

Marlowe plc

Annual Report and Financial Statements

for the year ended 31 March 2023



MARLOWE
PLC

Contents

Highlights & overview

- 1 At a glance
- 2 2023 key highlights
- 3 Group structure

Strategic report

- 4 Chairman's statement
- 6 M&A and integration: our in-house specialists
- 8 Governance Risk and Compliance: a trusted compliance partner
- 10 Chief Executive's report
- 14 Investment proposition
- 16 Our software offering
- 18 VinciWorks: building our leading eLearning platform
- 20 KPIs
- 21 Marlowe's model for creating growth
- 22 Governance, Risk and Compliance
- 25 Case study: Corestream
- 27 Our new GRC structure
- 28 Testing, Inspection and Certification
- 31 Case study: Wave
- 32 Chief Financial Officer's review
- 36 Products, Planet, People: Our Sustainability Plan
- 54 Directors' duties
- 55 Letter from the Audit Committee Chair
- 59 Risk management

Corporate governance

- 62 Board of Directors
- 64 Directors' report
- 67 Corporate governance statement
- 70 Directors' remuneration report
- 75 Statement of Directors' responsibilities
- 76 Independent Auditor's report

Financial statements

- 84 Consolidated statement of comprehensive income
- 85 Consolidated statement of changes in equity
- 86 Consolidated statement of financial position
- 87 Consolidated statement of cash flows
- 88 Notes to the Group financial statements
- 132 Company statement of changes in equity
- 133 Company statement of financial position
- 134 Company accounting policies
- 135 Notes to the Company Financial Statements

Additional information

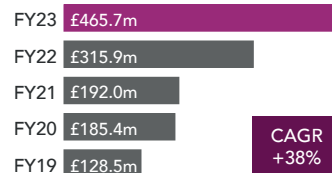
- 145 Trading record, financial calendar and further information
- 145 Officers and advisers

To download the full Annual Report and Financial Statements, and for further information about Marlowe visit www.marloweplc.com

Strong strategic progress

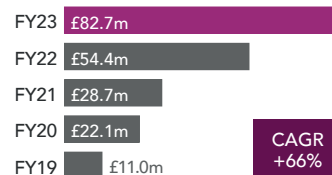
Revenue

£465.7m
+47%



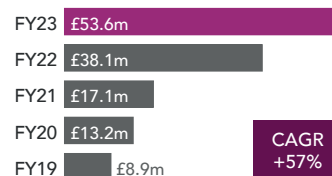
Adjusted EBITDA¹

£82.7m
+52%



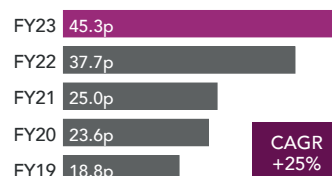
Adjusted PBT²

£53.6m
+41%



Adjusted basic earnings per share³

45.3p
+20%



Statutory results

Operating profit

£6.4m
FY22: £10.5m
Change £(4.1)m

(Loss)/profit before tax

£(6.9)m
FY22: £5.9m
Change £(12.8)m

(Loss)/earnings per share - basic

(3.9)p
FY22: 0.8p
Change (4.7)p

1. Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") is EBITDA before separately disclosed acquisition and other costs as disclosed in notes 4 and 5.

2. Adjusted profit before tax ("PBT") is PBT before separately disclosed acquisition and other costs as disclosed in notes 4 and 5.

3. Adjusted earnings per share is earnings per share calculated on adjusted PBT. These are all non-IFRS measures.

Further information about these measures and the reasons why we believe they are important for an understanding of the performance of the business is provided in the Chief Financial Officer's review on page 32.

At a glance

We deliver compliance services and software that cover a range of critical areas such as health and safety, HR and employment law, occupational health, fire safety and security, as well as water and air hygiene. These areas are essential to ensuring the smooth running of our clients' operations and are subject to strict regulatory requirements.

Evolving regulations and an increased regulatory burden alongside increasing corporate focus on employee health and wellbeing, ESG and compliance are driving demand for Marlowe's services. Our mission is to help companies succeed as the one-stop-shop they need to ensure they are safe, efficient, and compliant.

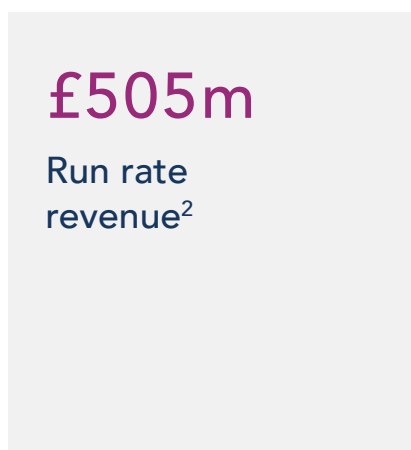
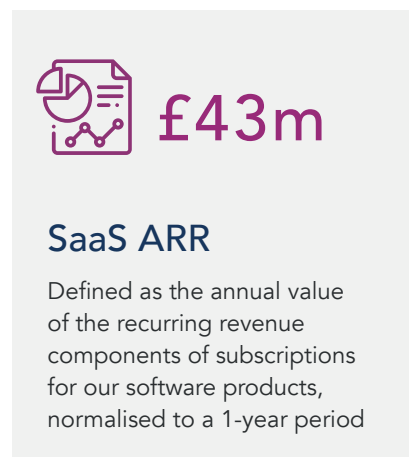
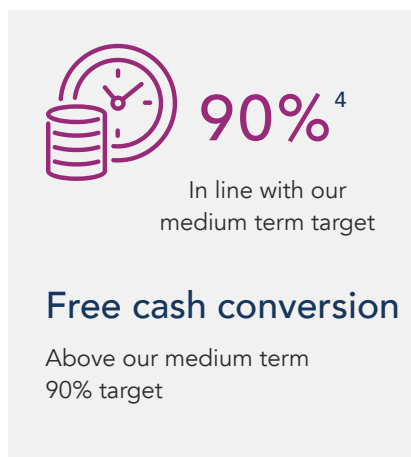
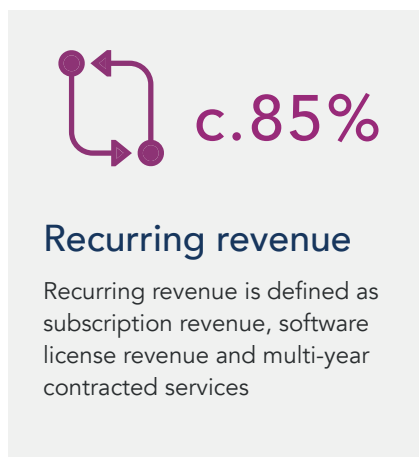


Marlowe's distinctive advantage lies in its ability to offer a range of closely regulated compliance services and software platforms, each of which is delivered by a specialist business within our group. While these businesses are leaders in their respective fields, together they provide a comprehensive approach to our customers' safety, regulatory compliance, business efficiency, and employee welfare needs. One of our key differentiators is our ability to offer software alongside our services, enabling us to provide a more complete and integrated compliance solution that meets our clients' needs.

Our clients include thousands of SMEs, large corporations, industrial sites, property management providers, local authorities, NHS trusts, and FTSE 100 companies operating in a variety of settings such as office complexes, high streets, leisure facilities, and industrial estates.

2023 key highlights

Marlowe delivered further strong financial and strategic progress as the leader in compliance services & software.



2035 Target **Net zero carbon emissions³**

¹ Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. This includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period.

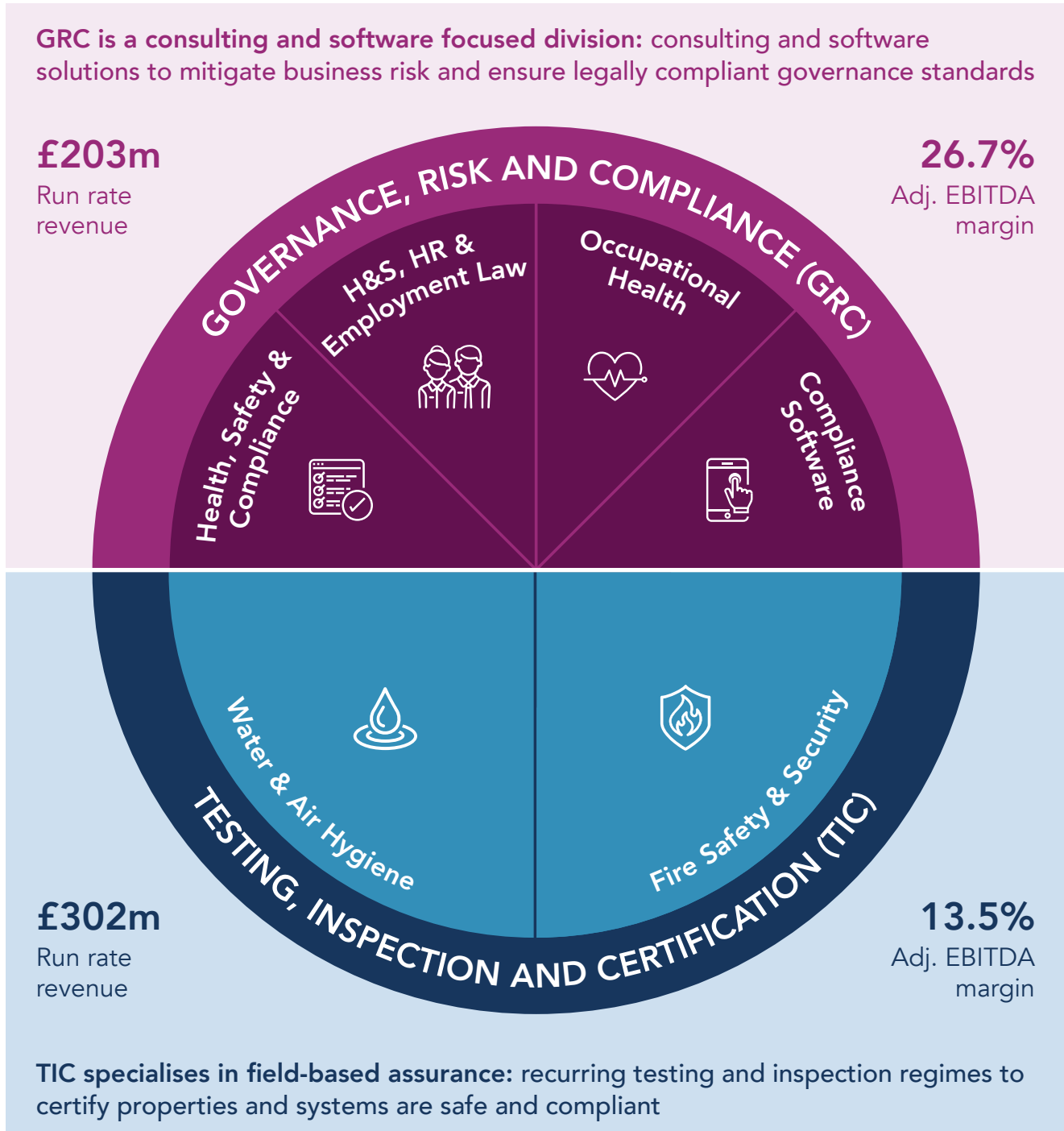
² Run rate is based on a 6-month annualised performance adjusted for post year end acquisitions

³ Scope 1 and Scope 2 GHG emissions

⁴ Calculated as net cash from operations after capex over adjusted operating profit

Group structure

Marlowe organises its end-to-end compliance solution across two divisions: GRC and TIC. Together they allow us to offer a full compliance package.



All underpinned by ever-evolving regulations

- H&S at Work Act 1974
- UK GDPR Act 2021
- Management of H&S 1999
- Employment Rights Act 1996
- Employment Relations Act 1999
- Workplace (Health, Safety and Welfare) Regulations 1992
- Regulatory Reform (Fire Safety) Order 2005
- Corporate Manslaughter Act 2007
- H&S at Work Act 1974
- ACoP L8
- HSG 274 / TR19
- COSHH

Chairman's statement

For the year ended 31 March 2023



Kevin Quinn
Non-Executive Chairman

Marlowe has made strong progress on the back of the intensively active and successful growth period in FY22

Overview

Marlowe continues to make solid strategic progress, and we have delivered another strong financial performance in the year.

The Group focuses across sectors that are undergoing structural growth that are underpinned by essential laws, standards, and regulations. We are the UK leader in compliance services and software, with a top three position in each of the markets in which we operate.

For the year ended 31 March 2023, adjusted EBITDA was £82.7 million on revenues of £465.7 million and organic revenue growth at a record level of 10%. Adjusted profit before tax was £53.6 million, resulting in adjusted basic earnings per share of 45.3 pence. Statutory loss before tax was £6.9 million and basic loss per share was 3.9p reflecting significant investment on integration programmes, amortisation of acquisition intangibles and movement in contingent consideration combined with higher finance costs. Full details of Marlowe's financial performance are set out in the Chief Executive's and Chief Financial Officer's review on pages 10 to 13 and pages 32 to 35 respectively.

The board brings together vast experience across a range of highly relevant B2B service and digital sectors. We are focused on delivering long term shareholder value via organic growth, effective integration & restructuring to drive synergies, margin expansion and cash generation.

Strategy

The Group made strong strategic progress within the year. Integration investment has been a key focus following on from a period of intensive growth and acquisition and good progress has been made on these key projects. We are building a Group for the long-term, and this investment is vital to achieve our goals.

We are pleased to announce we have now exceeded our run-rate revenue FY24 target of £500 million and we continue to make good progress with our run-rate EBITDA target of £100 million which we expect to reach organically. The Group is also now in a strong position to fund a large amount of bolt-on acquisition through the attractive cash flow characteristics of Marlowe's businesses.

Our strategy for growth is clearly defined and the opportunity is huge. Through strong organic growth and acquisition, we will continue to build leading positions across our existing sectors. Our ambition is to become the UK's most trusted name in the provision of business-critical services and software which assure safety, efficiency and regulatory compliance.

Corporate transactions

We have completed 11 acquisitions in the year for a total consideration of £56 million, completing a further four acquisitions for a total consideration of £15 million since the year end. Our largest acquisition in the year was TP Health for a total consideration of £21.7 million, as we added further scale to Marlowe's UK leading Occupational Health offering.

Additionally, we made five smaller acquisitions within our Governance Risk and Compliance (GRC) division and similarly five smaller acquisitions within our Testing Inspection and Certification (TIC) division as we broadened and deepened our service offering in this space.

Environment, Social and Governance (ESG)

At Marlowe, we are dedicated to promoting sustainability and responsible business practices through our regulation and compliance software and services. We understand the critical role we play in helping businesses meet regulatory requirements and maintain high standards of compliance.

During the year Group analysed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is working to align our practices with their requirements. Additionally, the Board has recently appointed Gillian Kent as the ESG board representative to ensure we have effective governance and management structures in place to manage these risks and opportunities.

People

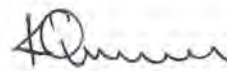
We extend a warm welcome to our new colleagues who have joined us from the various businesses we have acquired throughout the year. Our Group has experienced

continued growth and expansion, and our year-end headcount now stands at 4,972 employees. Our workforce is comprised of a diverse range of specialists, including health and safety consultants and auditors, fire safety technicians and risk assessors, employment lawyers and HR consultants, compliance software developers, occupational health clinicians and counsellors, and water and air hygiene technicians. These professionals work tirelessly to deliver our services, supported by a dedicated back-office team located throughout the UK.

Our employees continue to show dedication and professionalism, and their contributions to the delivery of our services and products have been invaluable. As a company that relies heavily on the expertise, drive, and commitment of our workforce, we are grateful for the exceptional customer service they have provided throughout the year. Our employees are essential to the continued success of our Group, and the Board extends a sincere appreciation for their hard work.

Looking forward

The Board is pleased with the progress we have made. As we look ahead to FY24, we are confident in the future prospects of our business. We operate in resilient markets, and our commitment to a culture of continuous improvement positions us well for sustained success. We anticipate delivering significant value in the coming years, through strong organic growth, margin enhancement and selective acquisition which is all supported by strong cash generation. These factors give the Board confidence in the Group's near and longer-term prospects.



Kevin Quinn
Non-Executive Chairman

13 July 2023

M&A and integration: our in-house specialists

Acquisition and subsequent integration have been a very powerful tool to create the business we have today. We operate in highly fragmented markets and have built our organisation to capitalise on this.

We conservatively estimate our addressable market to be around £8.6bn with attractive growth rates of between 4 and 10%, and the size of the market opportunity has increased as we've continued to broaden our offering into new compliance areas.

We have completed 83 deals to date across a variety of interlinked compliance verticals, ranging from large platform deals such as Optima Health in January 2022 for £135 million to small bolt on deals for around £1 million.

We maintain the pace of our growth through our well-designed organisation structure. We have a well-resourced in-house corporate development team, autonomous leadership teams supported by dedicated integration resources and a well-developed integration playbook. This structure gives our managers the resources and responsibility to deliver their strategic plans whilst driving integration programmes at pace.

In-house expertise

Our corporate development team enables us to successfully originate deals and thoroughly map out existing and new compliance verticals. We send out thousands of letters and emails and make hundreds of calls to businesses within our current and adjacent compliance areas, we secure off-market transactions by fostering solid relationships with sellers. In many cases these relationships are built over several years prior to the transaction.

We conduct extensive due diligence in house. Our expert team comprises ex-investment bankers, accountants, and corporate development specialists with a wealth of experience. This head office team works closely with divisional leadership teams to ensure integration

capacity, alignment with divisional strategies and market understanding. This collaboration is a two-way relationship, with divisional leadership teams often presenting potential targets or areas for growth.

Thanks to this in-house capability, we can achieve attractive valuation multiples and execute on deals that other public or private competitors lack the resources or expertise to secure.

Our integration play book

Integration is fundamental part of our model for growth which is essential for ensuring that we present a cohesive and unified business. Through integration we realise the associated benefits of phasing out duplicated overheads, rationalising property portfolios, benefiting from economies of scale, implementing best-in-class IT systems and strong governance & control. Crucially, integration also accelerates organic growth by enhancing our service delivery and sales & account management capabilities.

Each of our six business lines have autonomous leadership teams supported by dedicated integration resources and a well-developed integration playbook to match their industry. This structure enables us to integrate acquired businesses efficiently, with an integration programme within one business line being largely discrete from that within another. It allows us to integrate multiple businesses concurrently without straining management bandwidth.

Integration programmes take two forms, the integration of an initial acquisition which typically takes 6 to 12 months from when the programme begins or a larger strategic integration programme once a number of smaller acquisitions have been completed.



Sam McCarthy M&A Associate

Our team has focused on researching, mapping and originating quality companies across the compliance universe for seven years. We have the deepest understanding of our core markets constituents and have actively built relationships with hundreds of companies. This allows us to achieve attractive multiples on high quality businesses which we are able to execute with our internal resource.

Over the life of Marlowe:



Integration programmes can be complicated and take appropriate specialist resource which is a mixture of both employed staff and temporary project teams. This integration resource is scalable and allocated appropriately

across each of our six business lines dependent on the extent of integration ongoing. It allows us to load balance effectively across our businesses and if we were to stop acquiring this resource would no longer be required.



Tony Stalgis Integration and Change Director at Optima Health

Our approach is built on a core team of integration specialists able to mobilise quickly on integration projects. We scale this team depending on the size and complexity of each integration challenge, using established third-party specialist networks and leveraging in house specialists. Key to a successful integration is engaging the people affected and gaining commitment to the future ambition, whilst reassuring them that the pace of change will be controlled to ensure minimal disruption to operations.

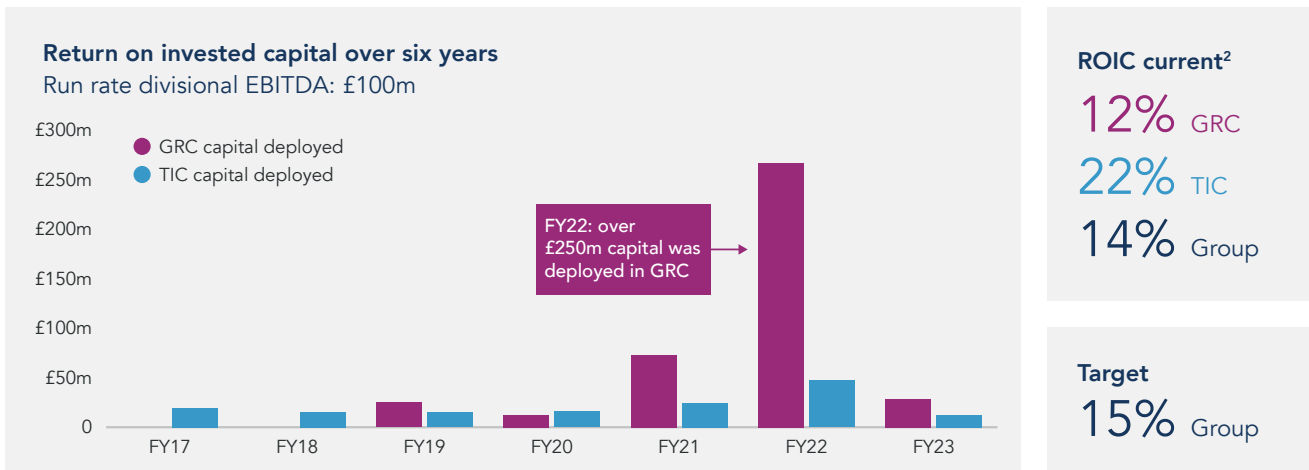
Return on invested capital

This inhouse capability of both sourcing and executing on deals, coupled with our specialist integration resource allows us to achieve high returns on invested capital.

Throughout the life of Marlowe, we have invested a total of £695m in 83 acquisitions, including initial consideration, acquisition and restructuring costs, and deferred consideration payments. This investment has resulted in a combined business with a run-rate EBITDA of over £90m, excluding head-office expenses, equating to a pre-tax return on invested capital of 14%.

Analysing this on a divisional level, it is apparent that the longer development timeframe of our TIC Division, which we began building over 7 years ago, has generated a return of 22%. On the other hand, our GRC Division is a more recent venture, with a significant portion of capital spent in the past 24 months. We expect the returns in this division to increase significantly over time, as these markets are seeing strong structural growth and we will create further value over-and-above this the market growth.

We expect returns to continue to rise, as both of these markets are experiencing strong structural growth, and the overall return to move towards 15% and beyond over time.



1 Excludes growth-related deferred consideration

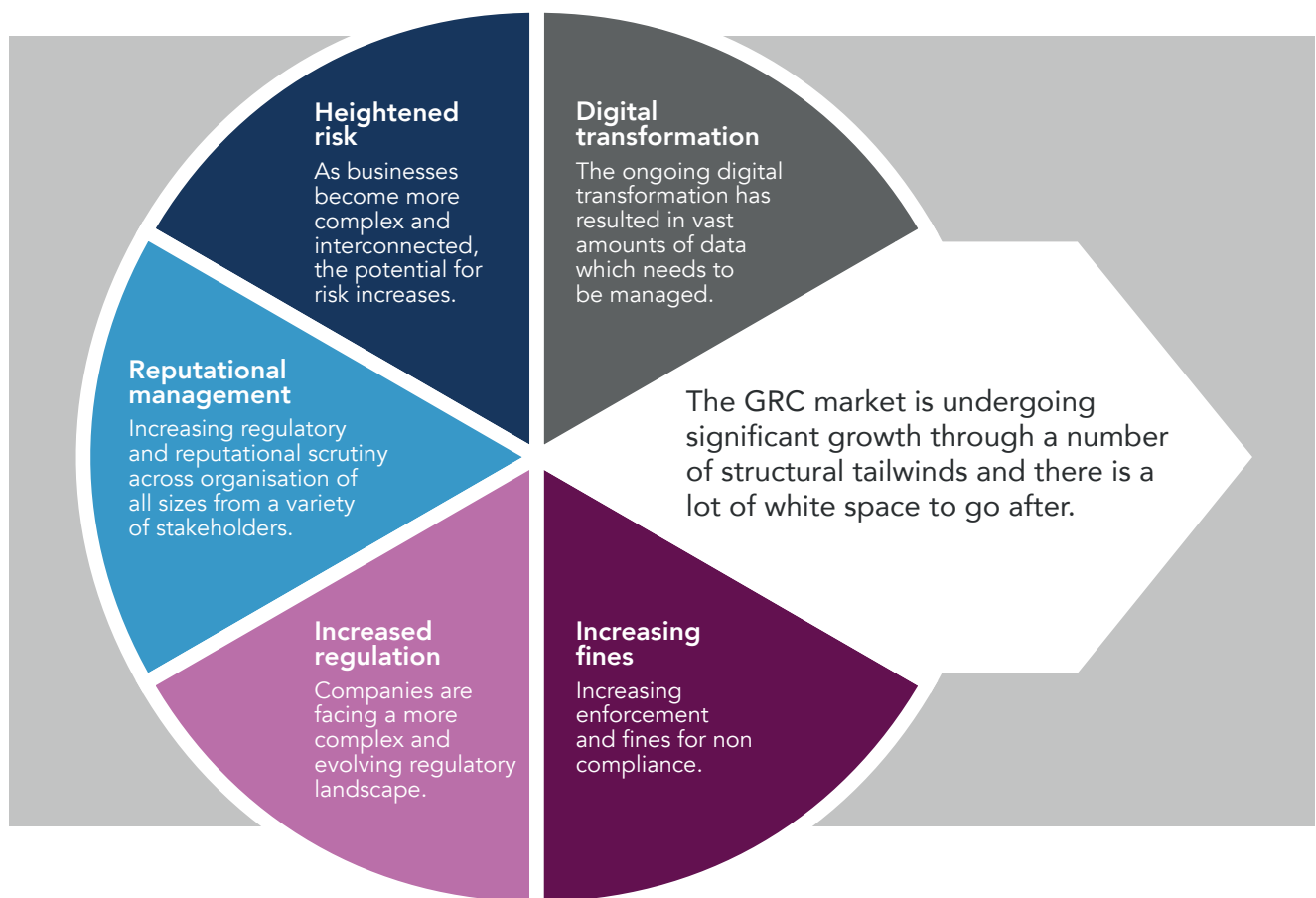
2 Return on invested capital (ROIC) is calculated as divisional run-rate EBITDA over total invested capital. Total invested capital includes total consideration, deferred consideration, restructuring costs and acquisition costs.

Governance Risk and Compliance: a trusted compliance partner

Governance, Risk and Compliance (GRC) is a framework that organisations use to manage their business operations, ensuring they are compliant with regulations, laws, and industry standards, while also minimising risks and improving their governance practices.

Effective GRC management is essential regardless of the size of an organisation or the sector it operates in. Small businesses may face significant risks due to limited

resources and experience. A GRC framework can help them identify and mitigate risks and ensure compliance with relevant laws and regulations. Similarly, large organisations may face challenges due to complex structures and operations. A GRC framework can help them manage risks across different departments and functions and ensure consistency in compliance practices.



The Group announced the current divisional structure back in 2021 where we split into two divisions, TIC and GRC. Fast forward to today and through strategic acquisition and strong organic growth we have built a GRC business with run-rate revenues of £200 million.

We now have a significant presence within employment law, HR, Health & Safety, Occupational Health and Compliance Software. Through providing both service and software, we can provide businesses with a comprehensive

solution to several or their GRC requirements. We then leverage our extensive customer base to upsell further solutions, and we find as customers take a number of compliance solutions they become increasingly sticky.

Whilst we are a market leader in each of the compliance verticals we occupy, we have less than 10% of each market. Not only do we aspire to deepen our presence in our current verticals we will also consider venturing into new GRC verticals.



There are a number of GRC markets that share similar financial characteristics and that would be highly complementary to our current offering. One market that we have looked at in detail is the ISO certification market which would sit within Compliance management.

This is a highly fragmented market that is often non-discretionary, provides a high degree of recurring revenue and an opportunity to leverage cross-sell alongside our current offerings.



The opportunity within GRC is huge. We want to be our clients' one-stop solution across service and software for all things compliance.

Chief Executive's report

For the year ended 31 March 2023



Alex Dacre
Chief Executive

Marlowe continues to make solid strategic progress, and we have delivered another strong trading performance in the year.

Group results

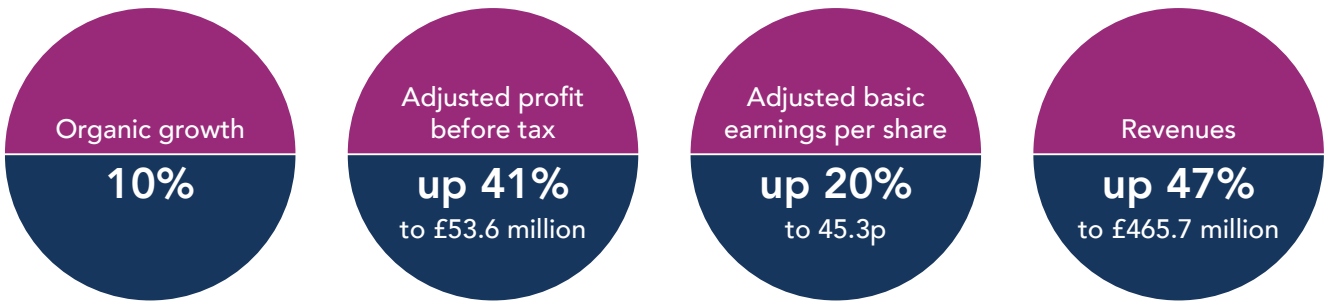
During FY23 we delivered on each of our key strategic and operational objectives in our mission to build the leader in business-critical services and software which assure regulatory compliance:

- **Deepening & Broadening** our compliance scale and capabilities as the one-stop compliance service & software provider, via organic growth & bolt-on acquisitions
- **Strengthening** our operations via operational improvements and effective integration programmes resulting in margin expansion, whilst ensuring our SaaS products and service provision are best-in-breed
- **Digitising** our compliance offering, both organically and inorganically, as part of our goal to build the leader in Compliance Software

Whilst delivering this pleasing strategic and operational progress, the Group delivered a strong financial performance with revenue increasing 47% to £465.7 million (FY22: 315.9 million), driven by excellent organic growth of 10% and contributions from acquisitions made during the year and the prior year. Adjusted EBITDA increased by 52% to £82.7 million with adjusted EBITDA margin increasing 30bps to 19.0% (FY22: 18.7%) as we continue to drive efficiencies and integration synergies and also benefit from growth in some of our higher margin segments, particularly Compliance Software. Adjusted profit before tax increased 41% to £53.6 million and adjusted EPS increased 20% to 45.3p (FY22: 37.7p).

Statutory EBITDA was £48.8m (FY22: £37.8m). Statutory operating profit was £6.4 million (FY22: £10.5 million). This reflects a non-cash increase in amortisation of acquisition intangibles, movement in contingent consideration related to increased provisions for acquisition earn-outs where we expect to see strong outperformance and significant investment in integration in the year. Statutory loss before tax was £6.9m million (FY22: £5.9 million profit) and basic loss per share was 3.9p (FY22: 0.8p profit), reflecting the above factors combined with higher finance costs on the Group's debt facilities as a result of increases in interest rates. Further details of Marlowe's financial performance are set out in the Chief Financial Officer's review on pages 32 to 35.

We operate in highly cash generative sectors with beneficial working capital characteristics (working capital was 2% of revenue for the year) and free cash flow generation is a key focus for management. As expected, we saw strong cash performance in the second half of the year (H2 cash conversion 127% with £51.7 million net cash



generated from operations). Net cash generated from operations for the full year was £74.3 million representing growth of 119% compared the prior year (FY22: £34.0m) and the Group continued to deliver strong cash conversion of 90% for the full year. The cash we generate is redeployed into bolt-on M&A activity whilst maintaining our leverage within our target range, and this strategy coupled with our consistently strong organic growth creates highly attractive returns.

At 31 March 2023 adjusted net debt was £160.8 million (31 March 2022: £108.8 million), excluding lease liabilities of £28.1 million (31 March 2022: £24.5million), and the net debt/run-rate adjusted EBITDA gearing ratio of just below 2.0x was within our target range of 1.5x to 2.5x.

