 2022	<b>67,729</b>
<b>Carrying amounts</b>	
At 31 July 2021	80,327
At 31 July 2022	<b>77,687</b>

The companies in which Proactis Holdings Limited holds an interest are as follows :

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held	Holding
Proactis Limited <sup>a</sup>	England and Wales	Software sales and development	Ordinary 100%	Direct
Proactis Overseas Limited <sup>a</sup>	England and Wales	Intermediate holding company	Ordinary 100%	Direct
Proactis Accelerated Payments Limited <sup>a</sup>	England and Wales	Dormant	Ordinary 100%	Indirect
InterSources (UK) Limited <sup>a</sup>	England and Wales	Dormant	Ordinary 88.51%	Indirect
Proactis Euro Hedgeco Limited <sup>a</sup>	England and Wales	Intermediate holding company	Ordinary 100%	Indirect
Proactis US Dollar Hedgeco Limited <sup>a</sup>	England and Wales	Intermediate holding company	Ordinary 100%	Indirect
Proactis Tenders Limited <sup>b</sup>	Scotland	Managed services and software sales	Ordinary 100%	Direct
Proactis Pty Limited <sup>a</sup>	Australia	Software sales	Ordinary 100%	Indirect
Proactis Southeast Asia Limited <sup>m</sup>	New Zealand	Intermediate holding company	Ordinary 100%	Indirect
Proactis Limited <sup>m</sup>	New Zealand	Software sales	Ordinary 100%	Indirect
Esize Holding BV <sup>g</sup>	Netherlands	Software development company	Ordinary 100%	Direct
Proactis BV <sup>g</sup>	Netherlands	Software sales	Ordinary 100%	Indirect
Proactis France SAS <sup>d</sup>	France	Software sales	Ordinary 100%	Indirect
Proactis SA <sup>d</sup>	France	Software sales and development	Ordinary 88.51%	Indirect
Proactis Designated Activity Company (DAC) <sup>l</sup>	Ireland	Managed services	Ordinary 88.51%	Indirect
Proactis GmbH <sup>l</sup>	Germany	Managed services and software sales	Ordinary 88.51%	Indirect
Proactis Deutschland GmbH <sup>l</sup>	Germany	Software sales	Ordinary 100%	Indirect
Proactis SA <sup>k</sup>	Belgium	Software sales	Ordinary 88.51%	Indirect
Trade Ranger US Inc. <sup>o</sup>	USA	Intermediate holding company	Ordinary 88.51%	Indirect
Hubwoo USA, Inc. <sup>o</sup>	USA	Intermediate holding company	Ordinary 88.51%	Indirect
Trade-Ranger Management, LLC <sup>o</sup>	USA	Intermediate holding company	Ordinary 88.51%	Indirect
Trade-Ranger Holdings, LLC <sup>o</sup>	USA	Intermediate holding company	Ordinary 88.51%	Indirect
Proactis LP <sup>o</sup>	USA	Software sales	Ordinary 88.51%	Indirect
Proactis Inc <sup>o</sup>	USA	Software sales	Ordinary 100%	Indirect
Proactis US Holdings Inc <sup>o</sup>	USA	Intermediate holding company	Ordinary 100%	Indirect
Intesource Inc <sup>o</sup>	USA	Managed services	Ordinary 100%	Indirect
Perfect Commerce, LLC <sup>n</sup>	USA	Software sales	Ordinary 100%	Indirect
Commerce One, LLC <sup>n</sup>	USA	Dormant	Ordinary 100%	Indirect
Perfect Commerce Operations, Inc <sup>n</sup>	USA	Dormant	Ordinary 100%	Indirect
Perfect Commerce Global Purchasing, LLC <sup>n</sup>	USA	Managed services	Ordinary 100%	Indirect
Compro Business Services, LLC <sup>n</sup>	USA	Managed services	Ordinary 49%*	Indirect

## Notes to the Financial Statements *(continued)*

### 8 Investments *(continued)*

Proactis US Dollar Hedgeco Limited, Proactis Pty Limited, Proactis Euro Hedgeco Limited, Proactis Southeast Asia Limited and Proactis France SAS are subsidiaries of Proactis Overseas Limited. Proactis US Holdings Inc is a subsidiary of Proactis US Dollar Hedgeco Limited. Proactis Inc, Perfect Commerce LLC and Intesource Inc are subsidiaries of Proactis US Holdings Inc. Commerce One LLC, Perfect Commerce Operations Inc, Perfect Commerce Global Purchasing LLC and Compro Business Services LLC are subsidiaries of Perfect Commerce LLC. Proactis Limited (NZ) is a subsidiary of both Proactis Overseas Limited and Proactis Southeast Asia Limited. Proactis SA (France) and Proactis Deutschland GmbH are subsidiaries of Proactis Euro Hedgeco Limited. Proactis DAC, Proactis SA (Belgium) and Trade Ranger US Inc are subsidiaries of Proactis SA (France). Proactis GmbH is a subsidiary of Proactis DAC. InterSources (UK) Limited is a subsidiary of Proactis SA (Belgium). Hubwoo USA Inc, Trade-Ranger Management LLC and Trade-Ranger Holdings LLC are subsidiaries of Trade Ranger US Inc. Proactis LP is a subsidiary of Trade-ranger Holdings LLC. Proactis Accelerated Payments Limited is a subsidiary of Proactis Limited (UK). Proactis BV is a subsidiary of Esize Holding BV.

Registered offices of entities are as noted

<sup>a</sup> Riverview Court, Castlegate, Wetherby, LS22 6LE, England

<sup>b</sup> AB1 Building, 48 Huntly Street, Aberdeen, AB10 1SH, Scotland

<sup>c</sup> 2111 East Highland Avenue, Suite B-375, Phoenix, AZ 85016, USA

<sup>d</sup> 26-28 Quai Gallieni, 92150 Suresnes, France

<sup>e</sup> Level 9, 123 Albert Street, Brisbane, QLD 4000, Australia

<sup>g</sup> Leeuwenveldseweg 16 A, 1382LX, Weesp, The Netherlands

<sup>i</sup> 6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland

<sup>j</sup> Berliner Allee 59, 40212 Düsseldorf, Germany

<sup>k</sup> Avenue Henri Jaspar 117, Boite 3, 1060 saint-Gilles, Belgium

<sup>m</sup> Level 1, Australis Nathan Building, 37 Galway Street, Takutai Square, Auckland, 1010, New Zealand

<sup>n</sup> One Compass Way, Suite 225, Newport News, VA, 23606, USA

\* Although the Group owns 49% of the entity, it does in fact have effective control over the entity. The subsidiary is therefore accounted for under the consolidation method.

## Notes to the Financial Statements *(continued)*

### 8 Investments *(continued)*

#### *Investment impairment testing*

Impairment testing is performed by comparing the carrying value of those assets within each investment to the recoverable amount, determined on the basis of the investment's value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each Cash Generating Unit ("CGU"). The CGUs have been allocated against the appropriate investment for the purposes of impairment testing.

The value-in-use calculations are based upon detailed budgets and forecasts prepared over a four-year period, followed by an extrapolation into perpetuity for the terminal value of expected cash flows at growth rates given below, discounted at the rates provided below. Growth rates used reflect the best estimates of the long-term growth rate for each CGU. The discount rates reflect the different risk profiles the directors attach to each income stream and CGU.

Key assumptions used in the value-in-use calculations are as follows:	2022	2021
	%	%
Long term growth rate	2.00	2.00
Discount rate (pre-tax rate) UK CGU	12.03	10.77
Discount rate (pre-tax rate) NL CGU	12.07	11.65
Discount rate (pre-tax rate) US CGU	11.58	11.24
Discount rate (pre-tax rate) FR CGU	10.10	9.40
Discount rate (pre-tax rate) DE CGU	12.83	13.85
Discount rate (pre-tax rate) Proactis Tenders CGU	11.67	11.51
Budgeted overall revenue growth rate (average of next 4 years) <sup>1</sup>	13.36	7.68
Budgeted staff costs growth rate (average of next 4 years)	(1.30)	1.30

<sup>1</sup>The budgeted average revenue growth rates range from around 1% in the most established CGUs to in the region of 28% in the smaller expanding CGUs, which are growing from a lower base

The value-in-use calculations performed at 31 July 2022 were prepared based on management's best estimates of future performance, taking into account market conditions and the historic performance of each CGU. Based on the value in use calculations there was a requirement for an impairment to be recognised in: Proactis Tenders Limited by the amount of £2,640,106.

Management does not believe a reasonable possible change in key assumptions would erode the headroom in the investment in Proactis Limited, Proactis Overseas Limited or Esize Holdings BV.

## Notes to the Financial Statements *(continued)*

### 9 Debtors: Amounts due after more than one year

	2022 £000	2021 £000
Amounts owed by subsidiary undertakings	14,516	6,900
	14,516	6,900

Amounts owed by subsidiary undertakings are interest free and repayable on demand. However, the directors do not expect to recall the amounts due within 12 months.

### 10 Debtors: Amounts due within one year

	2022 £000	2021 £000 Restated*
Prepayments and other debtors	497	762
Income taxes	-	87
Other taxes and social security	224	-
Amounts owed by parent company	-	2,635
Amounts owed by subsidiary undertakings	1,367	6,442
	2,088	9,926

Amounts owed by subsidiary undertakings are interest free and repayable on demand.

\* Restatement detailed in note 19

### 11 Creditors: Amounts falling due within one year

	2022 £000	2021 £000 Restated*
Bank loans	6,374	41,890
Convertible loan notes	-	6,006
Trade creditors	320	1,552
Accruals and other creditors	177	1,181
Amounts owed to parent company	23,526	-
Amounts owed to subsidiary undertakings	6,488	6,498
Other taxes and social security	-	462
Other creditors	-	2,635
	36,885	60,224

Amounts owed to subsidiary undertakings are interest free and repayable on demand.