A year of record organic growth

We delivered excellent organic growth of 10% in the year, significantly ahead of the market, demonstrating the resilience and attractions of our business model and markets. We provide market leading compliance services and software products to clients: client lifetime value is growing and our ability to up and cross-sell across our broad range of capabilities is complementing our strong levels of new business. We have successfully used price to pass through the manageable cost inflation that we have seen onto our customers, allowing us to protect our margins.

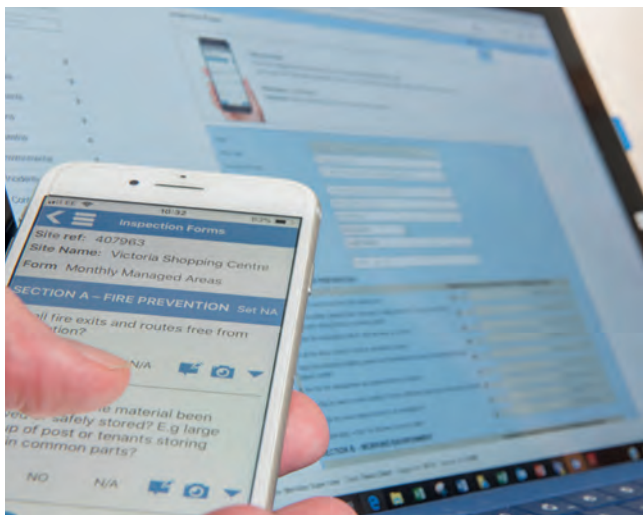
We occupy markets that are undergoing attractive structural growth. Businesses require our advice, support and SaaS products to understand which regulations are relevant to their employees, their organisations and the safety of their business premises. Our compliance intelligence SaaS products, including Barbour and Cedrec, provide this understanding. Our Health & Safety consultants and Employment Lawyers deliver the retained advice that our clients rely on and our compliance eLearning products train their staff in critical regulations. Our clients then require our professional expertise in order to adhere to these complex regulations which we deliver on a recurring and contracted basis alongside the assurance, health surveillance or safety inspections they are required to carry out to ensure they remain compliant on an ongoing basis. All of these regulatory challenges can be simplified and controlled by one of our risk management SaaS products such as Corestream, Meridian or Omnitrack and we continue to benefit from the ongoing transition towards digital

methods of risk management. Regulation and legislation are constantly evolving and becoming more onerous, and these changes, coupled with an increasing enforcement burden, continue to drive growth across our markets. Our comprehensive proposition keeps our customers compliant in this stringent regulatory environment and ensures that their workforce and organisations remain healthy, safe and efficient.

Across our markets we are seeing a heightened focus on ESG issues inherent in business with public and corporate expectations around safety, compliance and governance on the rise. Alongside this, there is a greater internal focus on employee health & wellbeing with an estimated £90 billion+ being lost through absence and presenteeism in the UK alone.

We build upon these structural tailwinds through both the cross-sell and up-sell of services and software across our business lines. The same individual in our clients' organisations is often responsible for several compliance areas, whether it be Head of Risk, a Health & Safety Director, an HR Director, or an SME business operator. For example, the person responsible for procuring fire safety services is often also responsible for procuring water & air hygiene services and health & safety software. Similarly, if an individual is responsible for procuring risk management software, they are also likely be responsible for procuring occupational health, HR and employment law services, compliance eLearning or HR compliance software. Through providing best-in-class services we can leverage this common channel to market allowing us to cross-sell and up-sell both services and software to one of our existing ~50,000 customers. Cross-sell contributes in the region of 2% to our organic growth each year and is part of the reason we are able to grow faster than our wider markets.

Software also acts a key differentiator in our markets. Providing compliance software either as a standalone product or bundled alongside our services allows us to provide a more comprehensive end-to-end compliance solution. Our consultancy & advisory services help our clients to understand and audit their compliance obligations which can then be tracked, managed and controlled via our software. We find clients who take both software and service from our Group achieve much higher standards of compliance. Software now generates over £43 million of ARR which we expect to continue to grow organically at a fast pace. These SaaS revenues are generated through recurring monthly SaaS subscriptions,



typically as part of multi-year contracts and we continue to achieve customer net retention rates consistently over 100%.

On a run-rate basis our Group now has revenue of over £500 million, surpassing our FY24 revenue target, and this scale provides a number of competitive advantages. Due to our extensive range of capabilities and geographic coverage, we are uniquely positioned to serve both small and large, multi-site and complex clients right across their compliance requirements, nationwide. Additionally, collaboration between our in-house expertise of over 130 software developers and some 3,500 fee-earning compliance specialists allows us to continually improve our service and software and bring new software innovations to market.

Resilient business model

The software and services Marlowe provide are underpinned by regulation and are therefore predominantly non-discretionary and essential throughout the economic cycle. For example, the Health & Safety Act requires a health & safety risk assessment to be completed and recorded by a competent person if a business has five or more employees. Additionally, employees must be provided with adequate health & safety training which can be conducted via our compliance eLearning offering. The cost of non-compliance is significant including large fines with the average Health & Safety fine increasing over 300% since 2018. Non-compliance can also result in increased insurance premiums and, for the most serious offences, prosecution or even imprisonment. This non-discretionary nature of our services and software leads to a high degree of revenue visibility with approximately 85% recurring and secured via long-term contracts.

The impact of inflation, largely related to wages, has been mitigated through inflationary linked contract agreements or via annual increased contract pricing. We remain confident in our ability to pass through future costs increases in this way. Our software and service offerings are a relatively small cost for our customers and are often linked to their compliance budgets, which tend to be

ring-fenced given the major potential costs associated with non-compliance. This, coupled with our high levels of service and technology benefits, results in deep and durable customer relationships, with an average duration of over 12 years.

The Group has low customer concentration and works across a broad range of sectors. We serve ~50,000 B2B customers from SMEs to large multinationals or public sector organisations, with no customer representing more than 2% of revenues. Within GRC, customers largely pay for our services and software in advance as a monthly subscription and are usually committed to 3 or 5 year contracts. In TIC, we are paid monthly in arrears as part of similarly long-term contracts.

Disciplined approach to M&A

During FY23, the Group successfully completed 11 bolt-on acquisitions for a total consideration of £56 million with ten acquisitions in the first half and one in the second half alongside a continued focus on integration projects. We have deepened our presence across GRC in compliance software, employment law & HR, occupational health and within TIC compliance services. We have subsequently deployed £15.3 million on four bolt-on acquisitions post year end within our TIC business.

Acquisition has been a key tool that we have used to build the scale that we enjoy across our markets. We have a top-3 position in each of the compliance markets we occupy yet they remain highly fragmented with our £505 million run-rate revenue indicating we only serve c.6% of our £8.6 billion addressable market. The opportunities for future growth via market consolidation are very significant.

We have a well-designed divisional structure to support growth via M&A and integration. We possess a strong in-house corporate development capabilities which enable us to source deals, conduct due-diligence and efficiently execute upon our acquisition strategy. This agility, resource and expertise allows us to capitalise on acquisitions that our peers and competitors would struggle to replicate and we are seen as an attractive acquirer across our markets. Over 70% of the deals completed are off-market allowing us to achieve attractive valuations and unlock deals that are a targeted fit with our strategic criteria.

We have a well-developed pipeline of earnings enhancing bolt-on acquisitions which we expect to selectively capitalise on during the course of FY24 and beyond, both through reinvesting the increasing level of cash that we generate and through an appropriate use of our balance sheet.

Strengthening and integrating

The investments we make in integration and acquisition-related restructuring are a vital element of our strategy for growth and are essential to generate the returns on investment that we do. It is thanks to the successful delivery of these integration programmes that we have been able

to accelerate our organic growth rate from 4% in FY17 to 10% in FY23 and increase our adjusted divisional EBITDA margin from 16% in FY17 to over 19% today.

During the year, we have placed a particular emphasis on integration, building upon the intensively active and successful growth period we delivered during FY22, where we deployed over £320 million of capital across 20 acquisitions.

We have made significant progress with the integration programme in Occupational Health following the acquisition of Optima for £135 million in January 2022, TP Health in April 2022 and our existing Healthwork occupational health activities. We successfully established a unified management team, streamlined our back-office operations, and implemented a single operating model across the combined business. The entire merged business now operates under the Optima brand. In eLearning we have completed the integration of five eLearning platforms into VinciWorks with a single compliance content library and software environment now in place, supported by a fully integrated management and support team. Both these integration programmes have delivered highly attractive cost synergies via the removal of duplicated headcount, IT systems and properties.

Our well-designed organisational structure, which prioritises divisional autonomy and agility, has been instrumental in enabling us to successfully pursue our growth strategy, which combines organic growth with bolt-on acquisitions. With a siloed approach to integration, our six entrepreneurial management teams have been able to remain focused on driving organic growth while also directing and overseeing their integration initiatives. Significant investments have been made in dedicated integration resource to ensure we deliver these programmes efficiently.

This structure enables us to integrate acquired businesses

simultaneously across business lines, with an integration programme for one acquisition being largely discrete from another. This approach has allowed us to maintain the necessary bandwidth to continue pursuing strategic acquisitions and also to position us well for sustained inorganic growth.

As we continue to pursue a balanced blend of organic and inorganic growth this investment in integration is driving our long-term shareholder returns.

Outlook

We expect to see strong continued demand for our software and services. We operate in resilient markets that are undergoing structural growth, and we have consistently exceeded that growth organically through the delivery of our business model and the application of our organic initiatives.

Our businesses are highly cash generative, and increasingly so, which now allows us to successfully execute our bolt-on acquisition strategy from self-generated resources and we remain well positioned to benefit selectively from executing upon the opportunities within our pipeline.

We have made a positive start to the new financial year, with strong levels of organic growth. We have completed a further four bolt-on acquisitions post year-end deploying £15.3 million of capital. Our acquisition pipeline is well-developed, and we expect to use our attractive cash-flow characteristics to selectively execute upon these opportunities whilst appropriately managing leverage.



Alex Dacre
Chief Executive

13 July 2023



Investment proposition

Marlowe has a clearly defined growth strategy as a one-stop-shop in the provision of regulated safety and compliance software & services, through a combination of fast-paced organic and acquisition-led growth.

This growth is underpinned by our market's defensive & resilient qualities.

Our software and services are deemed non-discretionary by our customers.

Operating in highly attractive and resilient markets

We operate in specialist, regulated markets and provide software and services that are largely nondiscretionary for our customers and, therefore, largely insulated from the economic cycle. In addition, every one of our markets has structural growth characteristics, as regulations are not only complex, but also continuously evolving, with increasing enforcement action from regulators.

Our clients' budgets continue to grow at attractive rates from the increasing focus on compliance, driven by environmental, social and governance issues. The risks and cost of not being in compliance significantly outweigh the cost of implementation.

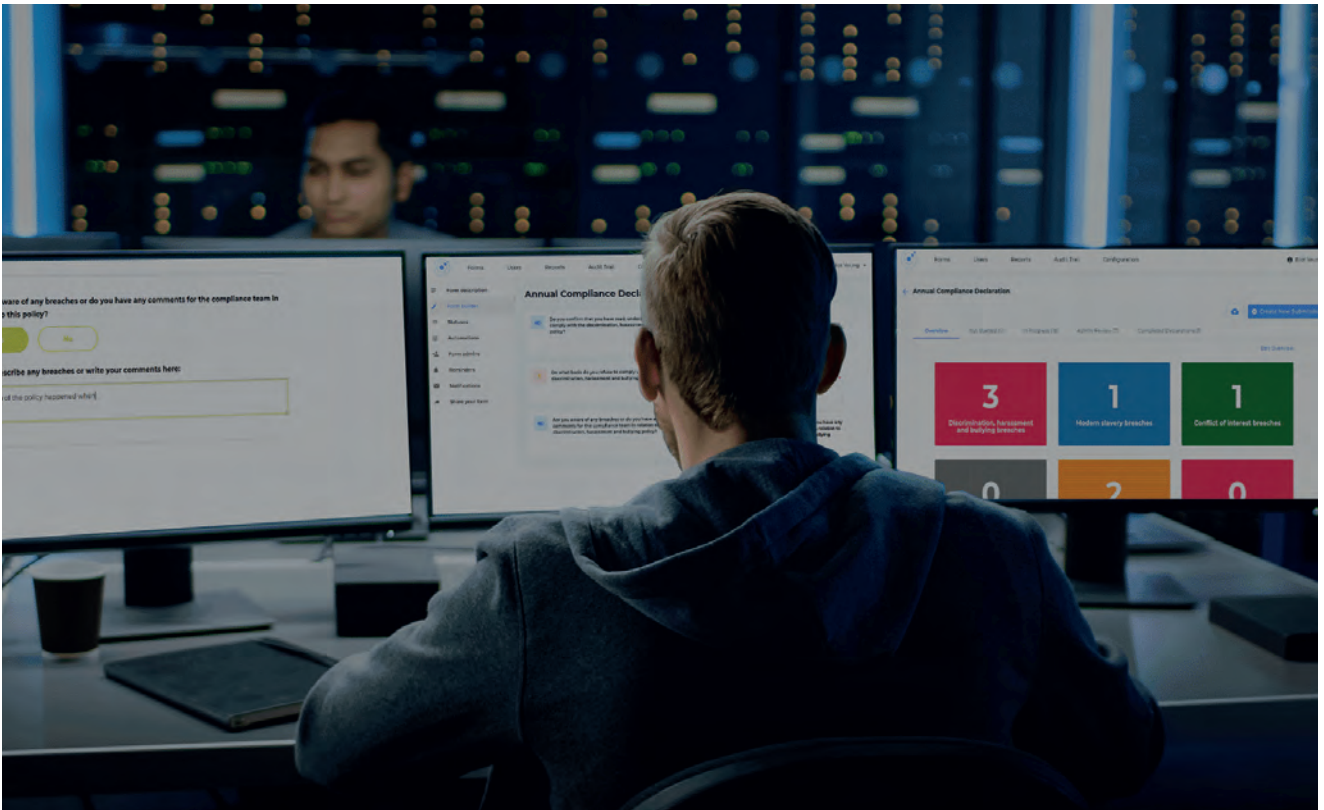
This market backdrop, along with our strong channel to market, customer service and effective sales & marketing model allow us to consistently achieve organic growth in the high single digits.

Well-practised in delivering growth from value-enhancing M&A

The combination of fast-paced acquisition activity and organic investment enables us to deliver impressive growth ahead of the market. We are positioned in fragmented markets and have a track record of completing complementary acquisitions at attractive multiples.

We effectively integrate acquisitions, and this results in added shareholder value from efficiencies and cost-savings, as well as improved service and capability for customers. Another important advantage for us is our ability to deliver revenue growth from the cross-selling opportunities available from relationships with our c.50,000 clients.





Long customer relationships, annuity-type recurring revenues with good future visibility

Our consulting and software capabilities are delivered via multi-year contracts, often 3-5 years long, which provides predictable revenue streams. We keep clients for over 12 years, on average.

Continuously improving our differentiated technology and operational systems

We invest in our people, systems and products to ensure that we have the correct training and tools to deliver our service, as technology and systems are key differentiators, and central to what we provide.

Using our technical expertise we are able to bring enhanced software offerings to market as a result of organic investment. We utilise operational planning systems to deliver high standards of customer service and ensure that we are leveraging our scale to optimise staff utilisation and productivity.

Growing barriers to entry from our scale and nationwide coverage

Our focus is on markets which are fragmented, permitting market share gains and industry consolidation. As we build market share, the comprehensive service which we can deliver, and the returns we can generate disadvantage smaller, local competitors.

In each of our business areas, we are one of only a small number of providers who can operate nationally with the capabilities, scale and technology to effectively partner with clients. Our clients often consolidate their supplier base in favour of partners who, like them, possess scale, breadth of capability and nationwide reach.

Enhanced standards of service are needed, in part to comply with increasing regulatory standards, which smaller competitors, without our technology, scale and capabilities struggle to deliver.

Resilient business model

We provide services and software are underpinned by regulations and are therefore predominantly non discretionary and essential throughout the economic cycle.

Our software offering



Health & Safety software

Our risk management solutions enhance H&S enabling customers to manage risk and compliance across their organisations.



eLearning

We provide engaging compliance tracking content to drive behavioural change and enhance compliance culture.

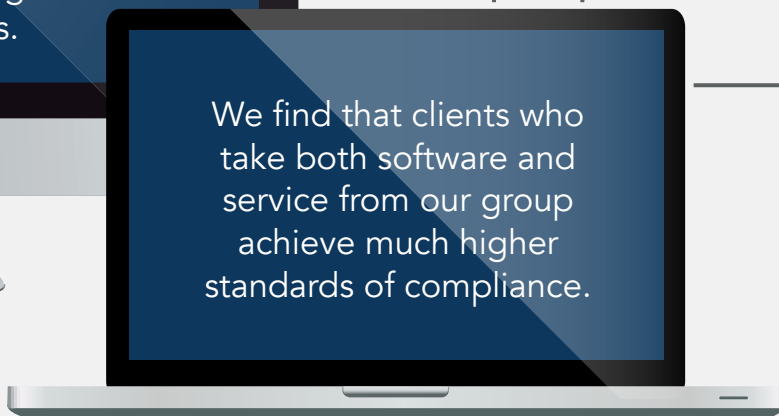
VinciWorks



Risk & Compliance

A platform that allows enterprise clients to collate and manage their entire risk and compliance data from one centralised portal.

CORESTREAM





EHS intelligence

Providing regulatory data and information to industry professionals across six key areas: Health and Safety, Environment and Energy, Estates and Facilities Management, Fire and Security, Mental Health & Wellbeing.



Contractor compliance portal

A computer-aided contractor management platform allowing property managers to track activities of suppliers on-site and ensure they are meeting their KPIs.



HR compliance software

We help clients unlock the potential of their people by capturing relevant information so HR managers and business owners can manage employee issues and maintain a compliant workforce.



Supply chain management

Providing an innovative cloud-based platform to assess suppliers and assure clients of supplier qualifications and compliance.



VinciWorks: building our leading eLearning business



VinciWorks is Marlowe's Compliance eLearning brand, delivering online training courses on key compliance areas via our proprietary learning management software platform.

Since entering the compliance eLearning market back in December 2020, through the acquisition of DeltaNet, we have deepened our presence through organic development and four, targeted acquisitions.

This has transformed us from a relatively small UK-based provider, to the leading compliance eLearning player in the UK, serving clients globally from operational hubs in Ireland, the UK and Israel. We have developed a comprehensive course library, addressing over 600 compliance topics, ranging from manual handling training through to anti-money laundering courses, whilst also investing in proprietary software platforms, such as our course authoring tool.

This rapid transformation and growth has led to the need to integrate these businesses closely, ensuring we are maximising the combined potential of these businesses in a cost-efficient manner.

This integration has focused on three key areas:

- Streamlining our software platforms, committing investment into our core, proprietary learning management system platform: Astute
- Consolidation and rationalisation of the eLearning content library, ensuring we have a market-leading offering by breadth of courses whilst lowering content development and maintenance costs as a % of revenue
- Reorganising the software development team, the sales & marketing teams and other support functions, adopting best practices and removing significant duplication where necessary

We are in the final stages of this integration which has resulted in a unified library, under one brand, with one content team, one sales team, one development team, all under common management as a key business-unit within the GRC division. The result of this is a broader, more comprehensive offering of compliance courses, delivered via an enhanced, streamlined SaaS platform.

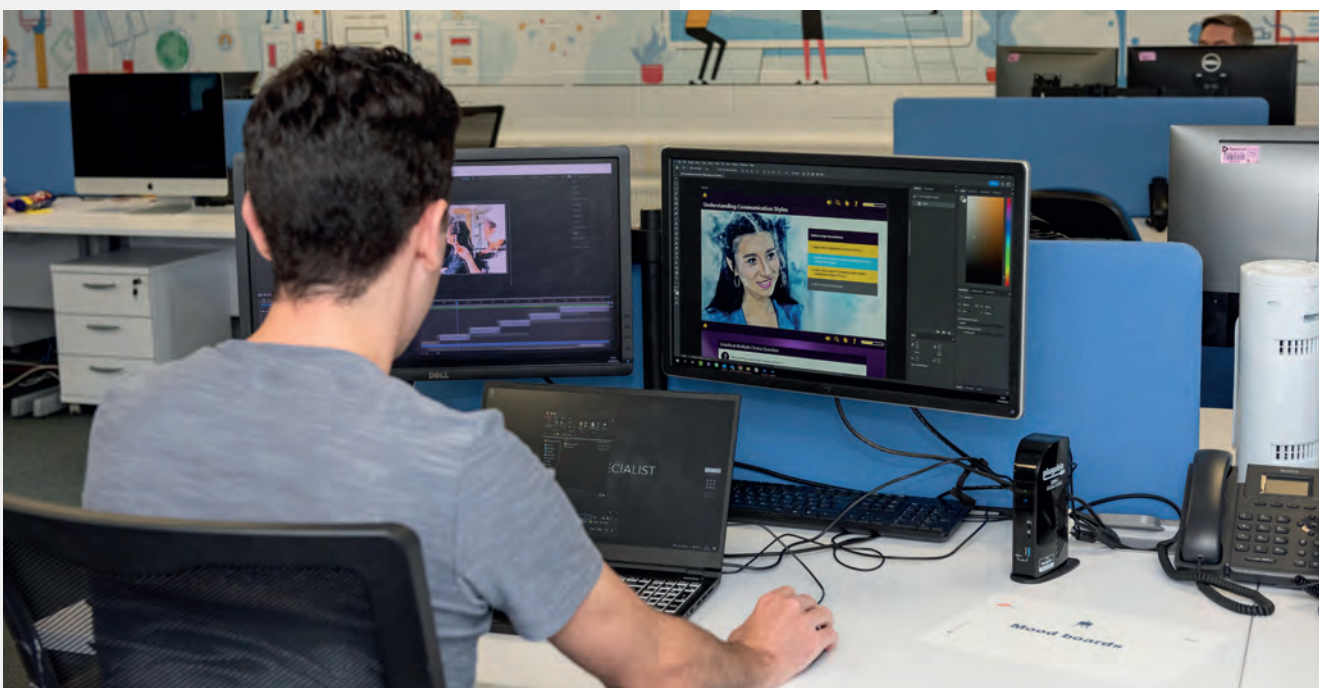
We have invested significantly in building our eLearning business because it is a natural cross-sell across all of the markets we operate in, with training being a typical component of many compliance requirements. This allows us to leverage our existing customer base and our shared channel to market to accelerate growth: we can provide Health & Safety eLearning to our existing Health & Safety customers, Anti Bribery & Corruption training to our existing Employment Law customers and legionella training to our Water & Air customers.

VinciWorks

Through our Learning Management System (LMS), Astute, we can tailor our customers' experience, prioritising each learner's needs and identify knowledge gaps across their workforce which may be holding their organisations back or putting them at risk. Additionally, our Astute platform allows us to offer a bespoke feel to each of our clients, it provides them with flexibility to overlay their own branding, style and colour scheme, providing an enhanced user experience.

Further to this, the proprietary course authoring tool we have developed allows us to create courses significantly faster than competitors, ensuring that we can be first to market when new regulations come out, whilst we can also react to customers' demands and offer bespoke course creation at a meaningfully higher margin than competitors.

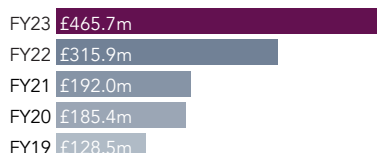
The integration the VinciWorks Group has undergone, and the investment in technology and our course library has set up VinciWorks to be a platform for future organic and M&A growth. It will allow us to drive more value from our existing businesses, whilst also being able to extract material cost synergies from acquisitions going forward and having a proven playbook to enhance growth for new acquisitions. Marlowe's eLearning division is becoming highly scalable, poised to become the global leader in compliance eLearning, a key strategic division for us into the future.



KPIs

Revenue

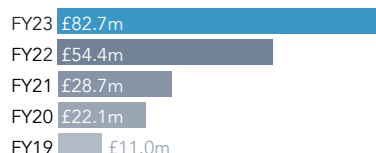
£465.7m
+47%



Marlowe revenue growth reflects how we have grown scale through acquisition and organic investment

Adjusted EBITDA

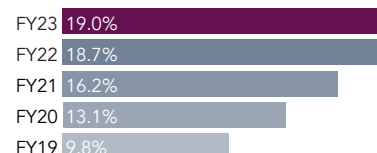
£82.7m
+52%



Adjusted EBITDA continues to outstrip revenue growth as we have entered attractive compliance markets

Adjusted divisional EBITDA margin

19.0%
30bps



Adjusted divisional EBITDA margin continues to improve as we successfully integrate acquisitions, improve operational efficiency and benefit from route density

Adjusted basic EPS

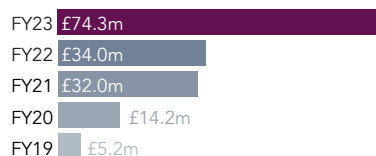
45.3p
+20%



Adjusted basic EPS has seen continued growth year-on-year despite the dilutive impact of share placings throughout the years

Net cash generated from operations

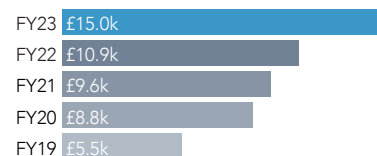
£74.3m
+119%



Net cash generated has continued to grow and we are now in a position where we are able to fund bolt-on acquisitions through the cash we generate

Adjusted EBITDA/employee

£15.0k
+38%



As we have built route density, leveraged operational efficiency and entered the attractive SaaS markets our adjusted EBITDA per employee has grown

Recurring revenue¹

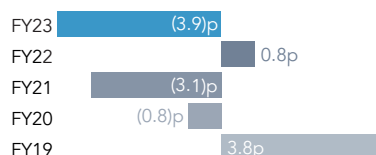
85%



We have increased the percentage of our total recurring revenue giving us significant visibility over future earnings

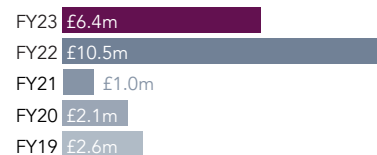
(Loss)/earnings per share - basic

(3.9)p



Statutory operating profit

£6.4m



¹ Recurring revenue is defined as subscription revenue, software license revenue and multi-year contracted services

Marlowe's model for creating growth

A platform for past-faced organic and acquisition-led growth in the fragmented safety and compliance software and service sectors.

ACQUIRE

We identify complementary business-critical areas, which have resilient growth drivers and operate in fragmented markets. We focus on sectors that exhibit strong recurring revenues and where margins are attractive and can be enhanced.

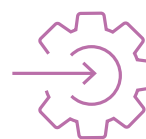


INTEGRATE

Our integration processes are well rehearsed and carried out by dedicated resource. We create opportunities for our management teams to bring about efficiencies and realise strategic synergies.

ENHANCE

Whilst we fundamentally believe in empowering our management teams, Marlowe is not a passive investor in the business we acquire. We invest in people, operational systems, and improvements in technology all with the aim of improving standards of service which in turn generates increased organic growth.



ACCELERATE

We inject pace into our businesses whilst providing a platform that allows our management team to focus on profitable growth. Through our dedicated head-office acquisitions team we maintain a strong pipeline of potential bolt-on acquisitions. We are adept at quickly identifying, negotiating, and executing these types of deals.



Governance, Risk and Compliance

Our GRC consulting and software solutions help our customers mitigate business risk and ensure legally compliant governance standards. We operate across Health & Safety, Employment Law & HR, Occupational Health, Enterprise Risk Management and eLearning. The majority of the compliance services we deliver revolve around our clients' employee and organisational risks.

Compliance software

Our Compliance Software helps businesses comply with numerous legislations and improve governance and control, whether that be via regulatory data and information, enterprise risk management, compliance eLearning, employee wellbeing, or governance audit and workflow tools. Providing software alongside service allows us to provide a more comprehensive compliance solution, our consultancy & advisory services help our clients to understand and audit their compliance obligations which can then be tracked, managed and controlled via our software. It leads to better standards of compliance and long-lasting customer relationships.

Compliance eLearning represents a significant portion of our software revenues and is a key component of our holistic compliance offering. Through VinciWorks, our leading compliance eLearning brand, we provide customers with the platform and learning management systems to ensure their employees understand the laws, regulations and internal policies relevant to their job and the organisation they work for. VinciWorks provides its eLearning services to a large range of customer of all sizes but has a strong presence in the legal and professional services sectors.

Compliance software delivers strong organic growth at attractive margins. Revenue is often delivered through multi-year subscriptions and billed in advance with net revenue retention over 100% where we are able to add additional users at low incremental costs.



Employment Law, HR and Health & Safety

Our Employment Law, HR and Health & Safety businesses delivers a range of subscription-based consultancy services. Through our 500 specialists we ensure regulatory compliance and safety, and support clients' commercial objectives via the delivery of responsive, support and innovative digital solutions.

Our Health & Safety consultants provide advice, conduct audits and risk assessments and our SaaS platforms helps customers track safety and compliance. Our consultants make annual recurring visits to workplaces to conduct statutory inspections of health & safety risks in line with national regulations. We record the inspection results on our proprietary health & safety software Meridian which customers then use for ongoing reporting purposes, and so they have a 24/7 live view of their compliance risk.

We extend this health & safety proposition into HR and Employment Law compliance, which we deliver alongside a range of digital products. Through our HR specialist and lawyers, we help our clients navigate the complexity of employment law, provide experienced, independent support with employee matters and ensure relevant compliance with health & safety obligations.

Our growth is supported by favourable market conditions. There have been over 30 major regulatory changes passed since 2010 including the abolition of tribunal fees in 2016 which has seen employee claims increasing 20% per year. This greater regulatory burden which has seen the average health & safety fine increase over 300% since 2018 coupled with rising insurance premiums drive the need for advisory and digital support from UK employers.

We support over 40,000 UK employers in more than 50 private and public sectors and with our service being delivered through multi-year fixed fee retained contracts with average contracts lengths of over 3 years. Customers are largely billed in advance and therefore display a negative working capital model.

Occupational Health

Our occupational businesses assure regulatory compliance for our clients, improving the health & wellbeing of their employees, minimising workplace risk and maximising corporate productivity.

We are the leader in the occupational health and wellbeing sector. With operational hubs across the UK, we provide

Our GRC consulting and software solutions help our customers mitigate business risk and ensure legally compliant governance standards.

technology enabled corporate health and wellbeing solution. We leverage our proprietary technology and flexible delivery model to foster healthy high performance, underpinned by a robust clinical governance framework. Our extensive team of over 800 occupational health practitioners provide health monitoring, health surveillance and assessment activities to clients across the UK to optimise workplace wellbeing and ensure compliance with The Health & Safety at Work Act, HSE, COSHH, Noise at Work Regulations the Working Time Directive. The work undertaken is not sector specific and can range from pre-employment health assessments for prison guards or rail workers to, employee assistance programmes and mental health support through to recurring health surveillance programmes for food processing workers to ensure they are not suffering from flour-induced asthma.

The Occupational Health market has strong structural tailwinds. An estimated £90bn+ is lost through absence and presenteeism in the UK. The backdrop for the UK workforce is one that is getting older and progressively less healthy, and organisations are requiring external expertise to not only fulfil their legal requirements but to improve on absenteeism and productivity.

We work across a range of sectors, both public and private from the financial sector to energy and utilities. A large majority of revenue is recurring and delivered through multi-year inflationary linked contracts.

Financial review

Our GRC division performed well during FY23, with revenue increasing 105% to £193.1 million (FY22: £94.2 million). This reflected strong organic growth of 8% and the benefit from acquisitions completed in the year, together with the full year contribution of acquisitions made in the prior year. Organic growth was driven by new business, up-selling to existing customers, cross-selling and price increases via inflationary linked contracts or

annual renegotiations. The vast majority of GRC revenues are delivered as multiyear contracts, retained consultancy subscriptions or as SaaS subscriptions.

Adjusted EBITDA increased by 81% to £51.5 million (FY22: £28.4 million), as we benefited from organic growth, operational improvements and integration synergies. Adjusted EBITDA margin was 26.7% (FY22 30.1%). This reflects business mix following significant acquisitions in Occupational Health in the latter end of FY22 and the beginning of FY23, which as expected, operates at a lower margin than the rest of the GRC business lines. Excluding the impact of Occupational Health acquisitions, GRC margins increased materially, particularly within compliance software. This margin expansion, which we expect to continue in the current financial year, is on the back of integration efficiencies, operational gearing and successful pricing strategies.

Operational review

We made good progress during FY23 following on from the successful growth period in FY22 where we deployed c.£300 million over 11 acquisitions within GRC. This was a very active period for the Group and successful integration was a vital component to ensure we deliver integration synergies, enhance our returns on invested capital and can drive continued future growth. During the year we undertook two significant integration projects within GRC alongside embedding smaller bolt-on acquisitions. Within Occupational Health, we have made significant progress in consolidating all of the occupational health acquisitions into the Optima platform. Similarly, within Compliance eLearning, we have brought all five of our compliance eLearning businesses under VinciWorks.

During the year we made six acquisitions deploying £39 million of capital as we deepened our presence across HR & Employment Law and Occupational Health. This included the £21.7 million acquisition of TP Health in April 2022.

Compliance software which includes compliance eLearning, Enterprise Risk Management solutions (EHS, GRC, HR & Contractor Risk) and regulatory data and information, performed well in the year. We delivered strong margin enhancements as we executed on integration plans, and we continued to drive organic growth in the high single digits. We expect to materially accelerate this in the coming year as we benefit from the revenues synergies that we have created following the merging of our eLearning and regulatory intelligence (Barbour & Cedrec) businesses.

Our **Employment Law, HR and Health & Safety** business stream represents around a quarter of total GRC revenues. We saw mid to high single digit organic revenue growth in our Employment Law & HR businesses, reflecting new customer growth and the successful implementation of price increases with existing customers. We continued to drive margins as we more efficiently triage staff through our case management software, CaseNest, which has, since implementation, resulted in a c.20% decrease in the number of specialists required to service the same volume of case work. Health & Safety customer attrition was slightly higher than targeted towards the end of FY22 which was reflected in FY23 revenues but has since normalised. Additionally, we experienced a more challenging labour market within some of our Health & Safety businesses at the start of the financial year, but this has now trended back to a more normalised level.

Occupational Health has undergone a transformational year following the acquisition of Optima Health in January 2022 and TP Health in April 2022. We are of a scale now where we can leverage our extensive capabilities to service national and complex customers. Additionally, we are benefiting from knowledge sharing across our portfolio that allows us to ensure each client has the most comprehensive and effective package to meet their employee health, well-being and compliance needs. We saw high single digit organic revenue growth in the year, driven by both new business and also the upselling of additional services across our range of corporate health & wellbeing services.

	FY23 £m	FY22 £m	Change
Revenue	193.1	94.2	105%
Adjusted EBITDA ^{1,2}	51.5	28.4	81%
Adjusted operating profit ²	44.7	25.4	76%
Adjusted EBITDA margins ^{1,2}	26.7%	30.1%	(340)bps
Organic growth	8%	7% ³	

1 Earnings before interest, taxes, depreciation and amortisation ("EBITDA")

2 Explanation of non-IFRS measures are contained within the Chief Financial Officer's review

3 Organic revenue growth excludes the impact of COVID-19 testing work undertaken in the occupational health business in FY21. Including this work, organic growth was 6%.

CoreStream: the flexible solution

Over the years CoreStream has built an enviable track record of supporting clients with a wide range of Governance, Risk and Compliance solutions. With the ability to rapidly deploy solutions using menu driven configuration alone, our client base has expanded into new sectors and geographies.

One of the major expansions has been into the US market including a Global Diversified Mining company who now use CoreStream to solve a number of their compliance challenges. The initial challenge was to introduce an Internal Audit module to support Health & Safety Internal Audits across all of their global assets. The client had a range of diversified audit processes and required the implementation of a consistent solution, supported by automatically generated reports and notifications.

Following the successful implementation the client now employs a consistent approach for planning audits, pushing work programmes to auditors and receiving and reporting on results. This has led to the request for further support across other divisions of the company including in the area of Tailing Compliance for US operations. Working with the client, we developed a new integrated module allowing for the tracking of Facilities Assessments and Actions and enabling the client to produce reporting and show adherence to the relevant legislation.

The success of this and other initiatives in the US and Saudi Arabia over the past year has proven the success of our strategy to provide solutions to new GRC challenges across multiple sectors in a way that is intuitive to end users. We look forward to continuing this expansion in the years ahead.



MARLOWE SECURITY GROUP



Our new GRC structure

Interview with Gavin Snell, our recently appointed chief executive of Marlowe's Governance Risk and Compliance Division.



Can you introduce yourself?

I am the newly appointed Chief Executive of Marlowe's Governance, Risk and Compliance division.

My background is in leading high growth businesses, with (UK and international) experience in the Information Services, Business Process Outsourcing, SaaS and Professional Services sectors. I joined Marlowe with the acquisition of Ellis Whittam in December 2020, which I had led over a 4-year successful Private Equity cycle as CEO. Since then, we have acquired 12 businesses to form the WorkNest Group.

Andy Gunson (previously CFO at Ellis Whittam and WorkNest) has joined me as the newly appointed CFO of the GRC division.

Can you describe how Marlowe has grown its GRC division?

GRC has grown rapidly from a Health & Safety consultancy offering in 2018 with revenues of around £10 million revenues to what is now a broad division with revenues of £200m and an EBITDA margin of 27% spanning a wide array of compliance areas and software offerings in high growth and resilient market.

We have used organic growth and M&A to rapidly scale in this market. The scale that we have built since 2018 has created a breadth and depth of expertise: we work with customers across the UK and increasingly our SaaS businesses are delivering to international geographies, working across all sectors with clients of all shapes and sizes.

We aim to provide a wide bundle of compliance solutions from health & safety support services and intelligence products, Employment Law advice, Health & Wellbeing support through to EHS software, compliance eLearning or enterprise risk management software for large enterprises. Our business is all about risk and compliance, whether it's workplace risk or workforce risk.

How are you managing this scale?

With this scale comes the need to evolve, it presents both a challenge and an opportunity. We know that we share these challenges and opportunities across our GRC divisions, with common issues such as how do we retain and promote our top talent? How do we leverage our huge client base? How do we implement strong governance, controls and consistent reporting metrics? How do we drive integration synergies effectively?

In light of these common challenges and opportunities, we have been implementing a strategy to evolve the structure of the GRC division and selectively develop key shared

functions, with common leadership, to ensure we have coordinated approaches across our businesses.

How will you leverage the cross-sell opportunity?

In order to capitalise on significant cross- and up-sell opportunities, we are implementing a strategic sales initiative. It will ensure we become even more effective at driving cross-sale revenue and maximising the opportunity presented by our 15,000+ clients within GRC, particularly at the enterprise level customer. In addition, we are focusing considerable effort on developing existing and new partnership channels.

How will you retain key talent?

Despite our growing software offering, we are still a people-led business, and we must ensure we continue to offer opportunities for key talent to advance, encouraging the next generation of leaders.

To drive this, we are focusing on several key initiatives, including a Rising Stars programme, standardised talent reviews, giving us visibility of the talent profile across the division; a centralised leadership development programme, and driving engagement across the group through leadership conference.

Are there any other processes you are looking to align?

Governance. We want to make sure we align around ESG, IT security and other internal compliance areas. Alignment in these areas will drive harmonisation of standards across the division, whilst improving our ability to tender for contracts ensuring we are not only best in class in our service and software offering, but also in our approach to key areas of governance.

How are you ensuring GRC is primed for future growth?

The final piece of this divisional initiative of enhanced collaboration is sharing integration best practice, ensuring we have a well-honed playbook when it comes to the common aspects of integration, such as switching finance and CRM systems, implementing headcount restructuring decisions or reviewing pricing strategy.

This is core to evolving the GRC division to ensure we are ready for further growth and will enable the Group to continue to use M&A as a key value creation driver. The businesses we buy are not always as well governed as we are. Through this thoughtful approach, we aim to increase the effectiveness of our integration programmes whilst reducing their cost.

Testing, Inspection and Certification

The services we provide within our Testing, Inspection and Certification (TIC) division largely revolve around keeping our customers business premises safe and compliant with relevant regulation and legislation. Our services address compliance requirements across fire safety & security, and water & air hygiene.

Fire Safety & Security

Typically, the burden and legal obligation is put on the employer or landlord to ensure premises are compliant with these complex regulations, with non-compliance leading to fines, difficulties with obtaining insurance cover and, in the worst case, injury or loss of life. Our services provide clients with very high levels of compliance that are comfortably above the market average.

From initial design and installation, through to ongoing compliance and monitoring services and monitoring, we provide a comprehensive range of services to ensure fire safety, security and compliance with associated safety regulations.

The majority of services are often delivered through multi-year contracts and are underpinned by regulations making them mandatory and results in a high degree of recurring revenues. Through our scheduling software we can more efficiently triage our 500+ engineers, allowing us to benefit from the route density we have built, which in turns improves compliance rates of our customer and improved margins. This high level of service results in long lasting customer relations, at 12 years on average.



The services we provide within our Testing, Inspection and Certification (TIC) division largely revolve around keeping our customers business premises compliant with relevant regulation and legislation. Our services address compliance requirements across fire safety & security, water & air hygiene.

Over the past several years we have built unrivalled national coverage and a comprehensive range of capabilities through organic growth and targeted acquisition. This scale is a key differentiator and allows us to serve a wide range of clients and sectors, from large multi-site and highly complex national blue chips to SMEs, and acts as a key driver of organic growth.

We have also continued to invest in the business organically with further investments in sales & marketing, improvements to our operating systems and infrastructure, and enhancements to our employee value proposition. We have developed a dedicated state-of-the-art training academy, Marlowe Academy, allowing to attract, develop and retain talent, a key pillar to support our continued growth.

Water & Air Hygiene

We test and inspect water and air systems to ensure they are efficient, safe and free from chemical and biological contamination. We manage risks related to ventilation systems and air quality. We provide health & safety consulting and training for asbestos and environmental hazards and provide customised water treatment solutions for sewage and industrial wastewater.

Marlowe is the UK leader in Water & Air and generates run-rate revenues of over £160 million. Through our national coverage and broad range of expertise and capabilities we serve a diverse range of customer across the country. We serve 14,000 customers across the UK, this might be a food production facility that relies on us to ensure the process water they use or discharge is compliant; a hospital or care home that relies on us to assure its systems are safe; or a skyscraper in London with complex water systems or cooling towers that require regular inspections and control programmes.

Our 400+ engineers supported by in-house facilities, including testing laboratories and in-house chemical productions and blending sites allow us to serve the most complex of customers. This combination of scale and technical capability allow us to grow faster than the market.

We continue implementing technology to ensure we are benefiting from route-density and our scale. Our propriety end-to-end operating system allows us to much more efficiently triage and schedule staff, this allows our engineers and fee-earners to see more customers per day and also results in higher compliance rates for our customers.

Strategy & Market

The markets we occupy in TIC are growing. They are driven by regulatory complexity and churn, with ever-increasing enforcement burden. This regulatory churn and complexity, drive the increasing need for our services and the ongoing maintenance and testing of systems, leading to high degrees of recurring revenues. Additionally, insurance requirements are also increasing and now often dictate the need for our services.

We are also seeing a heightened focus on ESG issues inherent in business with public expectations around safety on the rise, and corporate brand and reputational concerns driving growth.

Within our TIC division and across the wider Marlowe Group, cross-sell has been used to accelerate growth further. Across our businesses we often share a similar channel to market and within TIC we are typically serving health & safety managers, safety officers or facility managers who we can cross-sell multiple compliance services to. A typical client of ours takes a range of Fire Safety services alongside a range of Water or Air services.

Marlowe is a UK market leader in TIC, albeit with a small share of this fragmented market, which we estimate to be worth £6 billion. We have used and continue to use acquisition to deepen our scale, broaden our capabilities and further optimise our operations and its lever we will continue to be used to accelerate growth. The scale we have built acts as a significant barrier to entry. Successful operators in our markets need national coverage, scale, and sophisticated operational platforms to achieve efficiencies and speed of service we do.

We have an attractive pipeline which we have developed over many years and for which we have a well invested platform and team to integrate acquisitions efficiently. We have a proven M&A platform which has allowed us to consolidate this market.

Financial Review

TIC performed strongly in FY23, with revenues increasing 23% to £272.6 million (FY22: £221.7 million). We delivered strong organic growth of 11%, reflecting above-market growth within Water & Air Hygiene and particularly strong growth within our Fire Safety & Security business. Our performance also benefited from acquisitions completed in the year, together with the full year contribution of

acquisitions made in the prior year. Approximately 80% of our revenues within TIC are recurring and typically delivered via 3-5 year contracts. We are delivering excellent service standards across TIC with compliance KPI's of close to 100%. These high levels of service result in reduced client attrition, increased client share of wallet and enhanced organic growth rates. Organic growth was also driven by new business and up-selling as we leverage our significant national scale and breadth of compliance capabilities across our clients range of requirements, both of which provide significant competitive advantage in winning business across our target client base and in particular with larger complex and multi-site clients. These types of clients demand best in class delivery capabilities with efficient service right across the UK and a breadth of technical capability to address all of their property safety & compliance needs, supported by a well-invested operating model and technology. We differentiate ourselves from the market in this way and believe we will continue winning market share and outpacing market growth as a result. Cross-sell between our Fire Safety & Security and Water & Air Hygiene business lines, which share the same channel to market, continues to accelerate our organic growth and generated around £6 million of incremental revenue growth during the year.

Adjusted EBITDA was up 20% to £36.8 million (FY22: £30.6 million) as a result of organic growth and further operational improvements, acquisitions and integration synergies. Adjusted EBITDA margins remained materially in line year-on-year. Underlying organic margin improvement due to scale and integration efficiencies, was offset by lower margins on business acquired in FY22. As we have scaled our TIC business, we continue to benefit from improved route density which allows us to increase revenue per day per fee earner and decrease travel time between client sites as a result of our proximity to our clients. This density results in both improved client service standards and enhanced revenue and profitability.

We expect to continue benefiting significantly from the major investments that we have made in building out our platform infrastructure and systems over the past seven years as we can support additional revenues more efficiently, both organically and via our continued bolt-on

M&A programme. Following 50 acquisitions since 2016 and consistent organic growth, our TIC business is now by some margin the largest provider of property safety and compliance services across the UK. We believe that this scale and integration expertise places us in a uniquely strong position to continue consolidating the fragmented market in which we operate. As the acquirer of choice in the market, we are able to source attractive bolt-ons that fit our criteria amidst the numerous available M&A targets in our pipeline at sensible valuations. Now that our platform is well established we believe that we are primed to accelerate this growth with increasingly attractive integration synergies and economies of scale. The returns on capital employed that we are generating in TIC of 22% clearly demonstrate that this model is highly effective at generating economic value.

Operational Review

Fire Safety & Security has continued to deliver very impressive growth in the year, significantly above market rate¹. Our strong focus on achieving best-in-class compliance rates has resulted in low attrition rates throughout our customer base and subsequently this customer goodwill allows us to upsell additional services, increasing each individual customer spend. An example of our additional capabilities is the expansion into the fast-growth passive-fire² services segment of the market where we have delivered very strong growth in the year.

A key accelerator of growth has been through our increasing ability to service complex and multi-site customers. We can effectively displace competitors who struggle to achieve a similar compliance service levels or lack our breadth of service capabilities.

We have completed three bolt-on acquisitions in the year. The integration of these acquisitions is largely completed and the businesses are trading in-line with pre-acquisition expectations. Since the year-end we have completed a further four acquisitions, including the leading national service provider Clymac Fire & Security which has contributed around £12 million of additional revenues, as we deepen and strengthen our presence in this market and further build our route density.

	FY23 £m	FY22 £m	Change
Revenue	272.6	221.7	23%
Adjusted EBITDA ^{3,4}	36.8	30.6	20%
Adjusted operating profit ⁴	25.6	21.4	20%
Adjusted EBITDA margins ^{3,4}	13.5%	13.8%	(30)bps
Organic growth	11%	9% ⁵	

1 We estimate the Fire Safety & Security market to be growing at 4 to 5%

2 Passive fire protection is a barrier or shield, stopping the spread of fire from one area to another

3 Earnings before interest, taxes, depreciation and amortisation ("EBITDA")

4 Explanation of non-IFRS measures are contained within the Chief Financial Officer's review

5 Organic revenue growth excludes the impact of an estimated COVID-19 recovery primarily relating to the catch-up of service visits. Including this work, organic growth was 14%.

Wave: Using software to drive operational efficiencies

We entered the Water & Air Market back in 2016 and have since completed over 20 acquisitions. Each of these acquisitions come with their own legacy systems and often clunky manual processes, from how they schedule technicians to how they bill customers.

Over the past year we have been developing and have since rolled out our new end-to-end operating system, Wave. This system handles all of our water operations, that's over half a million tasks each year. We can schedule our specialist technicians more effectively, allowing them to see more customers per day and ensure we're sending the right technicians to the right job which leads to consistently high customer service levels.

Additionally, by removing legacy platforms and processes we save on duplicated IT spend and personnel. We have removed hundreds of historic operating processes and a large number of localised customer requirements and replacing them with a streamlined and unified modern bespoke ERP platform that we have developed specifically for our business and market that will deliver scalable efficiency across our operations.

Through this implementation, we also benefit from clear compliance reporting mechanisms, we can accurately track KPIs on a real-time basis and address any issues straight away. Through this tracking we can implement pricing strategies more succinctly, which is particularly relevant in a high inflationary environment.

Across Marlowe we are building a platform for the future. Systems implementation such as these are essential to unlock efficiencies now and in the medium term. Acquisitions will continue to be used a tool for growth and we have built our operating systems with this in mind. Wave has been designed to integrate new acquisitions onto the platform easily, allowing us to realise operational synergies early on in the integration process.



Our end-to-end operating system deals with over half a million task a year

Water & Air Hygiene has seen above-market organic revenue growth as we have leveraged our leading sales and account management teams and placed a focus on upselling capabilities to larger and more complex customers.

During the year we undertook a large integration project as we have rolled out our new end-to-end ERP system, Wave. This system handles all of our water operations and allows us to schedule our specialist technicians more effectively, operate our back-office processes more efficiently and provide access to richer, more valuable compliance data

to our clients via automated portals, helping them to effectively reduce risk. Additionally, the integration of the £30 million Hydro-X acquisition is now largely complete following its major integration programme into the WCS infrastructure and operating model.

We completed two bolt-on acquisitions in the year, including the £9m acquisition of PCS in February 2023, as we deepen and strengthen our position in the Air Hygiene market. The integration of these acquisitions is on track and the businesses are performing in-line with expectations.

Chief Financial Officer's review

For the year ended 31 March 2023



Adam Councill
Chief Financial Officer

The Group delivered record net cash flow from operations of £74 million.

Revenue and profitability

Revenue grew in the year to £465.7 million (FY22: £315.9 million). The increase reflects continued strong organic growth of 10% and the contribution from acquisitions completed in the year together with the full year benefit of those completed in FY22. The largest of these was the acquisition of Optima Health in January 2022 which had annualised revenues of £66 million at the point of acquisition. Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. This includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period. The benefit of this approach is that it provides insight as to how recently acquired businesses, along with our existing business, are performing organically.

Adjusted operating profit increased by 53% to £64.3 million (FY22: £42.0 million) and adjusted EBITDA increased by 52% to £82.7 million (FY22: £54.4 million). Adjusted EBITDA means operating profit before interest, tax, depreciation and amortisation and excludes separately disclosed acquisition and other costs. Group divisional adjusted EBITDA margin increased to 19.0% from 18.7% in FY22. The increase in margin has been primarily driven by the increase in size of the higher margin GRC division. Statutory operating profit was £6.4 million (FY22: £10.5 million) with the reduction representing a significant £10.6 million increase in investment in integration projects during the year, a £9.1 million increase in non-cash amortisation charges resulting from a higher carrying value of intangible assets and a £10.2 million increase in provisions for contingent consideration payments due to the strong performance of certain acquired businesses.

Adjusted profit before tax was £53.6 million (FY22: £38.1 million). On a statutory basis loss before tax for the year was £6.9 million compared to a profit before tax of £5.9 million in FY22 with the movement being driven by the same factors noted under statutory operating profit combined with higher finance costs on the Group's debt facilities resulting from higher base rates of interest.

Non-IFRS measures

IFRS measures ensure that the financial statements contain all the information and disclosures required by all accounting standards and regulatory obligations that apply to the Group. The Annual Report and financial statements also include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measures, is useful as it provides investors with a basis for measuring the performance of the Group on an underlying basis. The Board and our managers use these financial measures to evaluate our operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Similarly, non-IFRS measures as reported by us may not be comparable with similar measures reported by other companies.

Due to the nature of acquisitions, costs associated with those acquisitions, subsequent integration costs and the non-cash element of certain charges, the Directors believe that adjusted EBITDA and adjusted measures of operating profit, profit before tax and earnings per share provide shareholders with a useful representation of the underlying earnings derived from the Group's business and a more comparable view of the year-on-year underlying financial performance of the Group.

A reconciliation between operating profit and EBITDA is shown below:

Continuing operations	FY23 £'m	FY22 £'m
Operating profit	6.4	10.5
Amortisation of acquisition intangibles	24.0	14.9
Depreciation and amortisation of non-acquisition intangibles	18.4	12.4
EBITDA	48.8	37.8

A reconciliation between (loss)/profit before tax, operating profit and EBITDA, and their adjusted equivalents is shown below:

	(Loss)/profit before tax £'m	Operating profit £'m	EBITDA £'m
Statutory reported	(6.9)	6.4	48.8
Acquisition costs	2.7	2.7	2.7
Restructuring costs	21.1	21.1	21.1
Amortisation of acquisition intangibles	24.0	24.0	-
Share-based payments (excluding SAYE schemes)	1.7	1.7	1.7
Fair value (gains)/losses in contingent consideration and acquisition related incentive schemes	8.4	8.4	8.4
Exceptional finance costs	2.6	-	-
Adjusted results	53.6	64.3	82.7

Acquisition and other costs

Acquisition and other costs totalled £2.7million in the year (FY22: £6.0million).

Acquisition costs include legal fees, professional fees and staff costs incurred as part of the acquisitions. They have reduced during the year due to the lower level of M&A activity.

Restructuring costs, being the costs associated with the integration of acquisitions, remain a key component of delivering shareholder value by increasing returns made on acquired businesses. We are now delivering a total pre-tax return on invested capital of 14%, close to our 15% target. Restructuring costs for the year were £21.1 million (FY22: £10.5 million). The increase reflects the significant scale of integration programmes conducted in year following

1 Pre tax-return on invested capital is calculated on run-rate EBITDA excluding head office costs over the summation of initial capital deployed, restructuring costs, acquisition costs and deferred consideration.

the large amount of capital deployed in FY22 of (£314 million of initial capital deployed in FY22 as compared to £41 million deployed in FY21). Ongoing integration programmes are on track, as detailed in Note 5, and are expected to be largely complete midway through FY24 with the exception of recently completed M&A. The current integration resource will either leave on completion of the relevant integration programme or transfer onto another integration programme. Once started typical integration programmes take one year to complete, although this is often shorter for smaller bolt on businesses. Restructuring costs primarily consist of:

- Costs incurred recruiting and making employees redundant post-acquisition, and cost of duplicated staff roles during the integration period;
- Costs incurred in managing the integration process; and
- IT costs associated with the integration and transfer to Group IT systems, including costs of third party software used in the delivery of customer contracts where there is a programme to transition such software to one of the Group's existing platforms.

Amortisation of intangible assets for the year was £24.0 million (FY22: £14.9 million) with the increase attributable to the higher carrying value of intangible assets resulting from the continued execution of the Group's M&A strategy.

Certain long term incentive schemes for platform businesses have been established to incentivise key members of our platform acquisition's senior management to create shareholder value through the successful acquisition, restructuring and integration of businesses in their chosen service sectors. These schemes have similar characteristics to earn out structures in place within the Group and have a similar purpose. As such, we consider the charge associated with these schemes to be similar in nature as "Acquisition and other costs" as we continue to execute our stated strategy. The total charge for these schemes and for movements in deferred consideration provisions during the year totalled £8.4 million (FY22: £1.8 million releases) with approximately half the movement resulting from an increase in the provision for the Corestream earn following revised forecast expectations.

Exceptional finance costs for the year were £2.6 million (FY22: £0.7 million) and relate to the non-cash unwinding of the discount applied to contingent consideration to reflect the time value of money. In the prior year exceptional finance costs reflected the write down of prepaid arrangement fees on Marlowe's previous debt facility upon its increase and extension in February 2022.

Further details on the items considered when arriving at adjusted performance measures can be found in Note 3.

Further details behind our approach to the treatment of acquisition and other costs can be found in note 3.

Earnings per share*

Basic adjusted earnings per share are calculated as adjusted profit for the year less a standard tax charge divided by the weighted average number of shares in issue in the year. Basic earnings per share reflect the actual tax charge.

	FY23	FY22
Basic adjusted earnings per share	45.3p	37.7p
Basic (loss)/earnings per share	(3.9)p	0.8p

* Refer to note 5

Interest

Finance costs, excluding exceptional finance costs, amounted to £10.7 million in the year (FY22: £3.9 million). This movement reflects the increased costs of borrowing driven by SONIA and higher levels of utilisation of the Group's enlarged debt facilities following a refinancing in February 2022. The BoE base rate at the start of the financial year was 0.75% and increased by 3.5% during the year. The increased cost of debt is being factored into our ongoing M&A strategy.

Taxation

UK Corporation Tax is calculated at 19% (FY22: 19%) of the estimated assessable profit for the year. In addition, deferred taxes at the statement of financial position date were remeasured to reflect the 25% tax rate from 1 April 2023.

Statement of financial position

The Group maintains a strong balance sheet with net assets as at 31 March 2023 of £443.3 million (31 March 2022: £446.0 million). At the same date total assets were £851.4 million (2022: £791.2 million), and total liabilities were £408.1 million (2022: £345.2 million). Total assets primarily consisted of intangible assets of £644.1 million and trade and other receivable of £116.4 million. Total liabilities include bank loans of £191.0 million and trade and other payables of £123.2 million.

Cash flow

The Group benefits from revenues which have beneficial underlying working capital characteristics. As a result, working capital as a % of run-rate revenue at the full year was 2%.

Across the whole year net cash generated from operations was £74.3 million (FY22 £34.0 million) an increase of 119%. Free cash flow conversion in the year was 90%, in line with our medium-term target. Operating cash flows in FY22 were affected by the normalisation of working capital following a COVID affected FY21.

We have delivered a strong cash performance in the second half of the year and as guided the short-term increase in accrued income in the TIC division at 30 September 2022 has returned to levels comparable with that seen at the beginning of the financial year. The increase in the first half relates to working capital requirements from billing cycles which included the implementation of a new operating and billing system in our Water & Air Hygiene business and short-term delays to billing on project work in our Fire and Security business.

We have also made strong progress in reducing debtor days in the final quarter after they came under pressure at the start of the second half of the year. The net result is that cash generation in the second half increased materially with net cash generated from operations of £51.7 million in the six months and cash conversion of 127%.

	FY22 £'m	FY23 £'m
Adjusted operating profit	42.0	64.3
Net cash generated from operations	34.0	74.3
Acquisition and restructuring costs	(16.5)	(23.8)
Interest	(2.6)	(8.6)
Tax	(6.3)	(8.3)
Net cash after restructuring, interest and tax	8.6	33.6
Net cash from operations (after capex)	24.9	57.9
Free cash flow conversion %	59%	90%

Capital expenditure totalled £16.4 million (FY22: £9.1 million) reflecting the increased scale of the Group and further investment in our software systems and ongoing investment in our businesses. Roughly two thirds of capital expenditure is related to software.

Net debt and financing

Net debt as at 31 March 2023, including inter alia £28.1 million of lease liabilities, was £188.9 million (FY22: £133.3 million). Adjusted net debt (excluding lease liabilities) at year end was £160.8 million (FY22: £108.8 million).

The increase reflects the successful execution of the M&A strategy with £56 million deployed in the year and over £20 million of deferred consideration settled which has been offset by strong cash generation, particularly in the second half of the year.

Group run-rate leverage (excluding leases) ratio was just below 2x as at 31 March 2023 (2.1x as at 30 September 2022), within our target range of 1.5x to 2.5x.

In February 2022 the Group announced a new £180 million, 3-year, RCF facility which extended the lending syndicate to a total of six lenders together with a £60 million optional accordion facility.

In October 2022 the Group exercised £53.3 million of the accordion facility through the support of the existing syndicate. As a result, the Group remains well-funded and continues to have sufficient resources, including headroom on its financing facility, to meet the needs of the Group and to fund acquisitions as part of its strategy.

Key Performance Indicators ('KPIs')

The Group uses many different KPIs at an operational level which are specific to the business and provide information to management. The Board uses KPIs that focus on the financial performance of the Group such as revenue, adjusted EBITDA, adjusted EPS and net cash generated from operations.

The strategic report on pages 4 to 55 has been approved by the Board and signed on its behalf by:



Adam Councill
Chief Financial Officer

13 July 2023

Products, Planet, People: Our Sustainability Plan

A word from our CEO, Alex Dacre

"I am a firm advocate for the adoption of ESG principles, recognising them as both an ethical duty and a strategic imperative. In today's world, businesses must recognise that their long-term success is intricately tied to their impact on the planet, society, and corporate governance.

Over the past year, we have taken steps to align our business with the recommendations put forward by the Task Force on Climate-related Financial Disclosures (TCFD). By embracing TCFD, we have acknowledged the critical importance of climate-related risks and opportunities and integrated them into our decision-making processes.

Our commitment to achieving net zero emissions by 2035 has been a driving force behind our sustainability journey. We understand that mitigating our carbon footprint is essential to safeguarding the planet for future generations. It is not enough to simply set targets; we must take tangible actions to achieve them.

There will undoubtedly be challenges along the way, however, I am confident that our commitment, combined with the collective efforts of our employees, partners, and stakeholders, will propel us towards a brighter, more sustainable future."



FY2023

This year's key achievements

We have continued to focus on Governance of ESG with the Board **having recently appointed Gillian Kent as the ESG board representative** to ensure we have effective governance and management structures in place to manage these risks and opportunities. This is in support of United Nations Sustainability Goal 16: Peace, Justice and Strong Institutions.

- Analysed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and implemented a three-year plan to align our practices with their requirements
- Consolidated all sustainability data gathering reporting on to our own proprietary system, Omnitrack
- Aligning revenue, metrics and targets with selected UN SDGs
- Have made strong progress in moving all divisions onto a single green energy tariff
- Developing a plan to align to capture and report on Scope 3 emissions

FY2024

Our plan for the forthcoming year

We are committed to continuing to improve the contribution that our businesses make to a sustainable future, and Group actions for FY24 include:

- Further align with TCFD requirements. We are focusing on managing climate related risks and opportunities and in the medium term aligning the business strategy to various climate scenarios.
- Capturing and reporting on relevant scope 3 emissions
- Focus on employee wellbeing by implementing our proprietary MyWellBeing portal across the Group
- Conduct a further GAP analysis of the Group to help identify the TCFD priorities



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Protecting tomorrow

At Marlowe, we are proud to align our business strategies and practices with the United Nations Sustainable Development Goals (SDGs). By integrating these global goals into our operations, we actively contribute to the global agenda of addressing pressing social and environmental challenges. Furthermore, we have taken significant steps to align our practices with the Task Force on Climate-related Financial Disclosures (TCFD) requirements. This proactive approach ensures that we effectively manage climate risks and seize opportunities in transitioning to a low-carbon economy, while promoting transparency and accountability in our financial reporting.



Ensure healthy lives and promote well-being for all at all ages



Ensure availability and sustainable management of water and sanitation for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

We are unified in providing services and software that actively contribute to a secure and sustainable future.