\* Restatement detailed in note 19

## Notes to the Financial Statements *(continued)*

### 12 Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Bank loans	28,998	-
	28,998	-

Bank loans are repayable as follows:

	£000	£000
Within one year	6,374	41,890
Between one and two years	28,998	-
Between two and five years	-	-
	35,372	41,890

Terms of the loans are disclosed in Note Error! Reference source not found..

### 13 Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
- 99,821,363 ordinary shares of 10p each (2021: 95,532,628)	9,982	9,553
Allotted, called up and not paid		
- Nil ordinary shares of 10p each (2021: 4,288,735)	-	429
	9,982	9,982

## Notes to the Financial Statements (continued)

### 14 Loans and borrowings

The terms and conditions of the outstanding loans are as follows.

	Currency	Nominal interest rate	Year of maturity	2022 Face value £000	2022 Carrying amount £000	2021 Face value £000	2021 Carrying amount £000
Term facility	GBP	LIBOR +1.95%	2022	-	-	6,750	6,750
Revolving facility	GBP/EUR	LIBOR +1.75 - 3.5%	2022	-	-	35,140	35,140
Term facility	GBP	SONIA +2.5% - 6.5%	2024	20,230	20,230	-	-
Revolving facility	GBP	SONIA +2.5% - 6.5%	2024	15,142	15,142	-	-
Convertible notes (A)	USD	2%	2022	-	-	2,517	2,517
Convertible notes (B)	EUR	3%	2023	-	-	2,623	2,623
Convertible notes (C)	EUR	3%	2024	-	-	866	866
<b>Total interest-bearing liabilities</b>				<b>35,372</b>	<b>35,372</b>	<b>47,896</b>	<b>47,896</b>

The Term Loan and the Revolving Credit Facility are secured by way of a debenture over the assets of the Group and have certain performance criteria related to their ongoing availability.

Convertible notes (A) were issued on 4 August 2017. These notes were settled between September 2021 and June 2022 for \$3,500,000

Convertible notes (B) were issued on 6 August 2018. These notes were settled in August 2021 for £2,618,000.

Convertible notes (C) were issued on 6 January 2020. These notes were settled in August 2021 for £865,000.

	£000
Convertible notes	
Carrying amount of liability as at 31 July 2021	6,006
Accreted interest	-
Interest paid	-
The effect of changes in foreign exchange rates	98
Repayment of borrowings	(6,104)
Carrying amount of liability as at 31 July 2022	-

## Notes to the Financial Statements *(continued)*

### 15 Commitments

There were no capital commitments existing at 31 July 2022 or 31 July 2021.

### 16 Accounting estimates and judgements

The directors discussed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The accounting policies are set out in Note 1.

The directors consider that the key estimates made in preparation of the financial statements are:

#### *Carrying value of investments*

A number of commercial and financial assumptions and estimates have been made to support both the initial recognition and the current carrying values of the fixed asset investments and amounts owed by other group companies. These are described within Note 8.

### 17 Related party transactions

The exemption has been taken under FRS 101 in respect of the disclosure of transactions with fellow wholly owned subsidiaries.

### 18 Contingent liabilities

The Company has guaranteed the overdrafts of its subsidiaries, the amount outstanding at 31 July 2022 was £Nil (2021: £Nil).

## Notes to the Financial Statements *(continued)*

### 19 Dividend restatement

The Company presented results for the year ended July 2021 which erroneously included dividend income from its subsidiary undertaking, Esize Holdings BV, of £1,723,000 instead of £750,000.

As a result the primary statements for the year ended 31 July 2021 have been restated as follows:

<b>Profit and loss account and other comprehensive income</b>	Original	Adjustment	Restated
Income from shares in group undertakings	4,523	(973)	3,550
Loss for the year	(1,418)	(973)	(2,391)
<b>Balance Sheet</b>			
Debtors : amounts due within one year	10,769	(843)	9,926
Creditors : amounts falling due within one year	(60,094)	(130)	(60,224)
Net assets	38,795	(973)	37,822
Profit and loss account	28,258	(973)	27,285
Shareholders' funds	38,795	(973)	37,822

### 20 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Proactis Bidco Limited, a Company registered in England and Wales, whose registered address is Riverview Court, Castle Gate, Wetherby, LS22 6LE.

The ultimate parent Company is Cafe Parentco Limited, a Company registered in England and Wales, whose registered address is 11-12 Hanover Square, London, W1S 1JJ.

The largest company into which the Company results are consolidated is Proactis Topco Limited, a Company registered in England and Wales, whose registered address is Riverview Court, Castle Gate, Wetherby, LS22 6LE. Copies of the consolidated financial statements of Proactis Topco may be obtained from this address.

### 21 Post balance sheet events

On 30 November 2022 an amendment to the Group banking facilities was signed and included the following amendments:

- A change to the profit definition on the Interest Cover covenant to use Adjusted Cash EBITDA rather than Adjusted EBIT; and
- Updated covenant suite.