We are committed to reducing the environmental footprint of our operations, supply chain, and even extending our influence on certain customer activities.

We strive to create an inclusive and empowering work environment that values and engages every member of our workforce.



Gillian Kent

ESG board representative

ESG considerations are no longer optional but imperative for sustainable long-term success. With a dedicated focus on ESG matters at the board level we will more readily integrate ESG into our strategic decision-making ensuring resilience, reputation enhancement, and sustainable value creation, ultimately benefiting our shareholders, employees, customers, and the broader society.

Products



Jonathan Thomas
CEO, Optima

"We help businesses comply with legislation, navigate risk and make favourable management decisions to improve their staff wellbeing and productivity."

We understand that sustainability is a critical aspect of modern business practices. As the UK's leader in business-critical services and software, we are committed to ensuring that our services have a positive impact on society and the environment.

The software and services we provide play a critical role in promoting sustainability and responsible business practices. We help organisations manage risk and comply with regulations, which has numerous benefits for society.

Occupational Health

At Optima, the UK's largest Occupational Health company within the UK, we are dedicated to providing high-quality services that benefit both employees and society as a whole. Our services help organisations ensure that their employees are healthy and safe, which has numerous benefits for society. We have 1,500 professionals supporting 3 million employees.

Improving employee health and well-being (SDG 3)

We help organisations to promote the health and well-being of their employees by providing a range of occupational health services. This includes health assessments, vaccinations, and workplace wellness programs, as well as a 24/7 employee assistance programme (EAP) to support employees who are dealing with stress, anxiety, or other mental health challenges. We make over 750,000 interventions each year.

Enhancing Employee Productivity (SDG 8)

By promoting employee health and well-being, we help organisations to enhance employee productivity. Healthy employees are more motivated, engaged, and less likely to take time off due to illness, which benefits both the organisation and society as a whole. Our services also help to enhance employee productivity by addressing mental health and well-being. When employees feel supported and valued, they are more likely to be engaged and productive at work.



Reducing the Risk of Workplace Injuries (SDG 16)

Our services also play a crucial role in reducing the risk of workplace injuries. By providing regular health services and assessments we help organisations navigate risks and retain key skills their workforce. This benefits society by reducing the number of workplace injuries and ensuring that employees are able to perform their work effectively and therefore safely.

We are proud of the impact that our services have on society and remain committed to promoting a healthy and sustainable work environment for all.



worknest

WorkNest is a leading platform and thought leader for workplace governance conditions and policies. Providing outsourced employment law, HR and H&S services to ensure the workplace is safe and compliant for 100,000s of employees.

Employment Law & HR

Our Employment law and HR services play a critical role in promoting responsible business practices. Our services help organisations to ensure that their employees are treated fairly.

We protect over 100,000s employees, protecting their rights and supporting reasonable business practices aligning with SDG 8 and SDG 10. Our specialist employment lawyers and HR professionals help organisations to ensure that their employees are treated fairly and in accordance with the law by providing employment law and HR services. This includes providing guidance on compliance with employment laws, resolving disputes between employees and employers, and promoting diversity and inclusion in the workplace.

Health & Safety

Through our health & safety services we help organisations to ensure that their work environment is safe in compliance with health & safety regulations. We are able to identify potential hazards and help organisations to implement

measures to mitigate these risks, which in turn, reduces the risk of accidents and injuries in the workplace aligning with SDG 3 and SDG 8.

William Martin, also provides highly skilled environmental consultants who give practical advice to property managers and commercial businesses across the UK. Including:

- Environmental impact audits (in accordance with ISO 14001 environmental management)
- Energy performance certificates (EPC)
- Policy, Planning, Implementation & Monitoring or environmental strategies

Our proprietary compliance risk management platform helps 50,000 users manage 12 billion sq. ft. with its core functionality in compliance management information, data management and action tracking across a suite of H&S and compliance risks. William Martin Compliance & Elogbooks and Prosure 360 assure the qualifications and credential for contractors and third parties working on our customer sites across the nation. Ensuring businesses across the UK have full visibility of the compliance of their properties to stringent regulations.

Compliance eLearning

Through Vinciworks, our leading compliance eLearning software, we help organisations to ensure their employees have the relevant knowledge and skills they need to identify and mitigate potential hazards, reducing the risk of accidents and injuries in the workplace. Our platform also educates employees on ethical business practices, such as anti-bribery, anti-corruption, and promotes good governance practices in alignment with SDG 3 and SDG 16.

Water & Air Hygiene

Our water and air hygiene testing and inspection services help organisations to ensure that their practices are responsible and sustainable.

We help organisations to protect the environment and human health by ensuring that water and air are of high quality and free from harmful pollutants, as well as conducting asbestos and legionella testing to identify potential health hazards. Our services help improve their environmental performance, reducing their environmental impact and promoting responsible decision-making, aligning with SDG 3 and SDG 6.

Fire Safety & Security

We help organisations to protect life and property by providing fire safety inspections, fire risk assessments, and fire safety training, as well as security systems and services. Our services provide organisations with the information and tools they need to identify and mitigate potential hazards, reducing the risk of fire-related incidents and property damage. Our services also help organisations to prepare for and respond to emergency situations and promoting good governance and disaster resilience, aligning with SDG 3 and SDG 16.

Innovation and Quality Management

We are committed to ensuring that our businesses achieve the highest standards of product quality, reliability and safety. We work in partnership with our customers, identifying, testing and introducing new ideas, technology, products and service opportunities which could support clients' changing business needs, and lead and deliver continued improvements in our product, service delivery and compliance. Our commitment to



providing high quality services is formalised across many of our businesses where we operate ISO 9001 certified quality management systems. 100% of operations within the WCS Group and MFS Group have achieved ISO 9001 accreditation, plus 54% of Software Risk & Compliance and 55% of Healthwork. We support a preventative approach to product and service safety, ensuring that everyone understands how to deliver quality excellence for our customers.

Customer Experience

Delivering great customer experience and satisfaction runs through the very DNA of our businesses and underpins everything we do. The longevity of our customer relationships relies on our deep understanding of the challenges our customers face, and how we can help solve them.

Both the MFS and WCS groups are members of the Institute of Customer Service (ICS). The ICS is the UK's leading independent professional body for customer service, an organisation that works across all sectors to drive business performance through service excellence. We are the first to admit we don't get everything right, and the ICS Business Benchmarking survey provides an independent assessment of customer satisfaction, which the businesses are using to drive improvements in the customer experience. Following the 2020 survey, MFSG implemented a new customer complaints resolution system that helps track and respond to complaints quickly as possible. The latest survey highlighted room for improvement in WCS's complaints handling process. As a result, a new process will be implemented in FY23 supported by training for all employees.

We are proud that the strong workplace culture that we foster and the benefits that this brings to both our employees and the communities has resulted in external recognition, with multiple industry awards received for excellence in technology and services such as Elogbooks awarded the Build Real Estate & Property Award for the Most Innovative CAFM & Service Desk Solution 2021; and Optima was awarded a Director Commendation in recognition of its "outstanding continued support to large Govt Agency during the Covid-19 pandemic, delivering essential health, wellbeing and psychological services and ensuring that the operational effectiveness of our front line officers has been maintained".

Planet



Beatriz Shorrock

Managing Director, Software Risk & Compliance, Head of ESG Committee

"We are continuing to make strong progress in tracking and reducing CO₂ emissions across the Group."

We are committed to reducing the environmental impact of our own activities and that of our supply chain. We firmly believe that every business needs to take ownership and be responsible in ensuring the sustainability of how we use our planet's resources.

Tackling climate change

In recognition of the pressing need to address climate change and the requirement to develop a cohesive plan across the businesses, the Marlowe ESG Committee was established in late 2021 with senior representatives from across the business units.

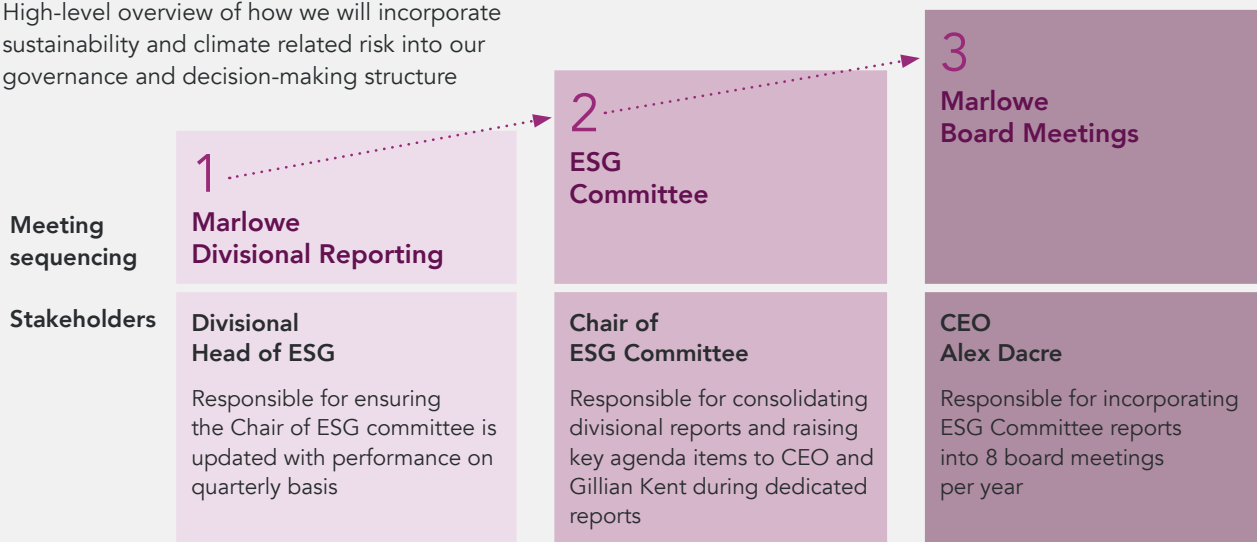
Over the past year the ESG Committee has continued to make good progress and we have implemented our proprietary Omitrack system to collect and report on ESG metrics. We have rolled out our Group Environmental Management Policy and provided employees with an online ESG course created by VinciWorks. We have put systems in place for the majority of the Group to capture

specific Scope 3 emissions with Optima, our leading Occupational business, reporting on them this year. The Group has also put together a strategy to adhere to TCFD requirements with several implemented this year.

The Group level Environmental Management policy, which covers all our employees and contractors and outlines our approach to climate change action, has been rolled out across the Group, with responsibility for adherence to the policy sitting with the board. Additionally, an online ESG training course created by VinciWorks has been used across our employee base to help us achieve our sustainability goals. The training has now been included as part of the induction process for new recruits.

Process of informing the board

High-level overview of how we will incorporate sustainability and climate related risk into our governance and decision-making structure



GHG emissions

As a Group, we have set an ambitious target to achieve Net Zero carbon emissions (Scope 1 and 2) by 2035. We aim to incorporate Scope 3 into these targets within the two years. Our businesses and employees are actively engaged in combatting climate change through concerted efforts to reduce CO2 emissions, energy consumption, and raw material usage.

We are not only focused on reducing the environmental impact of our own operations but also on addressing Scope 3 emissions. We are pleased to share that we are making significant progress in this area, actively working towards understanding, measuring, and managing the emissions generated throughout our value chain. We are committed to improve our disclosure, and as part of this, Optima has disclosed specific Scope 3 emissions data in our annual report next year. This disclosure will provide a greater overview of our broader environmental footprint.

Several of our businesses have established individual targets and comprehensive action plans to address our Net Zero target. Marlowe has successfully used acquisition to drive growth and a key challenge resulting from this has been to align targets across the whole organisation. As we align climate related targets across the Group, they will become more cohesive and easier to manage.

Optima has taken a proactive stance by aligning their carbon reduction plan with the Group's Net Zero Plan, and they have gone even further by including Scope 3 emissions in their strategy. The comprehensive plan outlines a targeted 25% reduction in carbon emissions over the next three years. Furthermore, Optima aims to achieve a 50% reduction in emissions by 2030, in accordance with the Science Based Targets initiative (SBTi), and ultimately meet the Group's Net Zero emissions target by 2035.

To achieve this, Optima has implemented a range of initiatives. They have prioritised maintaining their ISO 14001 accreditation, which they successfully achieved in April 2023. Optima is also actively transitioning their vehicle fleet to electric vehicles whenever feasible, and they are utilising engine management systems to optimise fuel usage and minimise emissions to name a few.

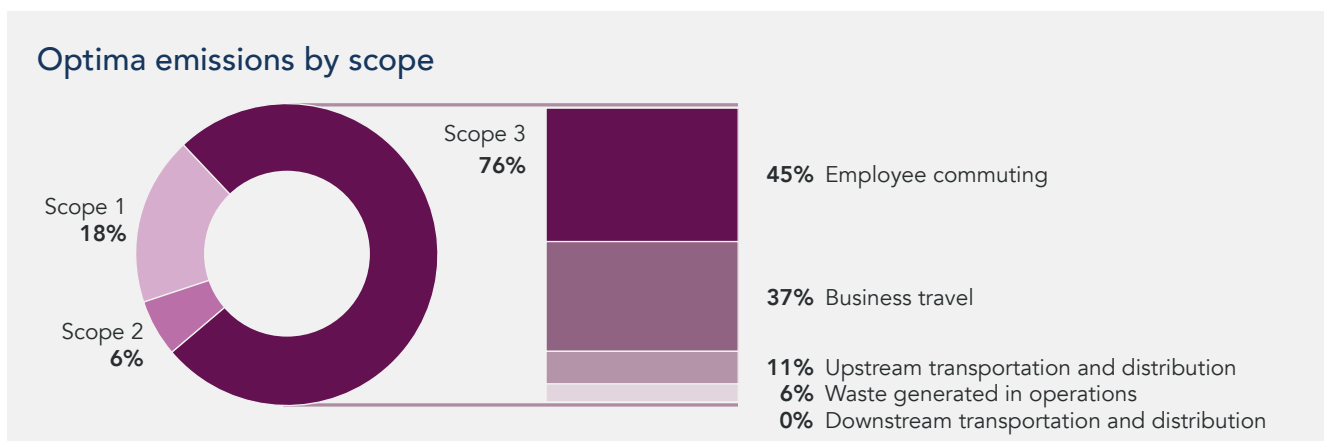
In order to ensure the effectiveness of their reduction plans, Optima commits to conducting annual reviews of the targets outlined above. They will also assess and implement relevant initiatives as needed to ensure their carbon reduction efforts remain on track.

Marlowe Fire & Security Group (MFSG) has also implemented initiatives to reduce their environmental impact and adopt sustainable practices. By 2025, MFSG is committed to an annual reduction of 10% in its direct (Scope 1) greenhouse gas emissions and a 7% decrease in fuel consumption. Furthermore, by 2030, the company aims to achieve the Climate Group EV100 commitment, with a goal of having 100% electrically powered vehicles. Starting from 2023, MFSG aims to ensure that 50% of its new vehicles are fully electric or hybrid.

In 2021, MFSG took a sizable step by procuring all of its energy from renewable providers for all its premises. The company conducts regular energy audits and complies with the Energy Savings Opportunity Scheme Regulations (ESOS) 2014. MFSG will actively explore ways to further reduce energy usage across all operational locations. As part of its ongoing efforts, the company has a longstanding policy of replacing failed lights with low-energy LED equivalents. During 2021, all remaining incandescent or fluorescent lights were replaced with LED lighting. Additionally, the implementation of room occupancy sensors ensure that lights are only activated when needed, minimising wasted electricity.

WCS Group is also implementing measures to mitigate its impact on climate change. As the first division of Marlowe committed to achieving Net Zero by 2035, WCS Group has developed a well-defined plan with key activities and milestones.

A focus for WCS Group is incorporating a higher proportion of electric or hybrid vehicles. The company closely monitors fuel consumption and driving behaviour among its traditional fleet, with the aim of reducing both emissions and fuel usage. WCS Group also prioritises effective management of energy consumption within its offices, seeking enhancements and efficiencies to minimise environmental impact. All sites within WCS Group's use renewable electricity.





Through these initiatives, WCS Group has taken proactive steps towards Net Zero by 2035. The division will continue to aim to use cleaner transportation options, optimise fuel consumption, and prioritise energy efficiency.

Environmental management and certification

Our businesses are dedicated to continually improving our environmental practices. In addition to obligations, our platform businesses—Marlowe Fire & Security Group, WCS Group, WorkNest, Cedrec, William Martin Compliance Solutions and Optima—have implemented Environmental Management Systems (EMS) accredited to the ISO 14001 international standard. These EMS frameworks establish clear environmental responsibilities and provide mechanisms for reporting and addressing environmental issues. The CEO assumes ultimate responsibility for overseeing the EMS and the formulation of environmental policies.

Emissions and energy use

No significant environmental fines were incurred during FY23 (FY22: zero, FY21: zero, FY20: zero).

We report our Scope 1 and 2 carbon dioxide emissions following the Greenhouse Gas protocol. Scope 1 and 2 emissions from Marlowe's activities are dominated by premises and transport.

The emissions and energy usage presented covers 76% of the Group revenue for Scope 1 and Scope 2 and 33% of Group revenue for Scope 3. This is a vast improvement on the 14% of Group revenue covered in FY22. The increase in total emissions reported is due to the increased coverage achieved by the Group. A key metric we will continue to report on is Total emissions per FTE, and as shown in the table below, this has reduced from 2.04 to 1.62. We expect this to continue to reduce as we implement climate related strategies across the Group.

GHG emissions^{1,2} (tonnes CO₂e unless stated)

	FY23	FY22
Scope 1 (tCO ₂ e) ³	5,827	964
Scope 2 – market based (tCO ₂ e)	881	121
Total Scope 1 & 2	6,708	1,085
FTE covered	4,132	532
Total Scope 1 & 2 CO₂e per FTE (tonnes)	1.62	2.04
	FY23	
Scope 3 (tCO ₂ e)	451	
FTE covered	2,208	
Total Scope 3 CO₂e per FTE (tonnes)	0.24	

1. Scope 1 (direct emissions): Emissions are those from activities owned or controlled by the organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.

2. Scope 2 (energy indirect): Emissions are those released into the atmosphere that are associated with our consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of our organisation's energy use, but occur at sources we do not own or control.

3. The carbon reporting year for our GHG emissions is the 12 months to 31 March. The carbon reporting year is fully aligned to the financial reporting year covered by the Directors' report.

4. This year we included WorkNest water consumption alongside WCS. FY23 represents 35% of Group Revenue with FY22 representing 33% last year.

Water consumption

Although Marlowe is generally not a significant water consumer, we fully recognise the importance of water conservation and aim to reduce our water consumption and enhance our water management processes.

	FY23	FY22
Freshwater usage ⁴	10,770	10,000
Intensity Ratio m ³ per £m revenue	64	114

Recycling and waste management

In FY23, we made strong progress in waste reduction, with more businesses actively contributing. Our goal is zero waste to landfill, promoting reuse and recycling. Accurate waste data collection expanded in the year through reduction strategies.

We expanded our data collection to include SRC and WorkNest, alongside WCS who we reported on in FY22.

2023 waste management

	FY23	FY22
Total non-recycled waste	7.0	2.3
Total recycled waste	254.8	236.0
Total tonnes	261.8	238.3
Intensity Ratio (tonnes per £m revenue)	1.4	2.7

Data cover 100% of SRC, WorkNest and WCS, which represents 41% of the Group FY23 opposed to 33% in FY22.

Recycling

Marlowe Fire & Security Group (MFSG) recycles over 200,000 fire extinguishers and more than 1,000,000 batteries annually. Additionally, more than 90% of its security system components are reused and recycled at the end of their life. The replacement of components with energy-efficient and sustainable products, such as replacing 240v with 24v where possible to reduce energy consumption, is a key activity in both MFSG's operations and those of its customers.

In compliance with the Waste Electrical and Electronic Equipment Regulations 2013 directive, MFSG acknowledges its responsibility for managing the waste of electrical and electronic equipment generated by its commercial activities. All electronic waste is collected, returned, and recycled in partnership with its manufacturing partners.

WCS Group is dedicated to managing the chemicals produced throughout the product life cycle, including providing suitable information to customers to minimise their negative impact on human health and the environment. WCS was among the first UK specialist chemical manufacturers to achieve ISO 9001 certification, and all its divisions are now certified to this standard.

The Group has recycling facilities at all its sites and strives to minimise waste packaging whenever possible. It has committed to sending zero non-hazardous waste to landfill by 2025 and has already switched the contract for office waste provisions to a provider that ensures zero waste goes to landfill, supporting this goal.



People



Katie Muncaster

Chief People Officer, WorkNest

"WorkNest are empowering people through VITO days to make a meaningful impact with volunteering opportunities across the UK."

At Marlowe, we attribute our success to the diverse range of employees that make up our Group, such as software developers, health and safety consultants, fire and safety technicians, employment lawyers, and occupational health specialists. Our employees play a crucial role in ensuring the safety and compliance of our customers, and in turn, we are committed to providing an environment where they feel supported, challenged, and rewarded to reach their full potential. We recognise the interdependence between our company and our employees, and strive to cultivate a workplace culture that fosters growth, development, and mutual success.

Reward and recognition

At Marlowe, we believe in attracting and retaining the best talent by providing comprehensive benefits packages and flexible working arrangements. We pay all our UK employees at least the national living wage and ensure that all UK-based employees have the opportunity to work at least 15 hours per week. Our people management approach has resulted in above market rate staff retention, with voluntary employee turnover for the year ended 31 March 2023 at 26%, an increase from 19% in the previous year due to mix with Occupational Health constituting a larger proportion of the Group and has a naturally higher staff attrition than the rest of the Group. The rest of the Group was in line with prior years.

We encourage our employees to discuss their career development with their managers, and all our businesses actively encourage internal applications for open positions.

Save as You Earn

Marlowe operates a Save As You Earn ("SAYE") scheme to fulfil our desire for employees to be able to share in the future performance and success of the Group. The scheme is open to all employees with more than three months of continuous service. This is an approved HMRC scheme and was established in September 2020, with an uptake of more than 700 employees in 2022 (at a price of £7.25).

Healthcare benefits

We also offer various healthcare benefits to our employees. Depending on the company they work for, some employees can receive annual health checks and flu jabs, while others have the option to join private healthcare schemes.

Diversity and inclusion

At Marlowe PLC, we are committed to promoting diversity, equal opportunities and non-discrimination, both as an employer and as a provider of services to businesses and the wider community. We recognise that equal opportunities help our staff develop to their full potential, which is in the best interests of everyone - the company, staff, and customers alike.

We ensure that entry into and progression within the Group is solely based on aptitude, and we provide a working environment where everyone is treated with equality, dignity, and respect. We have zero tolerance for harassment, bullying, and discrimination, and we are dedicated to ensuring that our workplace is free from any such behaviour.

The Group level Diversity and Inclusion policy approved on an annual basis by the Nomination Committee, can be found on our website. The policy outlines our approach to ensuring that none of our staff, job applicants or customers are discriminated against on the grounds of race, ethnicity, sex, gender, sexual orientation, disability, gender

MARLOWE

Our mission is for all our colleagues to feel able to bring their full selves to work, fulfil their potential and benefit from working as part of a diverse team. We are committed to being a responsible employer and strive to create a safe and inclusive working environment where our employees are actively engaged and supported.

reassignment, religion, political opinion, marital status, pregnancy or maternity, age, trade union membership, nationality or sensitive medical condition. Allegations of discrimination are taken very seriously and will be rigorously investigated, where appropriate these will be escalated for further action and formal disciplinary practices will be followed, up to and including dismissal.

Employee engagement

We understand the importance of open communication and collaboration in driving engagement within our workforce. To facilitate effective communication, we have town hall meetings within our divisions and have started to implement employee feedback surveys across the Group. Additionally, the Group's acquisitive nature requires integration of teams and systems, and interaction with employees and consultations identify the needs of each business and their needs. Further information and detail in respect to integration projects in the year and ongoing is set out on pages 6 and 7.

Ways we champion diversity

We aim to be recognised as the employer and provider of choice, attracting, retaining, and promoting talented individuals. At Marlowe PLC, we set an example by starting at the Board level. The nominations committee makes Board appointments based on the value, experience, and relevance an individual can bring to the business. Our goal is to ensure that the most qualified and capable individuals are appointed to the Board. Key to this is ensuring diversity in all its forms including views, background and gender.

As at 31 March 2023, there was 29% female representation on the board. The Chair of the Audit Committee and the Chair of the Remuneration Committee are both female.

The gender pay gap indicates the percentage difference in the mean and median base and bonus pay between all men and women in the workforce. Gender pay gap reporting legislation in the UK requires employers with 250 or more employees to publish information every year indicating the pay gap between their male and female employees. Each entity within the Group with over 250 employees has reported their gender pay gap splits. We will report on this as a Group for the year ending March 2024.

A range of initiatives are in place to ensure we fully embrace equality in all of its forms:

Training

Marlowe is committed to promoting diversity, inclusivity, and equality in the workplace. To achieve this, we offer our staff access to in-house e-learning courses that focus on these important topics. We believe that effective education is key to removing social stigmas and stereotypes that can negatively impact how people interact with each other, creating a workplace where everyone can operate free from discrimination. Furthermore, a large proportion of people in management positions have received specific training on diversity and inclusion. We are proud to share our proprietary developed content with over 1 million users worldwide, raising awareness and educating people on key issues affecting individuals today.

Employee led committees

Our employees have celebrated various world days to celebrate D&I, such as International Women's Day, where our workforce across the Group came together to acknowledge and celebrate the social, economic, cultural, and political accomplishments of women. Furthermore, our employees have established committees for Equality, Diversity & Inclusion and LGBTQ+ to foster a culture of inclusivity, transparency, and acceptance at Marlowe. The committees aim to promote diversity of thought and create an environment where everyone feels valued and supported by their colleagues.

Certification

MFSG will aim, by 2025, to have achieved the BS 76005 certification, Valuing People through Diversity and Inclusion, a British Standard which recognises the importance of creating a business that has more inclusive policies, procedures, practices and behaviours. We believe that taking steps to create a fairer and more dignified place to work is in the best interest of not just our employees, but for our customers and suppliers. Additionally, MFSG plans to achieve Group-level accreditation by 2025.

Flexible working

In order to support a healthy work-life balance, several businesses within Marlowe have adopted a flexible

approach that takes into account employees' personal circumstances. This includes considering applications for career breaks, job sharing, and flexible working patterns, such as shortened working days or flexible hours, to help parents return to work.

Cultural sensitivity

We are committed to promoting diversity and inclusion in our businesses, and cultural sensitivity is a crucial aspect of this. We celebrate significant religious festivals such as Eid, Ramadan and Diwali with our colleagues to show our respect and recognition for the diversity of our workforce.

Training and Career Management

The Marlowe Group is proactive in anticipating short and long term employment needs and the skill requirements needed to ensure the continued growth of our businesses. It is key we invest in our people, systems and training facilities to ensure that we have the correct training in place to enhance our services and promote career development.

All new employees are required to complete mandatory training in areas such as Health & safety, Diversity & inclusion, GDPR and IT security. We provide the majority of this mandatory training through our astute eLearning brand VinciWorks. In FY23 80% of our employees received training.

Employees across all our businesses complete an annual or biannual performance appraisal process. The businesses aim for 100% compliance with the appraisal process, and this is monitored by the senior leadership teams. The percentage of employees who received an annual performance evaluation in FY23 was 70%.

Occupational Health

Optima, our lead Occupational Health business, currently has nine apprentices in our Service Operations and Clinical Performance and Met Police Teams. They are working towards Chartered Management Institute qualifications, either at Level 3 (Team Leader/Supervisor) or Level 5 (Operations/Departmental Manager). This is a new initiative

introduced for existing staff in 2023, which will be part of an ongoing programme of internal apprenticeships.

In addition to this, Optima run a modular based clinical programme for newly qualified clinicians in order to give them experience within the field of Occupational health and hopefully develop careers with Optima Health. This 6-month programme aims to provide newly graduated Doctors and Nurses with a solid foundation in Occupational health and on successful completion of this course they are then supported to achieve a formal qualification in this specialist field.

Water & Air

Within water & air we have best in class training in the industry, we have five dedicated employee training centres across the country and these facilities allow us to develop and retain the best talent. We not only use these training centres to train apprentices but to upskill current staff, it makes sure we're providing consistently high compliance levels and it provide our engineers with skills and knowledge to service more complex customers.

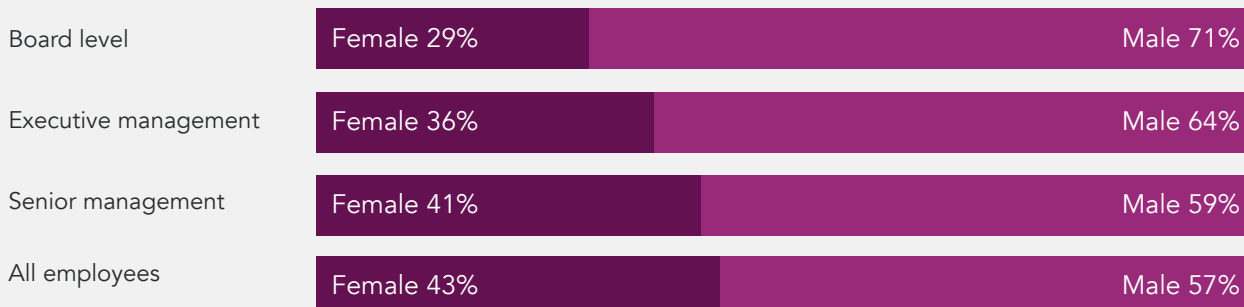
Fire Safety & Security

Similarly, in our Fire Safety & Security business we have invested heavily in our state of art training academy, Marlowe Academy. We have a team of internal specialists who audit completed work to make sure we are providing the top levels of service and compliance. If we find any of our engineers are not providing the standards we expect, we request that they take a 'top-up' course with 47% of employees receiving training in a year. This ensures we are providing consistently above market levels of service, assuring our customer that we are delivering high levels of compliance.

Governance, Risk and Compliance

Superstar programme – During the year we established a programme to nurture the superstars within our GRC division, ensuring that key talent has opportunities for development and promotion, whilst rolling out a standardised annual incentive scheme ensuring our leaders remain focused on our collective ambition to stay at the forefront of the GRC market.

Gender diversity at Group level (as at 31 March 2023)





Apprenticeships and graduate programmes

Attracting and developing talent is critical for our business success and supporting apprenticeships and graduate placements is core to this. As with the decentralised business model, there is no central graduate or apprenticeship programme, rather each business builds a programme most relevant to its requirements. Marlowe Plc for example has an annual summer internship programme; Optima currently has nine apprentices in finance, HR and Customer Services. Software Risk & Compliance aims to have eight apprentices in place by the end of 2024 and is currently sponsoring an intern through a Masters degree.

Community partnerships

Marlowe strives to be a responsible corporate citizen wherever we operate, and we aim to support local, regional, and national communities in suitable ways. We have a longstanding tradition of supporting numerous charities and raising funds for various worthy causes, both as a company and alongside our employees, and we will continue to do so. Most of our businesses have a principal charity that they support on an ongoing basis.

For example, WorkNest embarked on a charity partnership with Maggie’s in FY23. It has committed to colleague fundraising as a community with events taking place throughout the year. WorkNest provide VITO (virtual impactful time off) days and utilise these with volunteering opportunities at Maggie’s centres and events for colleagues across the UK. In addition to this impactful initiative, WorkNest has committed to a true partnership from a corporate perspective, with complimentary employment law and advice provided to Maggie’s with a further commitment to offer some more of our products and services around E-Learning and a HRIS system which will enable Maggie’s to develop and grow without spending much needed funds on organisational development. They have since raised over £1,500 for Maggie’s. The WCS Group supports SARA (Severn Area Rescue Association), a volunteer lifeboat and inland search and rescue charity, with 7 lifeboat and rescue stations along the length of the River Severn; and CoreStream donates to the World Land Trust every month, to plant trees in deforested areas.

MFSG created the Marlowe Charitable Fund (MarFund) in 2018 and has since raised nearly £18,000 for Cancer

Research UK. In 2021, the focus shifted towards supporting charities that are linked to our team members or located in the areas of our offices. MarFund donations in FY23 amounted to £5,780. We plan to gradually increase our budget for charitable donations to £25,000 per year by 2026. The charities or community projects that will benefit from the fund will be voted for by the MFSG team members.

In recognition of the important role employees play in their local communities, we understand that many have commitments outside of work that contribute to making those communities a better place. Marlowe encourages and supports employees who wish to volunteer their time and resources towards community events, charitable activities, and other volunteering work. We consider all requests for time off to support such initiatives and have established a policy to continue to do so indefinitely. Additionally, we allocate a budget for paid volunteer hours each year and actively promote this internally.

Well-being and support

At Marlowe, we prioritise the mental health and wellbeing of our employees by creating a positive work environment that minimises stress. We believe that mental health awareness is crucial at all levels of our organisation and recognise our responsibility to support our employees through their personal challenges. Our goal is to foster a culture that encourages people to speak openly about their health and wellbeing, and we have established several initiatives to achieve this.

One such initiative is our **Employee Assistance Programmes (EAP)**, which are accessible to employees across multiple businesses. These programmes offer support for a wide range of health issues, including mental health, through various mediums, from online resources to traditional counselling services and advice from general practitioners. We also have **mental health first aiders** available to provide confidential support and advice within certain companies. Additionally, we have established **Mental Health and Wellbeing committees** in some of our businesses, such as WCS Group.

For employees who work remotely or alone, we have implemented a proprietary lone working communications system called "Connect Me," which tracks their location and activity status to mitigate the risks associated with remote

work. Our mobile workforce, whose driving poses a high risk, undergoes safe driving assessments and training to ensure their safety and that of other road users. We have also installed a driver management system called "Lightfoot" in all company vans, which promotes positive driving behaviour to reduce fuel consumption and emissions while improving employee safety and road user safety.

Health & Safety

Safety is a top priority for Marlowe PLC, and we are dedicated to providing our employees with a safe and healthy work environment. Our continuous efforts to improve health, safety, and wellbeing for all employees and individuals affected by our operations include minimising the risk of accidents and hazards that could impact the health and wellbeing of our workforce. Our Group employs well-established and effective processes, including comprehensive training, risk assessments, and accident reporting procedures, to identify and reduce the risk of injuries or fatalities. We also provide our employees with appropriate personal protective equipment to further ensure their safety. By adopting a proactive approach, we aim to decrease the frequency and severity of work-related accidents and injuries at Marlowe.

Health and Safety management framework

In our decentralised business model, each of our businesses is accountable for establishing and sustaining a safe and healthy work environment, implementing best practices, and cultivating a strong culture of health and safety awareness, training, and performance. We actively encourage employees to report any incidents or accidents, regardless of whether they result in injury or damage, as well as to notify us of any conditions that are or may become unsafe.

Across the Group over 50% of our business have now achieved ISO 45001, ISO 9001, ISO 14001. We are aiming to increasing this year on year.

MSFG is a member of the ROSPA and the business regularly monitors its safety performance including monitoring incidents and near misses.

Safety performance

We are committed to a culture of continuous improvement, adapting procedures and processes to protect staff and customers. Our goal is to have zero significant lost time accidents. There have been no work-related fatalities for employees or contractors since the Group was incorporated in 2015.

MSFG Group Health & Safety Pillars



We follow our safety processes, rules and procedures.



We promote health and wellbeing, in and outside of work.



We only undertake the work which we are competent and qualified to do.



We look out for each other and work as a team.



We think before we act - assess and control the risks.

Task Force on Climate-related Financial Disclosures (TCFD)

In the fiscal year ending on 31 March 2023, our Group analysed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is working to align our practices with their requirements. The TCFD was established in 2015 and is based on a set of 11 recommendations from the UK Financial Stability Board (FSB) detailing how organisations should disclose their climate-related financial risks and opportunities in a clear and consistent way.

Governance

Describe the board's oversight of climate-related risks and opportunities.

The Marlowe board has oversight of the climate-related risks and opportunities through Marlowe's ESG committee. Additionally, the Board has recently appointed Gillian Kent as the ESG board representative to ensure we have effective governance and management structures in place to manage these risks and opportunities.

The Board's oversight is facilitated through the ESG committee, which includes members from across the Group to make sure ideas and developments are communicated. This committee meets regularly to review progress and identify areas for improvement. The chair of the ESG committee, Beatriz Shorrock, Managing Director of Software Risk & Compliance, is responsible for consolidating divisional findings and raising key agenda items to Alex and as of recent Gillian Kent through dedicated reports.

Management's role in assessing and managing climate related risks and opportunities.

Each business leader is responsible for identifying customer needs and developing relevant services and software to address these needs. This can range from solar powered surveillance cameras, providing software to track energy usage allowing our customer to reduce their environmental impact, or adhering to environmental regulations.

In FY24 we will introduce new agenda items in our divisional reviews requiring our management teams across the business to address climate related risk and

opportunities over the short, medium and long term which will then be collated and presented to the board.

Each sub-division has an ESG representative responsible for the collation and tracking of emissions across scope 1 and 2 in line with our Net Zero 2035 target. Additionally, we have introduced scope 3 reporting for the financial year ending 31st March 2023 and are in process of enhancing our disclosure for the financial year ending 31st March 2024.

Strategy

Climate-related risks and opportunities in the short, medium, and long term.

While we operate in a relatively low carbon intensive sector the Board and the ESG committee have considered climate related risks and opportunities over the short, medium and long term and we aim to report on these in the coming years.

In developing our Net Zero 2035 plan we took account of potential risks and opportunities such as increasing customer and societal focus on ESG and sustainable delivery of services. Whilst we already provide software and services that focus on this changing landscape ranging from compliance training around sustainability to implementing water systems that improve energy efficiency, the sustainability market remains a focus.

Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Our aim is to identify and integrate climate-related risks and opportunities into divisional strategies and financial planning discussions in the future. We are committed to proactively addressing the impact of climate factors on our operations. We aim to provide more disclosure for year ending March 2024 including how the Group is practicing sustainable financing across all divisions and throughout the supply chain.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We have considered two scenarios. The first, business as usual, in this scenario carbon emissions continue to increase at current rates and temperature increase to a severe warming scenario of 4-5°C by the year 2100. The second, carbon emissions reduced, and climate change does not exceed 2°C by 2100. We aim to improve disclosure in future years and will consider at least 3 scenarios.

Scenario 1

Actions will be limited in the short term, some policies may be introduced to reduce carbon emissions. The Government may set some energy efficiency targets including vehicle energy efficiency. However, the Group already has targets around transitioning the vehicle fleet, which largely resides within TIC, to electric or hybrid vehicles. This scenario is unlikely to have material impact in the short term.

Within the medium term, extreme and severe weather events will likely increase, droughts may impact industries, likely resulting in an increased need for water efficiency and testing. However, this severe weather may interfere with our supply chain procuring some inventory issues within TIC.

Within the longer term, there is likely to be significant health impacts as temperatures continue to rise, there's likely to be an increasing societal push for corporates to address these health impacts. Rising sea levels will likely affect land use and therefore where our customers operate and subsequently how we provide our on-site services.

Scenario 2

In the short term, governments may introduce more challenging carbon targets which may result in a quicker transition to EV for our fleet. However, new regulatory requirements will likely require stricter compliance requirements which could lead to demand for our services especially around sustainability eLearning and our building efficiency services. This would also act as an opportunity for the Group to continue to explore the sustainability compliance market.

In the medium term, there will be likely a growing requirement of public and private investment in taking a more proactive approach in managing climate-related risks. There is an opportunity that a compliance business, such as Marlowe, would need to help their client base and their supply chains to assess and manage these risks appropriately. There would also likely be increasing stakeholder requirements as a greater focus is put on ESG.

In the long term, there may be disruptions to existing business models as we transition to a net-zero world, and how some of our existing customer operate. There is likely greater reputational risks for companies who do not take sustainability seriously, companies may suffer reputational damage if they are perceived to be contributing to the problem.

We aim to improve disclosure in future years and will consider at least 3 scenarios.

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

The Board and the Senior Leadership Team have assessed the risk of climate change to the business, recognising both the potential challenges and opportunities it presents. Climate-related risks will now be an agenda item during our bi-annual divisional reviews. These identified risk factors will be subsequently compiled and presented to the CEO and Gillian Kent, Marlowe's ESG representative on the board, for further evaluation and consideration. We have now included climate related risk within our Risk management section on page 59 to 61.

Describe the organisation's processes for managing climate-related risks.

We will actively implement management of climate related risk through divisional management. Our aim is to streamline data collection through our head office function, enabling comprehensive monitoring and evaluation of performance across the Group. This progress will allow us to present the findings to the CEO and Company Secretarial at the executive level.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We will provide additional disclosure on how we have identified, assessed, and managed climate-related risks for the year ending March 2024. We will then describe how these are integrated into the organisation's overall risk management process.

Metrics and Targets

There are a number of subdivisional targets in place alongside our scope 1 & 2 net zero carbon emissions by 2035. For example, Optima aims to be net zero, including scope 3, by 2035.

Additionally, as of 2023 we aim to provide insight into revenue aligned with specific UN SDGs, specifically around UN SDG 3, 8, 10 and 16. Details of this can be found on page 37.

Governance

At Marlowe, we exercise a robust internal governance, risk management and compliance framework that is supported by regular internal audit, public disclosure, and external audits in conformance with the Quoted Companies Alliance ("QCA") code.

The Code of Ethics and Group compliance policies, which can be found on our website and have been approved by the Board of Directors. Business ethics form a mandatory topic at each of Marlowe's operational board meetings

Anti-bribery and corruption

We take a zero-tolerance approach to bribery, corruption and other unethical or illegal practices. We are committed to acting professionally, fairly and with integrity in all business dealings and relationships, within all jurisdictions in which we and our businesses operate. Marlowe requires its businesses to adopt high governance standards, conducting business responsibly, sustainably, and in the pursuit of long-term success for the collective benefit of stakeholders. This is outlined in our anti-bribery and corruption policy, which is implemented and administered throughout the Group, and available on our website. In FY23, there were no instances of employee discipline or dismissal related to non-compliance with our anti-bribery and corruption policy (FY22: zero, FY21: zero).

Marlowe prohibits lobbying involvement and political involvement of any kind (including the making of political donations) across the Group.

Whistleblowing

Marlowe PLC encourages a culture of open communication amongst its staff and commits that any employee who raises concerns about illegal or unethical organisational behaviour will be treated with respect, confidentiality and will experience no detriment as a result. In May 2022, Marlowe PLC launched a Group-wide whistleblowing platform, available to all employees which can be accessed via a multi-lingual online portal, together with local hotline numbers that are available 24/7. Issues concerning possible wrong-doing in any aspect of their business, including financial and non-financial matters can be raised confidentially and anonymously. The whistleblowing platform and policy is overseen by the Audit Committee with Peter Gaze being nominated as the non-executive for the oversight of whistleblowing. This is further supported by the Marlowe senior management team.

The business undertakes several measures to bring awareness to employees of the whistleblowing platform,

including providing training to workers at all levels within the organisation in relation to whistleblowing law and the Group's policy on disclosures.

Modern slavery and human trafficking

Marlowe does not believe there is any place in today's world for slavery or human trafficking, and that everyone has the right to live and work without fear of exploitation. We are committed to continually improving our practices to combat slavery and human trafficking and to encourage the same high standards from our supply chain and other business partners. The company continues to establish a zero-tolerance position on violations of anti-human trafficking and anti-modern slavery laws in accordance with the UK Modern Slavery Act 2015. The Statement is approved by the Board annually and can be found on the home page of our website.

Human rights

We are committed to acting in an ethical manner with integrity and transparency in all business dealings, and to create effective systems and controls across the Group to safeguard against adverse human rights impacts. The Group has a strong culture of ethics, which encompasses key human rights considerations. The Group supports the principles set out in the UN Declaration of Human Rights.

Our businesses also implement effective and proportionate measures to identify, assess and mitigate potential labour and human rights abuses across their operations or supply chains. These include training, modern slavery policies, employee handbooks and business-specific policies. All business-specific policies are reviewed locally within each business in order to ensure compliance with local laws and standards as a minimum.

There have been no violations reported on human rights by our businesses in FY23 and for the previous two years.

Information security and cyber protection

Marlowe strongly respects privacy and seeks to minimise the amount of personal data that it collects, as well as ensuring the robust and sufficiently segregated storage of any data that is held.

In line with other businesses, the Group is subject to increased frequency and sophistication of security and cyber threats, and we recognise that the Group must be protected from potential exposure. Any loss of systems and/or data could cause a disruption to service delivery, impacting on reputation, involving significant rectification costs and potential regulatory action or legal liability. The Group benefits from well-established operating processes and procedures including systems and data security and disaster recovery. A number of our businesses are certified to ISO 27001.

The Group CTO has overall responsibility for the Groups policies, controls and procedures which are kept under constant review. All employees receive regular training including a cyber awareness programme.

Supply chain

Marlowe is a professional services firm, primarily engaged in the provision of business services and software to ensure safety and regulatory compliance. Accordingly our supply chain primarily consists of vehicles and safety materials. However we recognise that our supply chain extends beyond our immediate suppliers, and materials could be procured by them which are manufactured in countries that afford lesser protections to workers than in the UK.

We are committed to ensuring that our businesses source materials and products in a responsible, ethical and sustainable manner. This applies to our businesses' global supply chains and is important in mitigating the risk of supply chain shocks. We expect our suppliers to operate their businesses in a way that supports our commitment to acting ethically and responsibly.

When evaluating potential and existing suppliers, we consider both environmental and social criteria including health and safety, quality procedures, waste management, resource use, energy efficiency and ethical trading standards. We require the Group's suppliers to declare the source of origin of their products and confirm their suppliers comply in full with ILO Conventions. We regularly review the performance of all supply chain partners to ensure that procedures are being implemented and commitments are being honoured. across their respective supply chains, in line with the nature and geographical representation of their supplier base.

Our Group level Supply Chain policy can be found on our website.

Environmental

We are committed to reducing the environmental impact of all our activities, and that of our supply chain. We seek to fully comply with, and where possible, exceed all applicable environmental legislation. The group recognises that rising carbon emissions are driving climate change, and that there will be local and worldwide implications. As such, we are committed to driving efficiencies within our operations, minimising the use of natural resources

wherever possible and reducing emissions associated with our operations.

We believe that every business needs to take ownership and be responsible in ensuring the sustainability of how we use our planet's precious resources. Environmental Management Systems (EMS) which have been accredited to the ISO 14001 standard are in place within four of our businesses: Marlowe Fire & Security Group, WCS Group, Ellis Whittam and William Martin Compliance Solutions. We seek to maintain international certification at these sites and will investigate opportunities to certify remaining group sites.

We monitor the environmental performance of the company and report regularly on environmental issues. We regularly consult with our stakeholders, including employees and investors, on environmental issues to ensure that the ESG strategy aligns with overall company interests.

Diversity and inclusion

Marlowe is committed both as an employer and as a provider of services to businesses and the wider community, to promoting diversity, equal opportunities and non-discrimination. We recognise that equal opportunities during the hiring process and through career development and promotion will help staff develop to their best potential which is in the best interests of the company, staff and customers. We are committed to providing a working environment where everyone is treated with equality, dignity and respect, free from harassment, victimisation, bullying and discrimination.

As a UK employer Marlowe is required to comply with the Equality Act 2010. Our policy has been aligned with International Labour Organisations (ILO) standards, including ILO C100, ILO C111, ILO C156 and ILO C190.

Our Group level Diversity and Inclusion policy can be found on our website.

Tax transparency

Marlowe PLC is committed to paying taxes that are due, complying with all applicable laws, and engaging with all applicable tax authorities in an open and cooperative manner. The Group does not engage in aggressive tax planning. The Group's Tax Strategy is reviewed, discussed and approved by the Board annually. The Audit Committee periodically reviews the Group's tax affairs and risks.

The Group has adopted a policy in respect of the prevention of the facilitation of tax evasion which has been implemented by the businesses, with guidance on undertaking risk assessments and training to employees in relevant roles.

The Group does not reside in countries considered as partially compliant or non-compliant according to the OECD tax transparency report, or in any countries blacklisted or grey listed by the EU, for the purposes of tax avoidance and harmful tax practices, per the latest lists released as at 24 February 2022.

Directors' duties

Section 172 of the Companies Act 2006 requires the Directors of a Company to act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decisions in the long-term;
- b) The interests of the Group's employees;
- c) The need to foster the Group's business relationships with suppliers, customers and others;
- d) The impact of the Group's operations on the community and environments;
- e) The desirability of the Group maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between shareholders of the Group.

New Directors receive a formal and tailored induction to the Group's operations including corporate governance, its legislative framework and visits to Group premises. In order to perform their duties, they can access professional advice, either from the Company Secretary or, if they judge it necessary, from an independent advisor. The Board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the Directors have fulfilled their duties are set out below.

Risk management

The Group recognises the importance of identification, evaluation and management of risk. The nature of our services in assuring regulatory compliance for our customers ensures that risk management is embedded within the culture of the Group. All our businesses maintain risk registers which are reviewed by divisional management and the Group's Executive Director's at least once a year. Details of the principal risks and uncertainties of the Group are set out on pages 60 to 61. The Group's statement on going concern is included in the Directors' Report on page 65.

Employees

The Group is committed to being a responsible employer and strives to create a working environment where its employees are actively engaged and part of its success.

Diversity, inclusivity and equality e-learning initiatives coupled with employee questionnaires and surveys ensure our staff are rewarded for excellent performance and their views are listened to when shaping the future of our businesses.

Through the use of our employee portal, Blink, the Group provides updates on financial performance biannually. Additional updates are provided if believed to be appropriate such as addressing share price volatility. Individual divisions also provide employee updates where appropriate.

Further details of the Group's commitment to employees is included in our Environmental, Social and Governance Strategy on pages 36 to 53 and in the Directors' Report on page 65.

Business relationships

The Group understands the value of maintaining and developing relationships with its customers and suppliers, as it is these strong relationships which underpin its current and future growth. The Group's investment proposition on pages 14 and 15, and Environmental, Social and Governance Strategy on pages 36 to 53 provide further information on how the Group's strategy seeks to solidify these relationships.

Community and environment

The Group acknowledges the significance of maintaining and improving the quality of the environment in which we live and work in. Further information on how the Group interacts with its community and its environment can be found in the Environmental, Social and Governance Strategy on pages 36 to 53.

Shareholders

The Board is committed to openly engaging with its shareholders to understand their needs and expectations. It is vital our shareholders understand the Group's strategy and objectives and that the Board are able to receive feedback on a regular basis. By understanding the requirements of the shareholder base the Group is able to refine its business strategy to ensure maximum value is delivered. Further details on how shareholder engagement is maintained is outlined in the Corporate Governance Statement on page 67.

Letter from the Audit Committee Chair



Rachel Addison
Chair of the Audit Committee

Dear Shareholder

On behalf of the Audit and Risk Committee, I am pleased to present its report for the year ended 31 March 2023.

We have continued to discuss and challenge the assumptions and judgements made by management in the preparation of published financial information and to oversee the internal control framework, including oversight of the external audit process.

The Committee updated its Terms of Reference and a copy is available on the Company's website.

The Committee has an annual work plan linked to the Group's financial reporting cycle, which ensures that it considers all matters delegated to it by the Board.

Members

Charles Skinner	– since 29 February 2016
Peter Gaze	– since 29 February 2016
Kevin Quinn	– since 3 December 2018*
Rachel Addison	– since 1 November 2021
Gillian Kent	– since 1 February 2022

Committee responsibilities

- Overseeing the accounting principles, policies and practices adopted by the Group.
- Overseeing the external financial reporting and associated announcements.
- Overseeing the appointment, independence, effectiveness and remuneration of the Group's External auditor, including the policy on the supply of non-audit services.
- Conducting a competitive tender process for the external audit when required.
- Monitoring the quality of the internal control environment.
- Reviewing reports under the whistleblowing policy.
- Providing advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Group's performance, business model and strategy.

Membership and meetings

During the year, the Audit Committee met six times and met privately with the External Auditor. The Risk Committee met twice during the financial year. Details of individual Directors' attendance can be found on page 69. In addition to the Committee members, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), Group Financial Controller and the External Auditor (RSM) attended parts of these meetings by invitation. The Chair of the Board also attended meetings.

* Kevin Quinn is not a member of the Audit Committee but may attend the meetings as a guest of the Chair of the Committee

The Company Secretary acts as Secretary to the Committee. The Chair of the Committee holds regular meetings with the External auditor without management being present and also with the CFO (who has responsibility and custody of the internal control framework). This ensures that all matters that should be raised are notified to the Committee and members. The Committee received sufficient, reliable and timely information from management to enable it to fulfil its responsibilities.

All committee members possess extensive business experience and financial knowledge which enabled them to play a full and valuable role. All members are independent, with the exception of Peter Gaze who is classified as non independent. Peter is a valuable member of the audit committee due to his considerable financial experience and company knowledge, having been a company and audit committee member since 2016.

The Board is satisfied that I have the necessary recent and relevant financial experience to chair the Audit Committee.

Risk management

The Board has overall responsibility for determining the nature and extent of its principle and emerging risks and the extent of the Group's risk appetite, and for reviewing the effectiveness of the Group's system of risk management and internal control. The Committee works with the Risk Committee and this ensures effective and sufficient coverage of financial reporting risks within the Group's risk management processes. The Group's risk management process and principal risks and uncertainties facing the Group are addressed on pages 59 and 61.

Internal control

The Board determines the objectives and broad policies of the Group and meets regularly, when a set schedule of matters which are required to be brought to it for decision is discussed.

Overall management of the Group's risk appetite, its tolerance to risk and discussion of key aspects of execution of the Group's strategy remain the responsibility of the Board. The Board has delegated to the Audit Committee, the responsibility for establishing a system of internal controls appropriate to the business environments in which the Group operates.

Key elements of this system include:

- A clearly defined organisation structure for monitoring the conduct and operations of the business.
- Clear delegation of authority throughout the Group, starting with matters reserved for the Board.
- A formal process for ensuring that key risks affecting operations across the Group are identified and assessed on a regular basis, together with controls in place to mitigate those risks. Risk consideration is embedded in decision making processes at all levels and the most significant risks are periodically reviewed by the Board. The risk process is reviewed by the Board.
- The preparation and review of comprehensive annual budgets.
- The monthly reporting of actual results and their review against budget, forecasts and the previous year, with explanations obtained for all significant variances.
- The Group has in place a robust framework of accounting policies and financial approval processes. This includes clearly defined policies and escalating authorisation levels for all procurement activity including capital expenditure and investment, with larger capital projects, acquisitions and disposals requiring Board approval. This framework is kept under periodic review.
- Review of and certification by divisional finance teams as to the effective operation of the Group control framework, with oversight from the Group finance team. Confirmation of results of such reviews are reported to the Audit Committee on an annual basis as a minimum.

Internal Audit

The Audit Committee is satisfied that the system of internal controls, as described above is appropriate for the Company at its current size and complexity.

In reflection of the continued growth of the business, the Committee will keep under review the approach to providing continuing levels of assurance over its principal risks and controls.

External Audit

RSM were appointed on 14 September 2022 to succeed Grant Thornton as the Company's auditors for FY2023. David Clark is the lead audit engagement partner. This appointment was made after consideration and consultation with a number of audit firms with regards their available resources and remuneration requirements.

The committee is responsible for reviewing the independence of the Company's External Auditor, RSM, agreeing the terms of engagement with them and the scope of their audit. During the FY2023, the External Auditor provided services in relation to the Group's interim and year end results. The External Auditor has also confirmed to the Committee that they did not provide any other non-audit and additional services and that they have not undertaken any work that could lead to their objectivity and independence being compromised.

The scope of the external audit is formally documented by the auditor. They discuss the draft audit plan with management before it is referred to the Committee which reviews its adequacy and discuss it with management and the auditor before its final approval.

In respect of the financial year ended 31 March 2023, the Committee assessed the performance and effectiveness of the External Auditor as well as their independence and objectivity, on the basis of feedback from the Committee members, regular attendees to the Committee and the management team.

Significant financial reporting judgements

The committee reviewed the key accounting matters with reference to areas of higher risk and areas involving significant judgement.

Area of focus	Reporting issue	Role of the Committee	Conclusion/actions taken
Acquisition accounting	As outlined on pages 105 to 109, the Group has completed 11 business combinations during the year.	The Group engages third party valuation experts to assist in the determination and valuation of the intangible assets acquired. The Committee has reviewed detailed papers setting out the acquisition accounting undertaken, including the purchase price allocations, opening balance sheet fair value assessments and contingent consideration assumptions.	The Committee agreed with the judgements made by management in respect of the acquisition accounting undertaken during the year and the presentation in the Group's results for the year ended 31 March 2023.
Impairment of intangible assets	As outlined on page 111, the Group assesses whether there are any indicators of impairment of intangible assets at each reporting date.	The Committee has reviewed detailed cash flow papers from management paying particular attention to growth rate and discount rate assumptions used and sensitivities thereon.	The Committee concluded that the judgments made by management in respect of impairment of intangible assets during the year were reasonable and that no impairment should be recognised.

Consideration of the final year-end audit report

The Committee reviewed the external auditor's plans for the year end audit and then met with RSM and reviewed their report on the year end results (see pages 76 to 82):

Reporting materiality which was set by the auditor at £3.38 million. In practice, a lower 'performance materiality' of £2.20 million is applied as a basis for their detailed work and report to the Committee all differences found over £169k.

The company considered the number of subsidiaries and agreed that a number did not require an individual audit.

Going concern

The Committee reviewed the going concern statement, set out on page 89 and confirmed its satisfaction with the methodology, including appropriateness of sensitivity testing.

Annual Report and Financial Statements

The Committee considered whether the Annual report is 'fair, balanced and understandable'. The Committee members were consulted during the drafting process, as well as the opportunity to review the Annual Report as a whole and discuss any areas requiring additional clarity or better balance in the messaging. The Group uses certain APMs to present its results that are also used by management in running the business. These are non-GAAP measures but designed to provide the users of the financial statements with additional information on the ongoing trading performance of the business. An explanation of the APMs and a reconciliation to the nearest statutory equivalent measure is provided on page 33. As a result of the work performed together with the views expressed by the External Auditor, the Committee recommended, and in turn the Board confirmed, that the Annual Report for the financial year ended 31 March 2023, taken as a whole, is 'fair, balanced and understandable' and provides information necessary for shareholders to assess the Group's performance, business model and strategy.

Looking forward

As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to:

- Continue to monitor legislative and regulatory changes that may impact the work of the Committee.
- Consider the impact of proposed audit industry changes.
- Consider a wider range of topics for Committee training.
- Evaluate the effectiveness of the Committee via internal review.

The Committee's report was approved by the Committee of the Board of Directors on 13 July 2023 and signed on its behalf by:

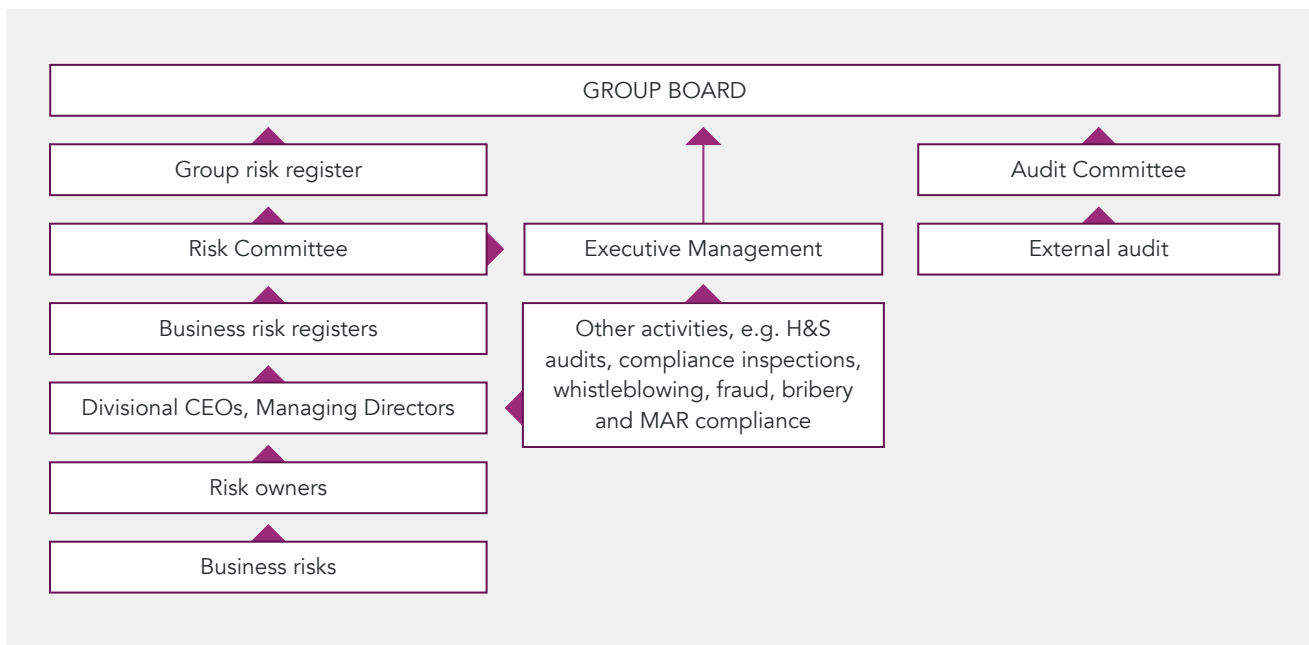


Rachel Addison

Chair of the Audit Committee

13 July 2023

Risk management



Risk management framework

The Risk Committee, chaired by Kevin Quinn, reports directly to the Board. It is responsible for evaluating the effectiveness of the Group's risk management processes and maintaining the Group's risk register.

The Committee's duties and responsibilities are outlined in the Board-approved Terms of Reference. The key responsibilities of the Committee can be summarised as follows:

- Oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- Keep under review the Company's overall risk management systems including the methodologies adopted and the parameters used in assessing risk;
- Review the Company's capability to identify and manage new risk types; and
- Review the Company's procedures for preventing and detecting fraud and bribery.

Progress made during the year

At an operational level, the war in Ukraine continues to have little or no direct impact on the business or its supply chain. The other key actively developing risk during the year has been wider inflation. The impact of wider inflationary pressures has been well managed with increased costs being successfully passed onto pricing through our customer contracts. Our largest single cost line is staff wage costs and we have successfully managed these increases balancing the need to maintain cost efficiency with the need to pay our staff fairly and proportionately given the wider economic environment. The Group continues to monitor, update and where necessary, take action with regard to climate-based risks and this has been a key topic of conversation among the risk management teams within the Group.

Principal risks and uncertainties

A principal risk is a risk that is considered material to the delivery of the Group's strategy, performance or future prospects. The principal risks of which the Group is aware are detailed below, including details of how the Group mitigates these risks. There may be other risks that are currently unknown or regarded as immaterial which could turn out to be material.

Risk	Potential impact	Risk mitigation
Natural disaster, pandemic or major incident	A pandemic, war or other natural disaster, resulting in a national lockdown or other factors impacting on the ability of the Group to deliver service.	The Group has full and detailed disaster recovery plans in place, including technology to support remote working and revised operating procedures to minimise the impact on its ability to continue to the provision of services.
Acquisition strategy	As the Group continues to pursue acquisitions as part of its overall growth strategy, overpaying for an acquisition, underestimating the time and resources to integrate an acquired business or the failure to properly integrate or to realise the anticipated benefits from acquisitions could have a negative impact on performance.	All transactions are subject to strict investment criteria and require Board approval. Extensive due diligence is carried out prior to any acquisition. The Group has a strong track record of successful acquisitions and integration of acquired businesses. The Group's integration processes are well defined and are carried out by experienced and dedicated resources and management teams.
Dependence on key personnel, retention of operational staff	The Group's ability to deliver against its strategy is dependent on the skills, experience and performance of its key personnel. Failure to attract, retain and motivate technical and managerial personnel could impact on performance.	Remuneration and benefits, including long-term incentives are regularly reviewed and designed to be competitive and attract, motivate and incentivise key personnel. Succession planning for key roles in undertaken across the Group. As the group has increased in scale the risk associated with loss of key personnel has reduced.
Damage to reputation	A major incident, inadequate service delivery or major system failure could expose the Group to reputational damage resulting in a loss of business or impacting on the ability to attract new customers.	The Group has well established processes and procedures to ensure service standards are maintained. These include full compliance reporting processes and auditing of service delivery standards.
Health and safety incident	Some of the Group's operations involve physical labour, use of machinery and take place in locations where there is potential for harm. Death or injury to an employees, customer or member of the public could result in reputational damage, bad publicity, an insurance claim and potential financial impact.	The Group has well established and robust processes to identify and minimise the risk of death or injury including training, detailed risk assessments and accident reporting procedures. The Group also maintains insurance to mitigate any financial risk.
Compliance with regulations and changes in legislation	The markets in which the Group operates are subject to a range of environmental, health and safety and other regulatory requirements. Failure to comply with these requirements could result in the suspension of certain activities or lead to fines or otherwise impact on the business.	The Group is very aware of its regulatory requirements and this is given the highest importance across the organisation. The Group employs regulatory specialists and compliance teams to maintain standards.

Risk	Potential impact	Risk mitigation
Information security and cyber protection	In line with other businesses, the Group is subject to the increased frequency and sophistication of cyber-attacks. Inadequate internal controls and procedures could lead to a data breach or loss. Any loss of systems and/or data could cause a disruption to service delivery, impacting on reputation, involving significant rectification costs and potential regulatory action or legal liability.	There is excellent awareness across the Group of this risk and focus on ensuring systems and processes are in place to ensure any risk is minimised. The Group CTO has been in post for over one year and has overall responsibility for the Group's policies, controls and procedures which are kept under constant review. All employees receive regular training including a cyber awareness programme.
Software systems and digital technology	Software and digital technology are key differentiators and are central to our product offering, customer interaction, service planning and delivery. Failure to invest or maintain software and systems, the loss of systems and/or data or poor system performance could cause a disruption to service delivery, impacting on performance with a potential financial impact.	The Group has a clear digital and software strategy and has significant resources focused on the continuous development and maintenance of all software solutions and operational systems. The Group CTO has overall responsibility for the implementation of the Group's digital strategy. The Group benefits from well-established operating processes and procedures including systems and data security and disaster recovery.
Competition	Increased competition, failure to meet changing customer demands or failure to innovate could result in lower customer retention and impact on growth leading to lower revenue and profitability.	The Group has low customer concentration and high service standards leading to low customer attrition. It has clear focus on developing and maintaining relationships with key customers.
Liquidity	Given the current elevated interest rates the business is exposed to higher financing costs. There is a risk of poor financial performance resulting in failure to meet banking covenants, reduced appetite from banks to lend or the inability to raise equity could result in insufficient funding to meet the needs of the business and to enable the continuation of the strategy.	All of the Group's businesses benefit from high levels of recurring revenue and good revenue visibility. The Group maintains strong financial controls, a conservative approach to leverage and a proactive approach to investor relations.
Climate and environment	Future changes to the climate and environment could impact the performance of the business either through operational challenges or through changes in regulation that potentially result in revised ways of working in either the whole Group or individual operating businesses.	The Group has an ESG committee and has this year appointed Gillian Kent as a Board representative on the committee. The Group has in place strong monitoring and planning capability to engage with, manage and adapt the business to future changes in the climate and environment which may have an impact on operations. Further details can be found in the TCFD section on page 50.

Board of Directors

As at 31 March 2023

The Company is led by an established Board of Directors with strong track records in value creation and years of experience in running large quoted and private businesses across B2B service sectors.



ALEX DACRE
Chief Executive

Alex Dacre has a background in the quoted B2B services sector and an expertise in executing buy-and-build growth strategies. Prior to founding Marlowe, he directed Impellam plc's corporate development activities.

During an 18-month period of acquisitions, Impellam saw its market capitalisation more than double to over £400 million and it became the UK's second largest temporary staffing business.

Prior to this, he worked with Charles Skinner to turn around AIM-listed Restore plc into one of the UK's leading office services companies and the leading consolidator in the document management and commercial relocation sectors.



ADAM COUNCELL
Chief Financial Officer

Adam Councill has extensive experience in B2B services and acquisition-led growth strategies.

He was CFO of Fuller, Smith & Turner plc, the pub and hotels business, and he was also CFO at Restore plc from 2012-2019, where he played a leading role in the development of the group into a leading office services provider.

Prior to this, Adam spent nine years at Rentokil Initial plc.



KEVIN QUINN
Non-Executive Chairman

Kevin Quinn joined the Board on 4 December 2018 as a Non-Executive Director and Chairman Designate and assumed the role of Chairman on 1 April 2019.

Kevin has extensive experience of the FTSE 250 support services sector, gained through his 13-year tenure as Chief Financial Officer at Berendsen plc, a leading European textile service business, where he played a significant role in its growth from a market capitalisation of less than £700 million during 2005 to a total implied equity value of approximately £2.2 billion as part of its sale to Elis SA in 2017. Prior to Berendsen, Kevin held a number of senior finance roles at Amersham plc and was previously a partner at PriceWaterhouseCoopers. He is currently a Non-Executive Director and Chair of the Audit Committee at Benchmark Holdings plc.

Kevin chairs the Risk and Nominations Committees and is a member of the Audit and Remuneration Committees.



CHARLES SKINNER
Non-Executive
Director

Charles Skinner was until his retirement on 31 March 2019 Chief Executive of Restore plc, the AIM-listed UK leader in document management and business relocation services. Under his leadership its market capitalisation grew from £1 million to in the region of £600 million in 2018.

He was previously Chief Executive of Johnson Services Group plc and Brandon Hire plc, prior to which he was at SG Warburg, 3i plc and was Editor of Management Today.

Charles has 20 years' experience as Chief Executive of quoted companies, all operating in the business-to-business services sector.



GILLIAN KENT
Non-Executive
Director

Gillian Kent has an executive career of over 25 years in digital businesses with functional experience in building markets and brands for products and services.

She was previously Chief Executive of Propertyfinder, the real estate portal and spent 15 years with Microsoft, including three years as Managing Director of MSN UK.

Gillian chairs the Remuneration Committee and is a member of the Audit, Risk and Nominations Committees.



PETER GAZE
Non-Executive
Director

Peter Gaze was the Chief Financial Officer and a Director of BCB Holdings Limited and of Waterloo Investment Holdings Limited.

Peter was an executive at ADT Group plc during its expansion in the UK and US, in the period leading up to its acquisition by Tyco International for £3.7 billion in 1997.



RACHEL ADDISON
Non-Executive
Director

Rachel Addison was recently the Chief Financial Officer at Future plc, and before that at TI Media Limited. She also held a number of senior financial, operational and board level roles at Trinity Mirror (now Reach) Regionals, Local World Limited and Northcliffe Media Limited, as well as a variety of other businesses.

Rachel is a Chartered Accountant and chairs the Audit Committee and is a member of the Remuneration, Risk and Nominations Committees.

Directors' report

For the year ended 31 March 2023



Matthew Allen
Company Secretary

Marlowe continues to make strong strategic progress. The Directors believe that practicing good corporate governance is an essential element of building a successful business in the long term interests of all stakeholders.

The Directors submit their report and the financial statements of Marlowe plc for the year ended 31 March 2023.

Marlowe plc is a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom where the vast majority of trading occurs.

Business review and future developments

The Chief Executive's Report on pages 10 to 13 includes a review of the business, the Group's trading for the year ended 31 March 2023 and an overview of future developments which include projects such as the re-platforming of our EHS business, Barbour.

Principal activities

The principal activities of the Group during the year were the provision of business critical services and software which assure safety and regulatory compliance.

Results and dividend

The Group's results for the year ended 31 March 2023 are set out in the consolidated statement of comprehensive income on page 84. The loss before tax for the year was £6.9 million (2022: profit of £5.9 million).

The Company has not declared any dividends in respect of the current or prior period.

Directors

The following Directors have held office during the year:

Alex Dacre (Chief Executive)
Adam Councill (Chief Financial Officer)
Kevin Quinn (Chairman)
Charles Skinner (Non-Executive Director)
Peter Gaze (Non-Executive Director)
Rachel Addison (Non-Executive Director)
Gillian Kent (Non-Executive Director)

The biographical details of the Directors are given on pages 62 to 63.

Directors' remuneration, long-term incentive plans, pension contributions and benefits are set out in the Directors' Remuneration Report on pages 70 to 74.

The Company maintains liability insurance for its Directors and Officers with the Company's articles of association allowing the indemnification of Directors out of the assets of the Company to the extent permitted by law. Indemnities in favour of the Directors have not been entered into during the year.

Share capital

Full details of the share capital of the Company are set out in note 24 to the financial statements.

Substantial shareholdings

At 31 March 2023, the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital:

	Number of 50p ordinary shares	Percentage of issued share capital
Lord Ashcroft	11,877,361	12.39%
Octopus Investments Limited	7,605,809	7.93%
Slater Investments	6,030,759	6.29%
Capital Research Global Investors abrdn (Standard Life)	5,991,679	6.25%
Alexander Dacre	4,813,624	5.02%
Canaccord Genuity Wealth Management	4,683,846	4.89%
Columbia Threadneedle Investments	4,095,890	4.27%
Royce & Associates	3,689,925	3.85%
	3,019,842	3.15%

Employees

The Directors believe that the Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests. Further information on how directors have engaged with employees is given in our Environmental, Social and Governance Strategy on pages 36 to 53 and Directors' duties on page 54.

Business relationships

Information on how the Company has engaged with suppliers, customers and business relationships is detailed in the Directors' duties on page 54.

Emissions and energy use

The Company's Streamlined Energy and Carbon Report for the financial year is included in our Environmental, Social and Governance Strategy on 41 to 44. The Group is committed to reducing the environmental impact of

its activities through establishing Group Environmental policies and beginning the roll out training in respect of ESG to its employees.

Disabled employees

Applications for employment by disabled persons are always fully considered, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the Group continues. It is the policy of the Group that the training, career development and promotion opportunities of disabled persons should, as far as possible, be identical to those of other employees.

Health and safety

Health and safety is a particular concern to our customers. Consequently, each of our operating segments has appointed Health and Safety Officers. The Group's operations monthly report to the Board includes an update on health and safety matters.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the reporting period and these remain in force at the date of this report.

Financial risk management

Information in respect of the financial risk management objectives and policies of the Group, is contained in note 3 to the financial statements.

Political and charitable donations

Donations of £51,000 were made by the Group for charitable purposes during the year (2022: £33,000). The Group does not make political donations.

Statement as to disclosure of information to auditors

The Directors in office on 13 July have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Post balance sheet events

Details of post balance sheet events are given in note 34 to the financial statements.

Annual General Meeting

The notice of the Annual General Meeting, scheduled to be held on 13 September 2023, is enclosed with this Annual Report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. In assessing going concern, management and the Board considered:

- The principal risks faced by the Group.
- The financial position of the Group.
- The cash position and borrowing facilities.
- Budgets, financial plans and associated cash flows including liquidity and borrowings.
- Sensitivity analysis as described in note 2 to the financial statements.

The Directors are satisfied that the Group and Company has adequate financial resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of this report. Accordingly, the going concern basis of accounting continues to be used in the preparation of the Annual Report for the year ended 31 March 2023

Approval

This Directors' Report was approved on behalf of the Board on 13 July 2023.



Matthew Allen
Company Secretary

13 July 2023

Corporate governance statement

The Directors believe that practicing good corporate governance is an essential element of building a successful business in the long-term interests of all stakeholders.

The Board has adopted the Quoted Company Alliance (“QCA”) Corporate Governance Code which is considered appropriate for AIM listed companies. The Company complies with all the provisions of the QCA Code with the exception of Board evaluation. Our statement of compliance with the QCA Corporate Governance Code can be found on the Company website.

The Board of Directors

The role of the Board is to establish and develop the corporate strategy in order to deliver long-term shareholder value and it is responsible for the overall management and control of the Group. The Board currently comprises of two Executive Directors and five Non-Executive Directors (including the Chairman). The roles of the Chairman and the Chief Executive are separated, and their responsibilities are clearly defined. The Chairman is responsible for leadership of the Board and ensuring its effectiveness while the Chief Executive is responsible for the day to day running of the Group’s activities. The Board retains a range of commercial and financial experience and there is a good balance of skills and knowledge of both the Group and the sectors in which it operates.

Board meetings are held on a regular basis to review, formulate and approve the Group’s strategy, budgets, corporate actions and to oversee the Group’s progress towards its goals. The Board receives timely information on all material aspects of the Group to enable it to discharge its duties.





All Directors participate in the key areas of decision-making and there is a written statement of matters which require Board approval.

It is the role of the Chairman is to ensure that contributions made to the Board are relevant, independent, effective and encourage debate. Over the next 12 months further review of the Board functionality will be undertaken to include assessments of whether Board members attend and actively contribute to meetings as well as thoughts on Board composition, external advisers and other relevant matters.

Board Committees

The Board delegates clearly defined powers to its Audit, Risk, Remuneration and Nomination Committees.

The Audit Committee comprises of the Non-Executive Directors and is chaired by Rachel Addison. The Committee is responsible for monitoring the integrity of the financial statements of the Company, advising on appropriate accounting policies and reviewing management judgements, reviewing the effectiveness of the internal control framework, approving the external audit plan and reviewing the effectiveness of the external auditor.

The Risk Committee is chaired by Kevin Quinn and comprises of the Chairman and Non-Executive Directors. The key responsibilities of the Committee are to oversee and advise the Board on the current risk exposures of the Company and future risk strategy, to review the Company's overall risk management systems, the Company's capability to identify and manage new risk types and the Company's procedures for preventing and detecting fraud and bribery.

The Remuneration Committee comprises of the Chairman and Non-Executive Directors and is chaired by Gillian Kent. Its report is set out on pages 69 to 70.

The Nomination Committee is chaired by the Chairman unless the matter under discussion is his own succession. Other Directors are invited to attend as appropriate. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. It is anticipated that the Committee will usually meet to discuss succession planning for key senior executives.



Number of meetings attended during the year ended 31 March 2023

	Board Total: 8	Audit Committee Total: 6	Risk Committee Total: 2	Remuneration Committee Total: 2	Nomination Committee Total: 0
Executive Directors					
Alex Dacre	8	6	2	-	-
Adam Councill	8	6	2	-	-
Non-Executive Directors					
Kevin Quinn	8	6	2	2	-
Charles Skinner	8	6	2	1	-
Peter Gaze	8	6	2	2	-
Rachel Addison	8	6	2	1	-
Gillian Kent	8	6	2	2	-

The Executive Directors are not members of the Audit, Risk, Remuneration or Nominations Committees but may attend the meetings as a guest of the Chair of the Committee.



Relations with shareholders

The Chief Executive and Chief Financial Officer are the Company's principal contacts for investors, fund managers, the press and other interested parties. There is regular dialogue with institutional and major shareholders including meetings following the announcement of the Group's annual and interim results. At the Annual General Meeting, private and institutional investors are given the opportunity to question the entire Board.

Internal control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – the Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – the Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

Risk Management

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment.

Directors' remuneration report

For the year ended 31 March 2023



Gillian Kent

Chair of the Remuneration Committee

On behalf of my colleagues on the Remuneration Committee and the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2023.

The Annual Report on Remuneration provides details of the amounts earned in respect of the year ended 31 March 2023 and how the Directors' Remuneration Policy is intended to be implemented for the year commencing 1 April 2023. The Directors' Remuneration Policy and The Executive Incentive Plan (EIP) were approved at General Meeting on 25 May 2021 with 77.2% of votes in favour and is available in our 2022 Directors' Remuneration Report on our website.

Following consultation with shareholders, this annual statement and the annual report on remuneration will be subject to an advisory vote at the 2023 AGM.

Business Performance

2023 was another year of strong strategic progress and trading and the Group has now achieved its FY24 medium term revenue target of £500 million run-rate revenues, a year ahead of schedule. The group delivered revenue growth of 47%, adjusted profit before tax growth of 41% and adjusted EPS growth of 20%.

Remuneration decisions in respect of 2023

Salary/Fees

The Executive Directors were awarded a 3% increase in salary with effect from 1 July 2022 in line with the average salary increase awarded to the wider workforce.

There was no change in NED fees and the Chairman's fee.

Bonus

In line with the EIP, no annual bonus plan will be operated for executive directors for its duration until 31 March 2026.

Long Term Incentives

On 1 April 2020, Alex Dacre was granted a nominal cost share option of 63,380 shares which would vest subject to a TSR performance target of £6.95 for the year ended 31 March 2022. While performance was in excess of threshold for 33 of the 36 months of the plan, it was below in the final 3 months of measurement and therefore the 2020 LTIP did not vest.

The EIP has a 5-year performance period and a threshold TSR performance target of £11.11 from an initial placing price of £6.90. Following strong initial progress, TSR has been considerably impacted in the last six months by market conditions. While this is disappointing the company continues to make significant operational and financial progress towards its strategic goals and targets.

Key remuneration decisions for FY2024

Salary/Fees

The base salaries of the Executive Directors were reviewed in March 2023, along with the wider workforce.

Marlowe has a range of types of business and remuneration structures across the Testing, Inspection and Certification (TIC) division and the Governance, Risk and Compliance (GRC) division. Recognising the pressure of the rising cost of living, we have set salary budgets taking into account the role, business and division.

In this context Adam Cuncell, CFO, who joined Marlowe in 2021 will be awarded a 5% increase in salary for 2024 in line with the wider workforce.

In line with the company's commitment to maintain salary at below midpoint for the CEO, the committee felt it was appropriate given the strategic progress of the company and the increased complexity of the group and role, that the CEO salary is positioned at a revised base salary level. With the help of PwC the salary has been benchmarked against companies of similar size and type. The committee felt that an adjustment in base salary of 16%, from below the lower quartile of peers, appropriate increasing Alex's salary from £327,000 to £380,000 from 1 April 2023. This also provides a salary differential between the CEO and CFO roles.

There was no change in NED fees and the Chairman's fee.

Annual Bonus

In line with the commitments made under the EIP plan, no annual bonus plan has been established for 2024.

Long Term Incentives

The EIP forms the long-term incentive for Executive Directors from the 25 May 2021 to 31 March 2026.

Remuneration Committee

The Company has an established Remuneration Committee consisting of the Chairman and the Non-Executive Directors. The Committee meets at least once a year and at other times as appropriate. The Committee is responsible for the consideration and approval of the terms of service, remuneration, bonuses, share based incentives and other benefits of the Executive Directors and other senior executives. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management.

Directors' Contracts and Letters of Appointment

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance code, they are to be terminable by the Company on 6 months notice.

	Date of contract	Notice period
Executive Directors		
Alex Dacre	29 February 2016	6 months
Adam Councill	25 February 2021	6 months

The Non-Executive Directors have either a service contract or a letter of appointment.

	Date of contract/letter	Notice period
Non-Executive Directors		
Kevin Quinn	3 December 2018	1 month
Charles Skinner	29 February 2016	1 month
Peter Gaze	29 February 2016	1 month
Rachel Addison	1 November 2021	1 month
Gillian Kent	1 February 2022	1 month

Directors' Emoluments

The aggregate emoluments of the Directors of the Company were:

	Salary & fees		Bonus		Benefits		Pension costs		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Executive Directors										
Alex Dacre	327	320	-	-	21	20	30	29	378	369
Adam Councill	327	160	-	-	21	10	30	15	378	185
Mark Adams*	-	170	-	150	-	-	-	-	-	320
Non-Executive Directors										
Kevin Quinn	95	83	-	-	-	-	-	-	95	83
Charles Skinner	45	40	-	-	-	-	-	-	45	40
Peter Gaze	45	42	-	-	-	-	-	-	45	42
Rachel Addison	50	21	-	-	-	-	-	-	50	21
Gillian Kent	50	6	-	-	-	-	-	-	50	6
Total	939	842	-	150	42	30	60	44	1,041	1,066

* Mark Adams resigned as a director on 5 November 2021

The Executive Directors have exercised an option to receive all or part of their benefits and pension contributions as a cash alternative.

The remuneration for Alex Dacre was composed of the following elements: annual salary £327,000 (FY 2022: £320,000); car allowance and medical insurance £21,000 (FY 2022: £20,000); and pension £30,000 (FY 2022: £29,000). Alex Dacre elected to take a cash alternative for his car allowance and pension during the year.

The remuneration for Adam Councill was composed of the following elements: annual salary £327,000 (FY 2022: £320,000); car allowance and medical insurance £21,000 (FY 2021: £10,000); and pension £30,000 (FY 2022: £30,000). Adam Councill elected to take a cash alternative for £14,000 of his car allowance and £26,000 of his annual pension during the year.

During the year Mark Adams received £nil (FY 2022: £0.4m) in respect of a vesting Phantom Award Scheme.

The £45,000 (FY 2022: £42,000) paid regarding Peter Gaze is paid directly to Deacon Street Partners Limited for the provision of his services as a Non-Executive Director.

For the financial year ending 31 March 2024 the emoluments of the Directors of the Company are expected to be:

	Salary & fees 2024 £'000	Bonus 2024 £'000	Benefits 2024 £'000	Pension costs 2024 £'000	Total 2024 £'000
Executive Directors					
Alex Dacre	380	-	21	30	431
Adam Councill	346	-	21	30	397
Non-Executive Directors					
Kevin Quinn	95	-	-	-	95
Charles Skinner	45	-	-	-	45
Peter Gaze	45	-	-	-	45
Rachel Addison	50	-	-	-	50
Gillian Kent	50	-	-	-	50
Total	1,011	-	42	60	1,113

Incentive Plans

The Company has in place a number of Incentive Plans, details which are given in note 30.

Long Term Incentive Plan 2019

The Long Term Incentive Plan 2019 was established in 2019 as a renewing three year scheme to drive and reward the achievement of the Group's longer term objectives and to support retention.

In 2021, the final award was awarded pursuant to the Plan on 11 August 2021 as follows:

	Number of options	Date from which vest	Expiry date
Alex Dacre	44,321	1 April 2024	31 March 2031

In 2020, New Share Options were awarded pursuant to the Plan on 8 July 2020 as follows:

	Number of options	Date from which vest	Expiry date
Alex Dacre	63,380	1 April 2023	31 March 2030

While performance was in excess of threshold for 33 of the 36 months of the plan, it was below in the final 3 months of measurement and therefore the 2020 LTIP did not vest.

In 2019, New Share Options were awarded pursuant to the Plan on 19 June 2019 as follows:

	Number of options	Date from which vest	Expiry date
Alex Dacre	92,975	1 April 2022	31 March 2029
Mark Adams	41,322	1 April 2022	31 March 2029

Following Mark Adams' retirement on 31 December 2021, in recognition of his contribution to the growth of the Group, the Board permitted 37,879 New Share Options to remain granted, being the entitlement to reflect his retirement date, to vest under the original scheme rules on 1 April 2022. Mark Adams exercised his New Share Options in full on 4 July 2022.

Marlowe 2021 Executive Incentive Plan (the "EIP")

Following the completion of the Marlowe 2016 Scheme, the Remuneration Committee considered appropriate alternatives for incentivising the Company's senior executive team in the next phase of Marlowe's growth. After careful consideration, the Committee proposed the adoption of the EIP, which was approved by shareholders at a General Meeting on 25 May 2021 with 77.2% of votes in favour.

Under the EIP, participants receive a 10% share of total shareholder return created above a hurdle of 10% per annum over a five year performance period. Growth in shareholder value is assessed from 1 April 2021 based on the number of issued Ordinary Shares of 50 pence each in the capital of Marlowe plc ("shares") at that date and the March 2021 placing price of £6.90 per share ("Placing Price"). For the avoidance of doubt, participants do not "share" in the value of equity injections, nor do they participate in shareholder value created on any equity injection.

Participants will receive a share of the pool created based on the proportion of the pool they are allocated, as set out below:

Participant	Allocation of pool
Alex Dacre	56.5%
Adam Councill	18.0%
Others	25.5%

The value of the pool will be converted into new shares at the end of the performance period in the form of a nil-cost option which can be exercised over a five year period from the date of grant (i.e. the end of the performance period), subject to a cap on the maximum number of shares which can be issued, equal to 4,902,295 new shares based on a dilution limit of 10% of the current share capital, less shares issued (and granted but not yet vested) for share incentive schemes since 2016.

As part of the implementation of the EIP, the Chief Executive and Chief Financial Officer have agreed they will receive below market salaries and will forgo an annual bonus and will not receive further incentives for the duration of the EIP. Further details on the EIP are set out in the shareholder circular published on 10 May 2021.

Directors' Interest in Shares

The beneficial interests of the Directors who were in office at 31 March 2023 in the shares of the Company (including family interests) were as follows:

Number of ordinary shares of 50p each	31 March 2023	31 March 2022
Alex Dacre	4,683,846	4,680,502
Peter Gaze	600,925	600,925
Charles Skinner	541,640	505,084
Kevin Quinn	11,200	11,200
Adam Councill	34,608	22,138
Rachel Addison	12,922	-
Gillian Kent	-	-

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that the advisory vote provides accountability and gives shareholders a say on this important area of corporate governance. We continue to welcome any feedback from shareholders and hope to receive your support at the 2023 AGM.

By order of the Board



Gillian Kent

Chair of the Remuneration Committee

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year.

The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the 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;
- for the group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;
- 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.

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

Independent Auditor's report

to the Members of Marlowe plc

Opinion

We have audited the financial statements of Marlowe plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company 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 as applied to listed entities 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.

Summary of our audit approach

Key audit matters

Group

- Acquisition accounting
- Carrying value of goodwill

Parent Company

- None

Materiality

Group

- Overall materiality: £3.38 million
- Performance materiality: £2.20 million

Parent Company

- Overall materiality: £750,000
- Performance materiality: £487,500

Scope

Our audit procedures covered 74% of revenue, 91% of total assets and 85% of Adjusted EBITDA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition accounting (see notes 2, 11 and 12)

Key audit matter description	How the matter was addressed in the audit
<p>The group has undertaken 11 business combinations in the year resulting in the initial recognition of £23.2 million of separately identifiable intangible assets and goodwill of £29.5 million.</p> <p>Under International Financial Reporting Standard ('IFRS') 3, 'Business combinations' management is required to recognise, separately from goodwill, the fair value of the assets acquired, and liabilities assumed, in a business combination.</p> <p>Management is required to make significant judgements in identifying the separately identifiable intangible assets acquired and then uses estimates to value these assets. The valuation is complex and management have engaged their own expert to assist in their determination and valuation of the intangible assets acquired in the year.</p> <p>Additionally there is a proportion of consideration which is contingent on the future trading performance of certain of the businesses acquired and therefore management is required to estimate the future profitability of these businesses in order to determine the amount of contingent consideration to recognise within the total consideration.</p> <p>Due to the level of judgement and complexity involved in valuing intangible assets acquired as part of a business combination, this has been assessed as a key audit matter.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Assessing whether the group's accounting policy for the identification and valuation of intangible assets acquired in a business combination is in accordance with UK-adopted international accounting standards and determining whether fair value measurements are accounted for in accordance with the accounting framework. • Evaluating the competence, capability and objectivity of management's expert engaged to assist in the determination and valuation of intangible assets acquired in the year. • Obtaining management's purchase price allocation used to value separately identifiable acquired intangible assets and evaluating the appropriateness and reasonableness of key assumptions made in the calculations, such as growth rates, customer attrition rates and discount rates. This included engaging with our internal valuation specialists as auditor's experts to assess the appropriateness of management's purchase price allocation models and to challenge the key assumptions used in the valuation. • Challenging management's assessment of the identifiable intangible assets acquired and whether any further intangible assets, such as brands or trademarks (where not already recognised), should be identified. • Reconciling the outputs from the purchase price allocations to the financial statements and disclosures therein and considering the adequacy of these disclosures. • Testing contingent consideration by agreeing the basis for future payments to the sale and purchase agreements and challenging management's profit forecasts which underpin the expected future payments.

Carrying value of Goodwill (see notes 2 and 12)

Key audit matter description	How the matter was addressed in the audit
<p>As at 31 March 2023, the group has goodwill of £424.7 million (2022: £395.5 million).</p> <p>We identified the carrying value of goodwill as a significant assessed risk of material misstatement due to the level of estimation required in forecasting profitability levels supporting the goodwill of the cash generating units ("CGUs").</p> <p>Under International Accounting Standard ('IAS') 36 'Impairment of Assets', management is required to test goodwill annually for impairment. Determining whether the carrying value of goodwill is recoverable is a significant judgement based on forecast cash flows, relying on several key assumptions including medium-term growth rates, long-term growth rates and appropriate discount rates for each CGU.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Assessing the accounting policy and disclosure to ensure it is in accordance with the financial reporting framework, including IAS 36. • Obtaining management's impairment assessment, including the underlying discounted cash flow forecasts used to determine value in use and confirming the arithmetical accuracy of those calculations including the associated sensitivity analyses. • Assessing the accuracy of management's historical forecasting through a comparison of budget to actual data. • Evaluating the key assumptions applied in management's impairment model, through our knowledge of the business, discussions with management and by using industry data and other external information to assess the reasonableness of management's assumptions. This included engaging our internal valuations specialists to review the discount rate applied by management. • Evaluating the sensitivity analysis performed by management on key assumptions made in the calculations to determine whether a reasonably possible change in assumptions would trigger an impairment. • Performing our own sensitivity analysis to understand the impact of any reasonably possible changes in assumptions, and evaluating the headroom available from different outcomes to assess whether goodwill could be impaired.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Materiality measure	Group	Parent company
Overall materiality	£3.38 million	£750,000
Basis for determining overall materiality	4.1% of Adjusted EBITDA	0.2% of Net assets The percentage applied to the benchmark has been restricted for the purpose of calculating an appropriate component materiality.
Rationale for benchmark applied	Adjusted EBITDA measure used to reflect the key metric highlighted by management to users of the financial statements. This metric is used by management to provide a normalised trading result in periods of acquisitive growth.	Parent company is a holding company so net assets used as the benchmark.
Performance materiality	£2.20 million	£487,500
Basis for determining performance materiality	65% of overall materiality	65% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £169,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £37,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Due to the acquisitive nature of the group, there are 126 components, spread across the UK, with different finance teams and control processes in place. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed on the components by us, as the group engagement team, or component auditors which were other engagement teams within RSM UK Audit LLP.

Full scope audits were performed for 18 components, specific audit procedures for 2 components and analytical procedures at group level for the remaining components.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Adjusted EBITDA
Full scope audit	18	72%	91%	82%
Specified audit procedures	2	2%	-	3%
Total	20	74%	91%	85%

Of the above, full scope audits for 4 components were undertaken by component auditors.

The group's components vary significantly in size and nature of operations. The group engagement team identified those components as significant based on a risk assessment which took into consideration both qualitative and quantitative factors. The quantitative factors used in determining significance were based on a combination of the group's total revenues and Adjusted EBITDA.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming the ongoing availability of financing by agreeing maturity dates of the company's borrowing facilities and obtaining an understanding of the mechanics of the attaching bank covenants.
- Obtaining management's base-case cashflow forecast and covenant calculations covering the period to 31 March 2025. We assessed how these forecasts were compiled and evaluated supporting information, such as divisional budgets.
- Assessing the accuracy of management's historical forecasting by comparing management's forecasts for the year ended 31 March 2023 to the actual results for the period and considering the impact on the base-case cashflow forecast.
- Performing analysis on the base case forecasts and the availability of liquidity for the foreseeable future, assessing the impact of changes in key assumptions on the cash flow forecasts and the headroom on debt covenants, including management's reasonable worst-case scenario and checking the mechanical accuracy of the forecasts. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken.
- Evaluating management's reverse stress test to identify the scenario which would result in a breach in covenants in the assessment period and assessing the probability of such a scenario.
- Assessing whether there are indicators of events and circumstances which may cast doubt on the group's and the parent company's ability to continue as a going concern beyond management's period of assessment.
- Evaluating the group's disclosures on going concern for compliance with the requirements of IAS 1 'Presentation of financial statements' (IAS 1).
- 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 or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

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.

Matters on which we are required to report by exception

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.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and

regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS, FRS101 and Companies Act 2006	<ul style="list-style-type: none"> • Review of the financial statement disclosures and testing to supporting documentation; and • Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	<ul style="list-style-type: none"> • Inspection of advice received from external tax advisors; and • Consultation with a tax specialist regarding the approach taken to the audit of tax.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	<p>In order to address the risks associated with revenue we obtained an understanding of the process and controls around revenue recognition.</p> <p>Our procedures also included performing tests of detail on revenue recognised in the year to assess whether:</p> <ul style="list-style-type: none"> • revenue had been recognised in accordance with the Group's accounting policy and IFRS 15 requirements; and • revenue was recognised appropriately based on whether the company had completed its performance obligations under the contract prior to the reporting date. <p>In addition we have:</p> <ul style="list-style-type: none"> • used data analytics software to test the sales cycle for revenue transactions in the group and analysed the postings to identify any items which did not appear to match the expected transaction flows; • tested the reconciliation between the group's revenue recording systems; • traced cash book receipts to supporting invoices and bank statements; • completed cut-off testing around the reporting date; and • for components which were not subject to full scope audit or specified audit procedures, performed analytical procedures focused on changes in deferred income, accrued income and EBITDA margins for each month throughout the year, investigating any unusual or material variances.
Management override of controls	<p>Using data analytics and detailed testing to test the appropriateness of journal entries and other adjustments;</p> <p>Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and</p> <p>Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.</p>

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

David Clark (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
13 July 2023



Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Notes	2023 £'m	2022 £'m
Revenue	4	465.7	315.9
Cost of sales		(276.7)	(176.7)
Gross profit		189.0	139.2
Administrative expenses excluding acquisition and other costs		(124.7)	(97.2)
Acquisition costs	5	(2.7)	(6.0)
Restructuring costs	5	(21.1)	(10.5)
Amortisation of acquisition intangibles	12	(24.0)	(14.9)
Share based payments (excluding SAYE schemes) ¹	30	(1.7)	(1.9)
Fair value (losses)/gains in contingent consideration and acquisition related incentive schemes ¹		(8.4)	1.8
Total administrative expenses		(182.6)	(128.7)
Operating profit	6	6.4	10.5
Exceptional finance costs	7	(2.6)	(0.7)
Other finance costs	7	(10.7)	(3.9)
Total finance costs		(13.3)	(4.6)
(Loss)/profit before tax		(6.9)	5.9
Income tax credit/(charge)	8	3.1	(5.2)
(Loss)/profit for the year		(3.8)	0.7
Other comprehensive income		-	-
(Expense)/income and total comprehensive (loss)/profit for the year from continuing operations		(3.8)	0.7
Attributable to owners of the parent		(3.8)	0.7
(Loss)/earnings per share attributable to owners of the parent (pence)	9		
Total and continuing operations			
Basic		(3.9)p	0.8p
Diluted		(3.9)p	0.8p

¹ Acquisition related incentive schemes have been reclassified in the prior year as documented in note 5

Consolidated statement of changes in equity

For the year ended 31 March 2023

	Notes	Attributable to owners of the parent					Total equity £'m
		Share capital £'m	Share premium £'m	Merger relief reserve £'m	Other reserves £'m	Retained earnings £'m	
Balance at 1 April 2021		38.5	217.4	7.9	0.4	(0.8)	263.4
Profit for the year		-	-	-	-	0.7	0.7
Total comprehensive loss for the year		-	-	-	-	0.7	0.7
Transactions with owners							
Issue of shares during the year		9.4	171.7	-	-	-	181.1
Issue costs		-	(4.3)	-	-	-	(4.3)
Acquisition		-	-	2.0	-	-	2.0
Share-based payments		-	-	-	1.7	-	1.7
Deferred tax on share-based payments		-	-	-	1.4	-	1.4
		9.4	167.4	2.0	3.1	-	181.9
Balance at 31 March 2022		47.9	384.8	9.9	3.5	(0.1)	446.0
Loss for the year		-	-	-	-	(3.8)	(3.8)
Total comprehensive loss for the year		-	-	-	-	(3.8)	(3.8)
Transactions with owners							
Share-based payments	30	-	-	-	2.3	-	2.3
Deferred tax on share-based payments		-	-	-	(1.2)	-	(1.2)
		-	-	-	1.1	-	1.1
Balance at 31 March 2023		47.9	384.8	9.9	4.6	(3.9)	443.3

Consolidated statement of financial position

As at 31 March 2023

Company registered no. 09952391

	Notes	2023 £'m	2022 £'m
ASSETS			
Non-current assets			
Intangible assets	12	644.1	609.5
Property, plant and equipment	13	11.7	12.1
Right of use assets	14	27.4	24.1
Trade and other receivables	17	4.8	4.7
Deferred tax asset	22	4.4	3.9
		692.4	654.3
Current assets			
Inventories	15	9.3	7.6
Trade and other receivables	17	116.4	98.1
Held for sale property		1.3	-
Cash and cash equivalents	21	30.2	31.2
Current tax asset		1.8	-
		159.0	136.9
Total assets		851.4	791.2
LIABILITIES			
Current liabilities			
Trade and other payables	18	(123.2)	(111.5)
Financial liabilities – lease liabilities	20	(9.7)	(8.0)
Current tax liabilities		-	(1.2)
Provisions	23	(1.4)	(0.9)
		(134.3)	(121.6)
Non-current liabilities			
Trade and other payables	18	(12.0)	(14.7)
Financial liabilities – borrowings	19	(191.0)	(140.0)
Financial liabilities – lease liabilities	20	(18.4)	(16.5)
Deferred tax liability	22	(51.2)	(50.5)
Provisions	23	(1.2)	(1.9)
		(273.8)	(223.6)
Total liabilities		(408.1)	(345.2)
Net assets		443.3	446.0
EQUITY			
Share capital	24	47.9	47.9
Share premium account	25	384.8	384.8
Merger relief reserve	26	9.9	9.9
Other reserves	26	4.6	3.5
Retained earnings	27	(3.9)	(0.1)
Equity attributable to the owners of the parent		443.3	446.0

These financial statements were approved by the Board of Directors and authorised for issue on 13 July and were signed on its behalf by:



Kevin Quinn
Chairman



Alex Dacre
Chief Executive

Consolidated statement of cash flows

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £'m	Year ended 31 March 2022 £'m
Net cash generated from operations	28	74.3	34.0
Interest paid		(8.6)	(2.6)
Income taxes paid		(8.3)	(6.3)
Net cash generated from operating activities before acquisition and restructuring costs		57.4	25.1
Acquisition and restructuring costs	5	(23.8)	(16.5)
Net cash generated from operating activities		33.6	8.6
Cash flows used in investing activities			
Purchase of property, plant and intangible assets		(16.4)	(9.1)
Disposal of property, plant and equipment		1.4	1.1
Purchase of subsidiary undertakings, net of cash acquired	11	(59.0)	(316.0)
Cash flows used in investing activities		(74.0)	(324.0)
Cash flows from financing activities			
Proceeds from share issues		-	181.0
Repayment of bank borrowings		(14.0)	(146.5)
Repayment of debt upon purchase of subsidiary undertaking		(0.5)	(5.4)
New bank loans raised		65.0	286.5
Cost of share issues		-	(4.3)
Lease repayments (including interest)		(11.1)	(8.9)
Net cash generated from financing activities		39.4	302.4
Net decrease in cash and cash equivalents		(1.0)	(13.0)
Cash and cash equivalents at start of year		31.2	44.2
Cash and cash equivalents at end of year	21	30.2	31.2
Cash and cash equivalents shown above comprise:			
Cash and cash equivalents		30.2	31.2

Notes to the Group financial statements

For the year ended 31 March 2023

1. General information

Marlowe plc (the "Company") and its subsidiaries (together referred to as the "Group") is focused on developing companies which assure safety and regulatory compliance. The Group primarily operates in the United Kingdom.

The Company is a public limited company incorporated on 14 January 2016 and domiciled in the United Kingdom. The address of its registered office is 20 Grosvenor Place, London, SW1X 7HN.

The Company is listed on the AIM market.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 13 July 2023.

Exemption from audit

For the year ended 31 March 2023 Marlowe plc has provided a guarantee in respect of all liabilities due by its following subsidiaries: Advance Environmental Limited, Agriteck Solutions Limited, Alarm Communication Limited, Aquatreat Chemical Products Limited, Aquatreat Group Limited, Atana Ltd, Barbour EHS Limited, B.B.C. Fire Protection Limited, Business HR Solutions (Consultancy) Limited, Business Human Resources Solutions Limited, Black & Banton Occupational and Physical Health Limited, Care 4 Quality Limited, Caritas Group Limited, Caritas Limited, Cater Leydon Millard Limited, Cedrec Information Systems Limited, Cirrus Holdco Limited, Clearwater Group Limited, Clearwater Technology Ltd, Clouds Ultimate Manager Limited, Connect Monitoring Ltd, Core Stream Ltd, CQC Compliance Limited, Cylix Limited, DeltaNet International Limited, Deminos Consulting Ltd, Ellis Whittam (Holdings) Limited, Ellis Whittam Limited, Elogbooks Facilities Management Limited, Elogbooks Facilities Services Ltd, Elogbooks Holdings Ltd, ESP Law Limited, ESP Safeguard Limited, Essential Safety Limited, EssentialSkillz Limited, Eurosafe Plus Limited, Eurosafe UK (CDM Services) Limited, Eurosafe UK Group Limited, Eurosafe UK Ltd, Fire & Security (Group) Limited, Fire Alarm Fabrication Services (South) Limited, Fire Alarm Fabrication Services Limited, FSE Fire & Security Limited, FSE Security Systems Ltd, FSE Sprinklers & Risers Limited, Griffin and General Fire Services Limited, G.P.C.S Limited, Guardian Water Treatment Ltd, Hadrian Technology Limited, Healthwork Group Limited, Healthy Performance Limited, Hentland Limited, Hydro-X Group Limited, Hydro-X Water Treatment Limited, Hydro-X Air Limited, Hydro-X Training Limited, Hydro-X Engineering Limited, Inclusive Learning Limited, Integral Occupational Health Ltd., Island Fire Protection Limited, Kingfisher Environmental Services Limited, Law at Work (Holdings) Limited, Law at Work (IS) Ltd, Law at Work Empire Limited, Law at Work Limited, Managed Occupational Health Limited, Marlowe 2016 Limited, Marlowe Fire & Security Group Limited, Marlowe Fire & Security Limited, Marlowe Kitchen Fire Suppression Limited, Marlowe Occupational Health Group Ltd, MJ Fire Safety Ltd, MOH Limited, Morgan Fire Protection Limited, Nestor Business Consulting Limited, Network of Staff Supporters Limited, Nile Holdco Limited, N-ov 8 Group Limited, Optima Health Group Limited, OH Assist Intermediate Limited, OH Assist Finance Limited, OH Assist Limited, Optima Health Ltd, PCS Asbestos Consultants Limited, Phase Technology 2gen Holdings Limited, Phase Technology Holdings Limited, Phase Technology Limited, Quantum Risk Management Ltd., Ruthven Alarms Limited, Santia Limited, Santia Access Solutions Limited, Santia Holdings Limited, Santia Asbestos Management Limited, Santia Construction Management Limited, S F Fire Limited, Skill Boosters Limited, Skillfix Limited, Solve HR Limited, Sterling Hydrotech Holdings Limited, Sterling Hydrotech Limited, Tersus Consultancy Limited, Tersus Training Services Ltd, The Compliance Office Ltd, The Employment Services Partnership Limited, The HR Services Partnership Limited, TP Health (Holdings) Limited, TP Health Limited, Vinci Legal Limited, Vista Employer Services Ltd, WCS Environmental Engineering Ltd, WCS Environmental Limited, WCS Environmental South East Ltd, WCS Services Limited, WCS Services Invicta Limited, William Martin 2018 Limited, William Martin Compliance Limited, Working on Wellbeing Ltd, Wrightway Health Limited, Youmanage HR Ltd. This entitles them to exemption from audit under 479A of the Companies Act 2006 relating to subsidiary companies.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements of Marlowe plc have been prepared in accordance with UK adopted international accounting standards ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis as modified by financial assets and liabilities measured at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 4 to 55.

The Group meets its day-to-day working capital requirements through cash generated from operations and its financing facility which is due to expire in February 2025. Details of the Group's borrowing facility is given in note 21 of the financial statements.

The Directors have considered the group's forecast cash flows and net debt as well as the Group's liquidity requirements and borrowing facilities, including downside scenarios.

At the time of approving the financial statements, the Group had an undrawn committed borrowing facility of £22.3m.

The Group has modelled a downside scenario reflecting the full financial impact of a sustained material event reducing forecast revenues by 10% over the next 12 months. In the event of a downside scenario, the Group has identifiable and actionable cost reduction and cash preservation measures that it could take. These have been quantified and would provide sufficient headroom to ensure strong liquidity levels are maintained and lending covenants are not breached. Whilst this scenario incorporates the potential of a global recession on the Group's financial performance, it is key to note that the Group's resilience is underpinned by regulations that govern the requirement for its essential services. Consequently management believes such a scenario to be unlikely.

Furthermore, the Group updates its assessment of forward looking headroom on its covenant position each time there is a change in base interest rates or a material acquisition likely to complete. This assessment is used to decide if any proactive actions are required to ensure covenant compliance. The Board have considered sensitivities which would cause the covenants to be breached and have identified the interest cover covenant as the most sensitive due to the recent increases in interest rates. Based on current forecasts, interest rates would need to increase by over 200bps in August 2023 and remain at that level for the duration of the next 12 months before any mitigating actions would need to be taken by the business to prevent a breach in the interest cover covenant.

The Board have reviewed and discussed the forecast sensitivities and management mitigating actions. Following this review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months. Consequently the Group continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The Group's financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Significant accounting policies continued

Basis of consolidation continued

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date.

Control and ownership of acquired companies

A combined put and call option over non-controlling interests is recognised at fair value at the acquisition date and included within the valuation of goodwill. Subsequent changes to fair value are recognised in profit or loss.

Where a combined written put and call option exists over a non-controlling interest, and the conditions of the agreement provide the Group with present access to the benefits of the ownership of the non-controlling interest and stipulate the Group will obtain full ownership if the option were to lapse, then the acquisition is deemed to reflect 100% ownership and no non-controlling interest is recognised.

Where the written put and call option has an embedded valuation mechanism to reward and retain key individuals employed by the acquired business, who are also non-controlling shareholders, then the expected increase in the financial liability is charged to the statement of comprehensive income as an acquisition and other cost evenly over the option period. The written put and call option is not contingent on the individuals remaining with the Group post acquisition, and as such accounted in line with the policy on contingent consideration.

Contingent consideration

Contingent consideration is recognised at fair value at the acquisition date and is based on the actual and/or expected performance of the entity in which the contingent consideration relates. Contingent consideration is subject to performance targets of the business and is not contingent on the employee remaining with the Group. Subsequent changes to the fair value of contingent consideration are based on the actual and/or expected performance of the entity in which the contingent consideration relates. These changes which are deemed to be a liability are recognised in accordance with IFRS 9 in the statement of comprehensive income.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision makers are the Chief Executive and Chief Financial Officer who review and scrutinise the performance of each of the Group's businesses on a regular basis.

The Company presents two reportable segments, Governance, Risk & Compliance ("GRC"); and Testing, Inspection & Certification ("TIC").

In accordance with IFRS 8, aggregation criteria has been applied to six operating segments where similar economic characteristics are shared when aggregating operating segments into the two reportable segments judgement has been applied over the similarities of the services provided, the customer base and the mid-to-long term structural and economic characteristics, with the key metrics considered by the Directors being adjusted EBITDA and adjusted profit before tax margins. The Directors consider the operating segments to have similar economic characteristics as the mid-long term margins are within a range of 10% in the case of adjusted profit before tax margins; and 12% for adjusted EBITDA margins. Employment Law & HR, Occupational Health, Health & Safety Compliance Software operating segments have been aggregated into GRC. Fire Safety & Security, Water & Air Hygiene and Elogbooks Contractor Management Software have been aggregated into TIC.

Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Approach to revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer the Group follows a five-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;

2. Significant accounting policies continued

Approach to revenue recognition continued

- Determining the transaction price;
- Allocating the transaction price to the performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognising revenue when/as performance obligation(s) is/are satisfied.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed KPIs. Such amounts are only included based on the expected value, or the most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

The transaction price takes into account trade discounts, settlement discounts and volume rebates.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations.

For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods and services are:

- distinct – to be accounted for as separate performance obligations;
- not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or
- part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Once the transaction price allocation is determined, the timings of when the identified performance obligations are satisfied is assessed. Where revenue is recognised over time, it does so for either the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs or the entity's performance creates; or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or on the grounds that it has an enforceable right to payment and no alternative use for the asset.

The Group enters into sales transactions involving a range of products and services which include:

Installation & Refurbishment, Maintenance and support service contracts

The Group fulfils installation and refurbishment of specialised equipment at customer sites. As the Group's performance creates or enhances an asset that the customer controls and the Group has an enforceable right to payment for performance completed to date, revenue is recognised by reference to the stage of completion. The stage of completion is measured using an output-based method, based upon standardised milestones that faithfully depict the entity's performance towards complete satisfaction of the performance obligation.

The Group enters into fixed price maintenance and support service contracts with its customers to deliver specified services for periods typically ranging from one month to three years in length. Customers are required to either pay on delivery of the service or in advance. Payments received in advance of performance obligations being satisfied are recorded as contract liabilities.

These agreements provide customers with regularly scheduled maintenance visits and support services. The contracts consist of a single performance obligation consisting of a series of services that are substantially the same. As the benefit of each service is received and consumed immediately by the customer, the revenue is recognised once the contracted services are completed.

Employment Law and Health & Safety Services

Revenue is recognised over time by reference to the stage of completion, when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is measured using an input-based method, assessing the entity's efforts or inputs to the satisfaction of a performance obligation (for example labour hours expended as well as resources consumed in producing tangible employee handbooks, policy and procedure and other legal documents) relative to the total expected inputs to the satisfaction of that performance obligation. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Occupational Health & Wellbeing Services

Revenue from contracts for the provision of professional services is recognised over time by reference to the stage of completion, when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is measured using an input-based method, comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

2. Significant accounting policies continued

Software solutions

Software licences and subscriptions delivered by the Group can either be right to access (active) or right to use (passive) licences, which determines the timing of revenue recognition. The assessment of whether a licence is active or passive involves judgement.

The key determinant of whether a licence is active is whether the Group is required to undertake continuing activities that significantly affect the licensed intellectual property (or the customer has a reasonable expectation that it will do so) and the customer is, therefore, exposed to positive (or negative) impacts resulting from those changes. The Group is, in a majority of cases, responsible for any maintenance, continuing support, updates and upgrades, and accordingly the sale of the initial software is not distinct. All other licences which have significant standalone functionality are treated as passive licences.

The Group considers for each contract that includes a separate licence performance obligation all the facts and circumstances in determining whether the licence revenue is recognised over time (active), where the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, or at a point in time (passive) from the go live date of the licence.

In addition to licences and subscription-based services, the Group also supplies bespoke software solutions. Revenue from such projects is recognised over time by reference to the stage of completion. Revenue is recognised only when the contract revenue, stage of completion, incurred costs and costs to complete can be reliably measured and it is probable that the consideration due under the contract will be received. The stage of completion is measured using an output-based method, in line with standardised key milestones (for example configuration completion, user acceptance testing completion and go-live status).

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Contract assets and liabilities

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 16). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position depending on whether something other than the passage of time is required before the consideration is due.

The Group applies the simplified approach to measuring expected credit losses. To measure the expected credit losses, trade receivables have been grouped according to shared credit risk characteristics and the days past due. The expected loss rates are based on historical payment profiles, credit losses experienced and forward looking estimates. A specific provision for impairment of contract assets is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms.

Profit measures

Due to the one-off nature of acquisition and other costs in relation to each acquisition and the non-cash element of certain charges, the Directors believe that adjusted operating profit, adjusted EBITDA and adjusted measures of profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings derived from the Group's business and a more comparable view of the year-on-year underlying financial performance of the Group. The items adjusted for in arriving at these are acquisition costs, restructuring costs, amortisation of acquisition intangibles, fair value gains/losses in contingent consideration, share based payments (excluding SAYE schemes) and legacy long term incentives, and a standard tax charge.

Intangible assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the

2. Significant accounting policies continued

Intangible assets continued

recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and the cost of the asset can be reliably measured.

Customer relationships, content databases and trade names

Acquired customer relationships, content databases and trade names are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular asset. The life of the asset is assessed annually and is determined on a company by company basis. All customer relationships, content databases and trade names are amortised on a straight-line basis between one and fifteen years. The customer lists are considered annually to ensure that this classification is still appropriate.

Application software

Acquired unique computer software products are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. These costs are amortised on a straight-line basis over their estimated useful lives (up to ten years).

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (expected to be up to ten years). Residual values and useful lives are reviewed each year.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the following basis:

	Basis
Freehold and long leasehold buildings	2% per annum
Leasehold improvements	Shorter of life of the lease or 10 years
IT hardware	33% per annum
Plant and machinery	20% per annum
Office equipment, fixtures and fittings	20% per annum
Motor vehicles	25% reducing balance

Leased assets

The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of office space, production plants, warehousing, plant and equipment and motor vehicles. Rental contracts are typically made for fixed periods and some of these may have extension terms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Group does not enter into sale and leaseback arrangements. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For all new contracts entered into by the Group, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

2. Significant accounting policies continued

Leased assets continued

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- the Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

To respond to business needs particularly in the demand for office space, the Group will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Group is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Group is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been presented in non-current assets and the lease liabilities have been presented in current liabilities or non-current liabilities as appropriate.

2. Significant accounting policies continued

Measurement and recognition of leases as a lessee continued

On the statement of cash flows interest payments on lease liabilities have been presented within lease repayments in cash generated from financing activities.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

Investments

Investments for the parent company are valued at cost less allowances for impairment. Where applicable, acquisition costs incurred in acquiring the subsidiary are capitalised as part of the investment cost. In addition, the company has elected to record any fair value gains/losses on contingent consideration to profit or loss rather than to increase/reduce the cost of the investment to which the contingent consideration relates.

An impairment test is performed on the carrying value of the investment when there is an impairment trigger. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and other receivables

Trade and other receivables are recorded initially at transaction price and subsequently measured at amortised cost less provision with the exception of contingent consideration receivable which is measured at fair value through profit or loss. The Group applies the simplified approach to measuring expected credit losses. To measure the expected credit losses, trade receivables have been grouped according to shared credit risk characteristics and the days past due. The expected loss rates are based on historic payment profiles, credit losses experienced and forward looking estimates. A specific provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms.

Cash and cash equivalents

Cash and cash equivalents as defined for the Consolidated statement of cash flows comprise cash in hand, cash held at bank with immediate access, cash in transit (payments/receipts initiated before year end but clearing post year end), other short-term investments and bank deposits with maturities of three months or less from the date of inception. These are held at amortised cost.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. The condition is regarded as met only when a sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met the assets held for continuing use are transferred out of assets held for sale in the current year.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are recorded at the fair value of the consideration received, net of direct transaction costs and subsequently recognised at amortised cost. Finance charges, including bank interest and non-utilisation fees, are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

2. Significant accounting policies continued

Taxation continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Equity instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Long term incentive plans

The Group has applied the requirements of IFRS 2 Share-based Payment and IAS 19 Employee Benefits.

The Group issues equity and cash-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the awards that will eventually vest. Fair value is measured by use of a Monte Carlo pricing model. Where director and employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested. Cash-settled share-based payments are measured at fair value at each reporting date and at settlement date. The fair value is recognised over the vesting period by discounting the expected liability at an appropriate pre-tax discount rate, based on the Group's estimation of the share price at vesting date. Fair value is measured by use of a Binomial pricing model. Where director and employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested. The Group also has in place long term incentive plans for certain directors and employees which are cash settled and calculated by reference to the financial performance of the relevant business. The fair value is recognised over the vesting period by discounting the expected liability at an appropriate pre-tax discount rate.

Further details of the Group's Incentive Schemes are documented in note 30.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

Government grants

Government grants are recognised in the Consolidated Statement of comprehensive income so as to match with the related expenses that they are intended to compensate.

2. Significant accounting policies continued

Critical accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates that are dealt with separately below, which have the most significant effect on the amounts recognised in the financial statements.

Identification of separable intangibles on acquisition and rate of customer attrition

Intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured. Customer relationships, application software, content databases and trade names have been identified by management as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. Management do not believe there are any other intangible assets that have arisen on acquisition during the year which can be identified and reliably measured.

Adjusting items

Due to the nature of adjusting items in relation to each acquisition and the non-cash element of certain charges, the Directors believe that adjusted operating profit, adjusted EBITDA and adjusted measures of profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings derived from the Group's business and a more comparable view of the year-on-year underlying financial performance of the Group. Further details of the key judgements taken by the directors are documented in note 5.

Control and ownership of acquired companies

Where a combined written put and call option exists over a non-controlling interest, and the conditions of the agreement provide the Group with present access to the benefits of the ownership of the non-controlling interest and stipulate the Group will obtain full ownership if the option were to lapse, then the acquisition is deemed to reflect 100% ownership and no non-controlling interest is recognised. A liability is recorded for the expected future acquisition of the non-controlling interest, and is recognised as part of the fair value of the consideration.

Estimates and assumptions

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

i) Estimates not subject to annual update - Valuation of separable intangibles on acquisition

When valuing the customer relationships, application software, content databases and trade names acquired in a business combination, management estimate the expected future cash flows from the asset and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £19.7m (2022: £96.3m) in respect of customer relationships, £3.0m (2022: £27.2m) in respect of application software, £0.5m (2022: £7.5m) in respect of content databases and £nil (2022: £6.1m) in respect of trade names as defined further in note 12. The rate of customer attrition is determined by reference to the acquired company's historical customer life cycle.

ii) Estimates subject to annual update - Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 12 and within our acquisition strategy risk on page 54.

iii) Estimates subject to annual update - valuation of divisional Long Term Investment Plans

The group has entered into certain Long Term Incentive Plans which are dependent on future EBITDA. In estimating the liability to be recognised in respect of these Plans it is necessary to make estimates of future divisional EBITDA, which the Group does by assessing board approved budgets and long term growth projections. The valuation of these Plans are reviewed annually.

Further details on divisional Long Term Incentive Plans are given in note 30.

2. Significant accounting policies continued

Critical accounting judgements and estimates continued

Valuation of contingent consideration payable

When acquiring a business, consideration may become payable subject to the achievement of certain performance targets by the acquired business in the future and are not linked to continued employment. The fair value of this contingent consideration is determined by assessing the projected performance forecasts of the business and discounting the estimated consideration that would become payable if these forecasts were achieved. The discount rate used is based on the weighted average cost of capital of the operating segment in which it operates in. See note 21 for details of the sensitivity of such amounts to changes in estimates.

Valuation of contingent consideration receivable

During a previous year the Group divested of non-core activities within its Air Quality business following the sale of Ductclean (UK) Limited. The fair value of this consideration is determined using an estimate of discounted cash flows that are expected to be received within the next five years. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. Please refer to note 17 for further information.

Adoption of new and revised standards

The following new standards and amendments to standards which were effective for the first time during the financial year:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16; Reference to the Conceptual Framework – Amendments to IFRS 3; Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37; Annual Improvements to IFRS Standards 2018–2020. These new standards and amendments to standards did not have a material effect on the financial statements

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors. The Board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

Cash flow and interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2023 and 2022 the Group's borrowings at variable rates were denominated in pounds sterling. The Group analyses its interest rate exposure using financial modelling on a periodic basis. Based on the various scenarios and current pricing, the Group does not currently consider any hedging to be appropriate or cost effective.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount as disclosed in note 21.

3. Financial risk management continued

Credit risk continued

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 21.

Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facility is given in note 21.

Capital risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, merger relief reserve, other reserves, retained earnings, borrowings and net cash as noted below. Net cash includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the year ended 31 March 2023 and prior year ended 31 March 2022.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

	2023 £'m	2022 £'m
Cash at bank	30.2	31.2
Bank loans due after one year	(191.0)	(140.0)
Leases due within one year	(9.7)	(8.0)
Leases due after one year	(18.4)	(16.5)
Net debt	(188.9)	(133.3)

Under the terms of its financing facility during the year, the Group was required to meet quarterly covenant tests in respect of interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

4. Segmental analysis

The Group is organised into two main reporting segments, Governance, Risk & Compliance ("GRC") and Testing, Inspection & Certification ("TIC"). Services per segment operate as described in the Strategic report and the judgments taken in aggregating the operating segments are disclosed in note 2. The key profit measures are revenue, adjusted EBITDA and adjusted profit before tax and are shown before acquisition and restructuring costs, amortisation of acquisition intangibles, fair value gains/losses in contingent consideration, and share based payments and legacy long term incentives.

The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to application software, property, plant and equipment. Segment assets and liabilities are allocated between segments on an actual basis.

4. Segmental analysis continued

	2023				2022			
	GRC £'m	TIC £'m	Head Office £'m	Total £'m	GRC £'m	TIC £'m	Head Office £'m	Total £'m
Continuing operations								
Revenue	195.9	283.5	-	479.4	94.6	228.5	-	323.1
Inter-segment elimination	(2.8)	(10.9)	-	(13.7)	(0.4)	(6.8)	-	(7.2)
Revenue from external customers	193.1	272.6	-	465.7	94.2	221.7	-	315.9
Segment adjusted operating profit/(loss)	44.7	25.6	(6.0)	64.3	25.4	21.4	(4.8)	42.0
Acquisition costs				(2.7)				(6.0)
Restructuring costs				(21.1)				(10.5)
Amortisation of acquisition intangibles				(24.0)				(14.9)
Share based payments (excluding SAYE schemes)				(1.7)				(1.9)
Fair value (losses)/gains in contingent consideration and acquisition related incentive schemes				(8.4)				1.8
Operating profit				6.4				10.5
Exceptional finance costs				(2.6)				(0.7)
Net finance costs				(10.7)				(3.9)
(Loss)/profit before tax				(6.9)				5.9
Tax credit/(charge)				1.6				(5.2)
(Loss)/profit after tax				(5.3)				0.7
Segment assets	119.1	157.2	575.1	851.4	116.0	151.1	524.1	791.2
Segment liabilities	(60.6)	(63.3)	(284.2)	(408.1)	(48.8)	(72.0)	(224.4)	(345.2)
Capital expenditure	(9.7)	(6.5)	(0.2)	(16.4)	(4.9)	(4.1)	(0.1)	(9.1)
Depreciation and amortisation	(6.8)	(11.2)	(24.4)	(42.4)	(3.0)	(9.2)	(15.1)	(27.3)

The revenue from external customers was derived from the Group's principal activities primarily in the UK (where the Company is domiciled).

Reconciliation of segment adjusted operating profit to adjusted EBITDA

	2023				2022			
	GRC £'m	TIC £'m	Head Office £'m	Total £'m	GRC £'m	TIC £'m	Head Office £'m	Total £'m
Continuing operations								
Segment adjusted operating profit/(loss)	44.7	25.6	(6.0)	64.3	25.4	21.4	(4.8)	42.0
Depreciation and amortisation of non-acquisition intangibles	6.8	11.2	0.4	18.4	3.0	9.2	0.2	12.4
Adjusted EBITDA	51.5	36.8	(5.6)	82.7	28.4	30.6	(4.6)	54.4

The above tables reconcile segment adjusted operating profit/(loss), which excludes separately disclosed acquisition and other costs, to the standard profit measure under IFRS (Operating Profit). This is the Group's Alternative Profit Measure used when discussing the performance of the Group. The Directors believe that adjusted EBITDA and operating profit is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance and also reflects the starting profit measure when calculating the Group's banking covenants.

Adjusted EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

Major customers

For the year ended 31 March 2023, no customers (2022: nil) individually accounted for more than 10% of the Group's total revenue.

5. Adjusting items

Due to the nature of acquisition and other costs in relation to each acquisition and the non-cash element of certain charges, the Directors believe that adjusted operating profit, adjusted EBITDA and adjusted measures of profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings derived from the Group's business and a more comparable view of the year-on-year underlying financial performance of the Group. The adjusting items shown on the consolidated statement of comprehensive income and the rationale behind the Director's view that these should be included as adjusting items are detailed below:

Adjusting item	Rationale
Acquisition costs	Acquisition costs include professional fees, transaction costs and staff costs associated with completing acquisitions. These costs are non-recurring to the extent that if the Group were to cease further M&A activity these costs would not continue.
Restructuring costs	Restructuring costs include the costs associated with the integration of acquisitions, including: <ul style="list-style-type: none"> • The cost of duplicated staff roles and other duplicated operational costs during the integration and restructuring period; • The redundancy cost of implementing the post completion staff structures; and • IT costs associated with the integration and transfer to Group IT systems, including costs of third party software used in the delivery of customer contracts where there is a programme to transition such software to one of the Group's existing platforms. Each integration programme is distinct and one-off in nature such that when complete the costs associated with that programme would cease. Of the £21.1m restructuring costs incurred in FY23, £10.0m will not continue into FY24. Of the remaining £11.1m, £6.7m relates to costs which are expected to continue into the FY24 year, but will have ceased by 31 March 2024, with the balance of £4.4m primarily consisting of integration resource which will either move onto new integration projects or leave the business at the end of the existing projects.
Amortisation of acquired intangibles	The amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are volatile between periods based on the timing and extent of acquisitions. As such, they are removed to provide better comparability of performance between periods.
Share based payments (excluding SAYE schemes)	Charges associated with share-based payment schemes (excluding SAYE schemes which remain are classed as administrative expenses) have been included as adjusting items. Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses from adjusted profit measures to better understand the long-term performance of our underlying business. Share-based compensation expenses are non-cash charges and are determined using several factors, including expectations surrounding future performance, employee forfeiture rates and, for employee payroll-related tax items, the share price. As a result, these charges are not reflective of the value ultimately received from the awards.
Fair value gains/(losses) in contingent consideration and acquisition related incentive schemes	Movements in contingent consideration are considered to be part of the investing activities of the Group and are therefore not considered to be reflective of the underlying trading performance. Further, share based compensation expenses are not reflective of the value ultimately received by the recipients of the awards. In addition, certain legacy long terms incentives are considered to be part of the investing activities of the Group and non-recurring in nature. Further details of which incentives are considered part of the underlying trading of the Group and which are considered to be adjusting items can be found in note 30.
Exceptional finance costs	Exceptional finance costs in FY23 relate to the non-cash unwinding of the discount applied to contingent consideration to reflect the time value of money. In prior year exceptional finance costs reflect the write down of deferred finance costs associated with the debt facilities which were replaced in FY22. The requirement to restructure and replace the debt facilities was a direct result of the acquisitions completed during the year and is therefore not considered part of the underlying trading of the Group.

In the prior year charges arising on certain long-term incentive schemes related to prior acquisitions were included within 'Share-based payments and legacy long-term incentives'. These have been reclassified and are now included within 'Fair value gains/(losses) in contingent consideration and acquisition related incentive schemes' to better reflect the nature of these schemes.

As a result, the 2022 charge for 'Share-based payments and legacy long-term incentives' has reduced from £3.6m to £1.9m and the 2022 credit for 'Fair value gains/(losses) in contingent consideration and acquisitions related incentive schemes' has reduced from £3.5m to £1.8m.

6. Operating profit

	2023 £'m	2022 £'m
The following items have been included in arriving at operating profit:		
Amortisation of acquisition intangibles	24.0	14.9
Amortisation of non-acquisition intangibles	3.3	1.6
Depreciation of property, plant and equipment	4.1	2.5
Depreciation of right of use assets	11.0	8.3
Share based payments (excluding SAYE schemes)	1.7	1.9
Staff costs	232.7	143.0
Auditor's remuneration*:		
– Parent and consolidated financial statements	0.8	0.9
– Review of half yearly financial report	-	-

* Audit fees of £750k (2022: £850k) in respect of the parent were incurred during the year. £15k (2022: £nil) was incurred by the Group in respect of the review of the half yearly financial reports.

7. Finance costs

	2023 £'m	2022 £'m
Interest on bank loans and overdrafts	8.5	2.5
Amortisation of deferred finance costs	0.5	0.5
Interest costs from lease liabilities	1.3	0.9
Other finance costs	0.4	-
Exceptional finance costs	2.6	0.7
Total	13.3	4.6

Exceptional finance costs of £2.6m (2022: £0.7m) relate to the non-cash unwinding of the discount applied to contingent consideration to reflect the time value of money. In prior year exceptional finance costs reflected the writing off of prepaid arrangement fees on Marlowe's debt facility upon its increase and extension in February 2022.

8. Taxation

	2023 £'m	2022 £'m
Current tax:		
UK corporation tax on profit/loss for the year	4.0	3.9
Foreign tax	0.4	0.2
Adjustment in respect of previous periods	(0.7)	(0.1)
Total current tax	3.7	4.0
Deferred tax: (note 22)		
Current year	(6.9)	(3.3)
Adjustment in respect of previous periods	0.1	0.3
Effects of change in tax rate	-	4.2
Total deferred tax	(6.8)	1.2
Total tax (credit)/charge	(3.1)	5.2

The charge for the year can be reconciled to the profit in the Consolidated statement of comprehensive income as follows:

	2023 £'m	2022 £'m
(Loss)/profit before tax	(6.9)	5.9
(Loss)/profit before tax multiplied by the rate of corporation tax of 19%	(1.3)	1.1
Effects of:		
Expenses not deductible for tax purposes	0.9	0.3
Recognition of previously unrecognised deferred tax assets on losses	(1.5)	-
Prior year adjustments	(0.6)	0.2
Change in tax rates	(0.6)	3.6
Tax (credit)/charge	(3.1)	5.2

In the Spring Budget 2021, the UK Government announced that the corporation tax rate would increase to 25% with effect from 1 April 2023. Deferred taxes at the statement of financial position date have been remeasured at 25% as the announced change has been enacted.

9. Earnings per ordinary share

Basic earnings per share have been calculated on the profit for the year after taxation and the weighted average number of ordinary shares in issue during the year.

	2023	2022
Weighted average number of shares in issue	95,868,871	81,994,955
Total (loss)/profit for the year	£(3.8m)	£0.7m
Total (loss)/earnings per ordinary share (pence)	(3.9)p	0.8p
Weighted average number of shares in issue	95,868,871	81,994,955
Potential dilution of share options	1,291,637	1,304,678
Weighted average fully diluted number of shares in issue	95,868,871	83,299,633
Total fully diluted (loss)/earnings per share (pence)	(3.9)p	0.8p

Potentially dilutive shares have not been included in the diluted EPS for the year ended 31 March 2023 on the basis that they are anti-dilutive, however they may become dilutive in future periods.

Adjusted earnings per share

The Directors believe that the adjusted earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusting items are shown in the table below:

	2023 £'m	2022 £'m
(Loss)/profit before tax	(6.9)	5.9
Adjustments:		
Acquisition costs	2.7	6.0
Restructuring costs	21.1	10.5
Amortisation of acquisition intangibles	24.0	14.9
Share based payments (excluding SAYE schemes)	1.7	1.9
Fair value losses/(gains) in contingent consideration and acquisition related incentive schemes	8.4	(1.8)
Exceptional finance costs	2.6	0.7
Adjusted continuing profit for the year	53.6	38.1

The adjusted earnings per share, based on the weighted average number of shares in issue during the year is calculated below:

	2023	2022
Adjusted profit before tax (£'m)	53.6	38.1
Tax at 19% (£'m)	(10.2)	(7.2)
Adjusted profit after tax (£'m)	43.4	30.9
Adjusted basic earnings per share (pence)	45.3	37.7
Adjusted fully diluted earnings per share (pence)	44.7	37.1

10. Dividends

The Company has not declared any dividends in respect of the current year or prior year.

11. Business combinations

During the year the Group completed 11 acquisitions to create shareholder value by adding depth and breadth to the Group's compliance based platforms.

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £471.9m and Group loss before tax would have been £5.7m. Post completion, acquisitions made during the year contributed £32.4m revenue and £6.4m profit before tax. As explained in note 5, following acquisition a number of restructuring costs are incurred, and after this post acquisition restructuring the acquisitions have a positive impact on Group profit before tax.

Goodwill acquired in the business combinations represent a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is not deductible for tax purposes. Acquisition balance sheets are deemed provisional when the post-acquisition integration period, typically up to 12 months post acquisition, has yet to complete.

During the year the Group made the following acquisitions which individually represent 5 per cent or more of the total Enterprise Value of all acquisitions made during the year.

Finalisation of fair values for acquisitions acquired in the current year

Acquisition of TP Health (Holdings) Ltd

On 14 April 2022 the Group acquired TP Health (Holdings) Ltd ("TP Health"), a provider of technology-enabled occupational health services for a total consideration of £22.5m, satisfied by the payment of £14.5m in cash on completion and £8.0m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition. The £8.0m payable has been discounted to its present value of £7.2m by applying the weighted average cost of capital used in the purchase price allocation. The final fair values are shown to the right.

One hundred percent of the equity of TP Health was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.13m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year TP Health would have generated £19.2m revenue and £3.3m profit before tax.

	Fair value at acquisition £'m
Intangible assets – customer relationships	8.5
Intangible assets – application software	2.3
Trade and other receivables	3.2
Cash	1.4
Inventories	0.1
Right of use assets	0.2
Property, plant and equipment	0.5
Trade and other payables	(3.3)
Deferred tax liabilities	(2.6)
Provisions	(0.4)
Leases	(0.4)
Tax liabilities	(0.2)
Net assets acquired	9.3
Goodwill	12.4
Consideration	21.7
Satisfied by:	
Cash to vendors	14.5
Contingent cash consideration to vendors	7.2

11. Business combinations continued

Finalisation of fair values for acquisitions acquired in the current year continued

Acquisition of MJ Fire Safety Ltd

On 23 May 2022 the Group acquired MJ Fire Safety Ltd ("MJ Fire"), a provider of fire safety installation, maintenance and inspection services, for a total consideration of £4.4m, satisfied by the payment of £4.4m in cash on completion.

One hundred percent of the equity of MJ Fire was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.04m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year MJ Fire would have generated £3.5m revenue and £0.7m profit before tax.

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.3
Trade and other receivables	0.4
Cash	1.7
Property, plant and equipment	0.3
Trade and other payables	(0.2)
Deferred tax liabilities	(0.3)
Leases	(0.2)
Tax liabilities	(0.2)
Net assets acquired	2.8
Goodwill	1.6
Consideration	4.4
Satisfied by:	
Cash to vendors	4.4

Acquisition of Cedrec Information Systems Limited

On 24 May 2022 the Group acquired Cedrec Information Systems Limited ("Cedrec"), a digital platform providing Environmental, Health and Safety ("EHS") data and information for a total consideration of £4.2m, satisfied by the payment of £3.6m in cash on completion and £0.6m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition

One hundred percent of the equity of Cedrec was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.04m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year Cedrec would have generated £1.6m revenue and £0.5m profit before tax.

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.2
Intangible assets – application software	0.1
Intangible assets – content database	0.2
Trade and other receivables	0.1
Cash	1.2
Right of use assets	0.2
Loan receivable	0.1
Trade and other payables	(0.7)
Deferred tax liabilities	(0.4)
Leases	(0.2)
Tax liabilities	(0.1)
Net assets acquired	1.7
Goodwill	2.5
Consideration	4.2
Satisfied by:	
Cash to vendors	3.6
Contingent cash consideration to vendors	0.6

11. Business combinations continued

Finalisation of fair values for acquisitions acquired in the current year continued

Acquisition of Business HR Solutions (Consultancy) Limited and Business Human Resources Solutions Limited

On 07 June 2022, the Group acquired Business HR Solutions (Consultancy) Limited and Business Human Resources Solutions Limited (together, "HR Solutions"), a provider of HR and H&S compliance consultancy services for a total consideration of £5.8m, satisfied by the payment of £5.8m in cash on completion.

One hundred percent of the equity of HR Solutions was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.05m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year HR Solutions would have generated £3.7m revenue and £0.7m profit before tax.

	Fair value at acquisition £'m
Intangible assets – customer relationships	3.0
Intangible assets – content database	0.1
Trade and other receivables	0.5
Cash	0.4
Trade and other payables	(0.9)
Deferred tax liabilities	(0.8)
Borrowings	(0.3)
Tax liabilities	(0.1)
Net assets acquired	1.9
Goodwill	3.9
Consideration	5.8
Satisfied by:	
Cash to vendors	5.8

Provisional fair values for acquisitions acquired in the current year

Acquisition of Vista Employer Services Ltd

On 15 July 2022 the Group acquired Vista Employer Services Ltd ("Vista"), a provider of employment law services for a total consideration of £3.9m, satisfied by the payment of £3.1m in cash on completion and £0.8m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition.

One hundred percent of the equity of Vista was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.03m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year Vista would have generated £2.3m revenue and £0.4m profit before tax.

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	2.1
Trade and other receivables	0.9
Cash	0.3
Trade and other payables	(0.8)
Deferred tax liabilities	(0.5)
Borrowings	(0.2)
Tax liabilities	(0.1)
Net assets acquired	1.7
Goodwill	2.2
Consideration	3.9
Satisfied by:	
Cash to vendors	3.1
Contingent cash consideration to vendors	0.8

11. Business combinations continued

Provisional fair values for acquisitions acquired in the current year continued

Acquisition of PCS Asbestos Consultants Limited

On 01 February 2023 the Group acquired PCS Asbestos Consultants Limited ("PCS"), a provider of asbestos risk management services for a total consideration of £9.3m, satisfied by the payment of £8.0m in cash on completion and £1.3m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition.

One hundred percent of the equity of PCS was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.10m have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year PCS would have generated £3.7m revenue and £1.0m profit before tax.

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	2.1
Intangible assets – application software	0.6
Trade and other receivables	1.2
Cash	2.6
Right of use assets	0.1
Property, plant and equipment	0.2
Loan Receivable	0.4
Trade and other payables	(0.4)
Deferred tax liabilities	(0.7)
Leases	(0.1)
Net assets acquired	6.0
Goodwill	3.3
Consideration	9.3
Satisfied by:	
Cash to vendors	8.0
Contingent cash consideration to vendors	1.3

Further to the above the Group has made the following acquisitions which individually form less than 5% of the total Enterprise Value of all acquisitions made during the year.

Testing, Inspection and Certification (TIC) acquisitions

The Group has made the following acquisitions in the TIC division:

On 19 April 2022 the Group acquired Ruthven Alarms Limited, a provider of alarm system installation and maintenance services, for a total consideration of £0.3m, satisfied by the payment of £0.3m in cash on completion.

On 22 August 2022 the Group acquired Phase Technology 2gen Holdings Limited ("Phase"), a provider of water hygiene & treatment services for a total consideration of £2.6m, satisfied by the payment of £2.6m in cash on completion.

On 23 September 2022 the Group acquired Icegrade Group Limited (trading as "MRFS"), a provider of fire alarm and security maintenance services for a total consideration of £0.7m, satisfied by the payment of £0.7m in cash on completion.

The total provisional fair values are shown to the right.

One hundred percent of the equity was acquired in the transactions with the exception of MRFS where the Group acquired its business and assets. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.05m have been charged to profit or loss.

If the acquisitions had been completed on the first day of the financial year they would have generated £3.0m revenue and £0.5m profit before tax.

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	1.1
Cash	1.2
Trade and other receivables	0.5
Right of use assets	0.1
Trade and other payables	(0.5)
Deferred tax liabilities	(0.3)
Leases	(0.1)
Net assets acquired	2.0
Goodwill	1.6
Consideration	3.6
Satisfied by:	
Cash to vendors	3.6

11. Business combinations continued

Governance, Risk and Compliance (GRC) acquisitions

The Group has made the following acquisitions in the GRC division:

On 09 May 2022 the Group acquired The Compliance Office Ltd, a provider of SRA consultancy services for a total consideration of £1.5m, satisfied by the payment of £1.2m in cash on completion and £0.3m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition.

On 24 August 2022, the Group acquired Care 4 Quality Limited ("C4Q"), a provider of Health & Social Care Quality Compliance for a total consideration of £0.6m, satisfied by the payment of £0.6m in cash on completion.

The total provisional fair values are shown to the right.

One hundred percent of the equity was acquired in the transactions. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £0.04m have been charged to profit or loss.

If the acquisitions had been completed on the first day of the financial year they would have generated £1.6m revenue and £0.5m profit before tax.

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	0.4
Intangible assets - content database	0.2
Cash	0.4
Trade and other receivables	0.1
Trade and other payables	(0.1)
Tax liabilities	(0.1)
Net assets acquired	0.9
Goodwill	1.2
Consideration	2.1
Satisfied by:	
Cash to vendors	1.8
Contingent cash consideration to vendors	0.3

12. Intangible assets

	Goodwill £'m	Customer relationships £'m	Application software £'m	Content database £'m	Trade name £'m	Total £'m
Cost						
1 April 2021	158.2	88.7	12.7	0.0	0.0	259.6
Arising on acquisition of subsidiaries	237.3	96.3	27.2	7.5	6.1	374.4
Additions	-	-	5.6	-	-	5.6
Disposals	-	-	(0.1)	-	-	(0.1)
31 March 2022	395.5	185.0	45.4	7.5	6.1	639.5
Arising on acquisition of subsidiaries	29.5	19.7	3.0	0.5	-	52.7
Additions	-	-	9.5	-	-	9.5
Disposals	(0.3)	-	-	-	-	(0.3)
31 March 2023	424.7	204.7	57.9	8.0	6.1	701.4
Accumulated amortisation and impairment						
1 April 2021	-	12.1	1.4	-	-	13.5
Charge for the year	-	12.2	3.5	0.6	0.2	16.5
31 March 2022	-	24.3	4.9	0.6	0.2	30.0
Charge for the year	-	18.1	7.3	1.3	0.6	27.3
31 March 2023	-	42.4	12.2	1.9	0.8	57.3
Carrying amount						
31 March 2023	424.7	162.3	45.7	6.1	5.3	644.1
31 March 2022	395.5	160.7	40.5	6.9	5.9	609.5

12. Intangible assets continued

The customer relationships, application software, content databases and trade names have a remaining life of between 1 and 15 years.

Amortisation of £3.4m (2022: £1.6m) is included within application software relating to internally developed software.

Over 50 per cent of the carrying amount of customers relationships has a remaining life of 10-15 years.

Over 50 per cent of the carrying amount of application software has a remaining life of 7-13 years.

Over 50 per cent of the carrying amount of content database has a remaining life of 6-8 years.

Over 50 per cent of the carrying amount of trade names has a remaining life of 8 years.

The changes to goodwill during the year were as follows:

	£'m
Cost	
31 March 2022	395.5
Adjusted - Optima Health	0.6
Adjusted - Hydro-X	0.2
Disposal - 4D	(0.3)
Acquired - TP Health	12.4
Acquired - Ruthven	0.1
Acquired - Compliance Office	0.9
Acquired - MJ Fire	1.6
Acquired - Cedrec	2.5
Acquired - HR Solutions	3.9
Acquired - Vista	2.2
Acquired - Phase	0.8
Acquired - C4Q	0.3
Acquired - MRFS	0.7
Acquired - PCS	3.3
31 March 2023	424.7
Accumulated impairment	
1 April 2022 and March 2023	-
31 March 2023	-
Net book value	
31 March 2023	424.7
31 March 2022	395.5

Finalisation of fair values for acquisitions acquired in the prior year

Further assessments have been made during the year as more information has become available and the fair values of the following acquisitions have been finalised.

Optima Health Group Limited ("Optima") - the main change is to accruals, increasing the value by £0.6m, which resulted in an increase of goodwill by £0.6m

Hydro-X Group Limited ("Hydro-X") - the main change is to accruals, increasing the value by £0.2m, which resulted in an increase of goodwill by £0.2m

Allocation to cash-generating units

Goodwill has been allocated for impairment testing purposes using the following cash-generating units. The carrying value is as follows:

GRC	2023 £'m	2022 £'m
Employment Law & HR	77.0	70.9
Occupational Health	118.6	106.00
Health & Safety Compliance Software	112.1	108.4
Total	307.7	285.3

12. Intangible assets continued

Allocation to cash-generating units continued

TIC	2023 £'m	2022 £'m
Fire Safety & Security	37.4	34.9
Water & Air Hygiene	71.4	66.8
Elogbooks Contractor Management Software	8.2	8.5
Total	117.0	110.2

Initial recognition

Intangible assets that are acquired as part of a business combination and meet the criteria for separate recognition are recognised at fair value. Fair value is estimated using the income approach, typically using the Multi-Period Excess Earnings Method for those intangibles judged to be the primary assets acquired and the Cost approach or Relief from Royalty method for secondary intangibles. These methods involve estimating fair value by discounting excess earnings to present value at an appropriate rate of return.

Goodwill is calculated as the residual measure of the excess of the fair value of consideration paid and payable over the fair value of assets and liabilities acquired. The income methods used employ cash flow projections for appropriate periods, depending on the estimated life of the asset concerned, using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. Terminal cash flows are assumed to grow perpetually at 2% per annum.

The growth rates for beyond the forecasted five years do not exceed the long-term average growth rate for the industry. The forecasts have been discounted at an average rate of 16.32% (2021: 21.92%). The key assumptions forming inputs to cash flows are in revenues and margins. Revenues for the first year have been assessed by reference to existing contracts and market volumes. Margins have been assumed to grow in line with historical performance of the acquired business and reflect management's view of the post-acquisition performance following integration into the Marlowe Group.

Annual impairment review

For the purpose of impairment testing, goodwill and other intangibles are allocated to groups of CGUs which align with the Group's operating segments and represent the lowest level at which those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two to five using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. Terminal cash flows are based on these five year projections, assumed to grow perpetually at 2%. The key assumptions forming inputs to the cash flows are in revenues, margins and discount rates applied. Budgeted revenues for FY23 which form year one of the value in use calculation have been assessed by reference to existing contracts and market volumes. Having begun moving out of the restructuring and integration phase, budgeted margins in FY23 reflect the impact of implemented restructuring and post-integration performance improvement measures. Although these performance improvements are yet to be fully realised, management consider the FY23 budgets to contain reasonable and supportable assumptions.

The forecasts have been discounted using a pre-tax rate of 12.95% (2022: 11.13%) for cash generating units in the GRC division and 10.75% (2022: 10.41%) for cash generating units in the TIC division. These discount rates were calculated using a pre-tax rate based on the weighted average cost of capital for each operating segment. The key assumptions used for the value in use calculations are as follows:

	GRC %	TIC %
Revenue growth – years 2 - 5	6.0-15.0	6.0
Revenue growth – remainder	2.0	2.0
Cost growth – employee/overheads, years 2 - 5	5.0-7.0	5.0
Cost growth – employee/overheads, remainder	2.0	2.0

Occupational Health is the cash generative unit most sensitive to changes in assumptions, with headroom of £64.4m. A reduction in the revenue growth assumption by 5 percentage points and a reduction in the cost growth assumption by 2 percentage points would lead to an impairment. If all other assumptions are maintained at the levels quoted above but the discount rate increases by 1% it reduces the headroom by £24.8m.

13. Property, plant and equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 April 2021	0.7	2.6	1.8	2.5	2.7	10.3
Transfer of finance leased assets to right of use assets	0.0	0.0	(0.2)	(0.2)	(0.4)	(0.8)
Additions	-	0.3	1.2	1.4	-	2.9
Disposals	-	-	-	(0.2)	(0.4)	(0.6)
Acquisitions	0.2	0.4	0.4	2.0	0.7	3.7
Reclassified from held for sale	1.3	-	-	-	-	1.3
31 March 2022	2.2	3.3	3.2	5.5	2.6	16.8
1 April 2022	2.2	3.3	3.2	5.5	2.6	16.8
Additions	0.2	0.5	2.3	2.2	0.4	5.6
Disposals	(0.4)	(0.2)	(1.1)	(1.7)	(1.2)	(4.6)
Acquisitions	-	0.1	0.2	0.2	0.3	0.8
Reclassified to held for sale	(1.3)	-	-	-	-	(1.3)
31 March 2023	0.7	3.7	4.6	6.2	2.1	17.3
Accumulated depreciation						
1 April 2021	0.2	0.5	0.3	1.1	0.9	3.0
Transfer of finance leased assets to right of use assets	-	-	-	(0.1)	(0.2)	(0.3)
Charge for the year	-	0.4	0.4	1.1	0.6	2.5
Disposals	-	0.0	0.0	(0.1)	(0.4)	(0.5)
31 March 2022	0.2	0.9	0.7	2.0	0.9	4.7
1 April 2022	0.2	0.9	0.7	2.0	0.9	4.7
Charge for the year	-	0.5	1.3	1.9	0.4	4.1
Disposals	-	(0.1)	(0.7)	(1.7)	(0.7)	(3.2)
31 March 2023	0.2	1.3	1.3	2.2	0.6	5.6
Net book value						
31 March 2023	0.5	2.4	3.3	4.0	1.5	11.7
31 March 2022	2.0	2.4	2.5	3.5	1.7	12.1

14. Right of use assets

	Leasehold property £'m	Plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost					
1 April 2021	13.0	0.7	0.3	16.1	30.1
Transfer of finance leased assets from plant, property and equipment	-	0.2	0.2	0.4	0.8
Additions	0.6	-	0.2	5.6	6.4
Disposals	(0.9)	(0.1)	(0.1)	(6.3)	(7.4)
Acquisitions	4.7	-	-	1.8	6.5
Effect of lease modifications	(0.3)	-	(0.1)	(0.1)	(0.5)
31 March 2022	17.1	0.8	0.5	17.5	35.9
1 April 2022	17.1	0.8	0.5	17.5	35.9
Additions	4.6	-	-	8.9	13.5
Disposals	(1.2)	(0.1)	(0.1)	(3.3)	(4.7)
Acquisitions	0.6	-	-	0.6	1.2
Effect of lease modifications	(0.7)	-	-	(0.2)	(0.9)
31 March 2023	20.4	0.7	0.4	23.5	45.0
Accumulated depreciation					
1 April 2021	3.2	0.2	0.2	7.7	11.3
Transfer of finance leased assets from plant, property and equipment	-	-	0.1	0.2	0.3
Charge for the year	2.9	0.1	0.2	5.1	8.3
Disposals	(0.8)	(0.1)	(0.1)	(6.1)	(7.1)
Effect of lease modifications	(0.8)	-	(0.1)	(0.1)	(1.0)
31 March 2022	4.5	0.2	0.3	6.8	11.8
1 April 2022	4.5	0.2	0.3	6.8	11.8
Charge for the year	4.6	0.1	0.2	6.1	11.0
Disposals	(1.2)	(0.1)	(0.1)	(3.1)	(4.5)
Effect of lease modifications	(0.6)	-	-	(0.1)	(0.7)
31 March 2023	7.3	0.2	0.4	9.7	17.6
Net book value					
31 March 2023	13.1	0.5	-	13.8	27.4
31 March 2022	12.6	0.6	0.2	10.7	24.1

Depreciation is charged to profit or loss as an administrative expense.

Refer to notes 2 and 20 for additional disclosures relating to leases and right of use assets.

15. Inventories

	2023 £'m	2022 £'m
Finished goods and goods for resale	9.3	7.6

16. Contract assets and liabilities

(a) Contract assets

	31 March 2022 £'m	Additions £'m	Accrued income/ trade receivables £'m	Acquisition of subsidiary £'m	31 March 2023 £'m
Amounts due from contract assets included in trade and other receivables	2.2	2.3	(2.6)	0.2	2.1
	2.2	2.3	(2.6)	0.2	2.1

	31 March 2021 £'m	Additions £'m	Accrued income/ trade receivables £'m	Acquisition of subsidiary £'m	31 March 2022 £'m
Amounts due from contract assets included in trade and other receivables	1.4	2.1	(1.6)	0.3	2.2
	1.4	2.1	(1.6)	0.3	2.2

Contract assets related to the portion of performance obligations already fulfilled by the Group and for which the definitive right to receive cash was subject to completing further work under the relevant contracts. Contract assets are converted into accrued income at the point at which no further work is required to be complete and subsequently into trade receivables at the point that work delivered to the client is invoiced resulting in the Group's unconditional right to receive cash. Contract assets therefore represent a portion of future payments receivable by the Group under existing contracts.

(b) Contract liabilities

	31 Mar 2022 £'m	Revenue recognised in financial year from advance payments received from customers during the financial year £'m	Revenue recognised in financial year which was included in the contract liability at 31/03/22 or on acquisition £'m	Advance payments received from customers £'m	Acquisition of subsidiary £'m	31 Mar 2023 £'m
Contract liabilities included in trade and other payables	25.5	(52.3)	(27.4)	80.9	2.0	28.7
	25.5	(52.3)	(27.4)	80.9	2.0	28.7

	31 Mar 2021 £'m	Revenue recognised in financial year from advance payments received from customers during the financial year £'m	Revenue recognised in financial year which was included in the contract liability at 31/03/21 or on acquisition £'m	Advance payments received from customers £'m	Acquisition of subsidiary £'m	31 Mar 2022 £'m
Contract liabilities included in trade and other payables	9.0	(15.8)	(17.6)	34.6	15.3	25.5
	9.0	(15.8)	(17.6)	34.6	15.3	25.5

These liabilities consist mainly of cash advances received from customers on account of orders received and the remaining liabilities relate to the amount of performance obligations still to be fulfilled and for which payment has already been received from the client.

17. Trade and other receivables

	2023 £'m	2022 £'m
Trade receivables	81.9	71.5
Less: provision for impairment of trade receivables	(1.9)	(2.9)
Trade receivables – net	80.0	68.6
Other receivables	2.8	0.7
Contract assets	2.1	2.2
Accrued income	22.8	18.6
Prepayments	8.1	7.4
Contingent consideration receivable in less than one year	0.6	0.6
	116.4	98.1
Non current		
Contingent consideration receivable in more than one year	4.8	4.7
	4.8	4.7

As at 31 March 2023, trade and other receivables includes amounts due from contract assets of £2.1m (2022: £2.2m).

Revenue is recognised based on contracted terms with customers, in accordance with a contract's stage of completion, with any variable consideration estimated using the expected value method as constrained if necessary. If a contract is in dispute, management use their judgement based on evidence and external expert advice, where appropriate, to estimate the value of accrued income recoverable on the contract. Actual future outcome may differ from the estimated value currently held in the financial statements. The outcome of any amounts subject to dispute is not anticipated to have a material impact on the financial statements.

Contingent consideration represents the divestment of non-core activities within the Group's Air Quality business following the sale of Ductclean (UK) Limited in March 2020 for a consideration of up to £7.0m and additional amounts receivable on projects concluded before the transaction. These are financial assets classified as measured at fair value through profit or loss. The fair value of this consideration is determined using an estimate of discounted cash flows that are expected to be received within the next five years. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. The consideration is subject to a number of variables which may result in the amount received being materially greater or lower than currently recognised.

Trade receivables, accrued income and contract assets are provided for based on, and in accordance with IFRS 9, an expect credit loss ("ECL") model. The group have utilised a simplified approach which is permitted by the standard, which applies a credit risk percentage based against receivables that are grouped in age brackets, which range from 41% of those over 120 days past due to 5% of those between 0 and 30 days past due.

As at 31 March 2023, the remaining balance of trade receivables which were past due, after applying the ECL model to the age buckets was £33.5m (2022: 21.1m). No further provision has been recognised on these amounts because it has been deemed immaterial. These relate to a number of independent customers with no recent history of default.

18. Trade and other payables

	2023 £'m	2022 £'m
Current		
Trade payables	33.7	29.9
Other taxation and social security	19.9	16.3
Other payables	4.0	2.5
Accruals	28.9	23.5
Contract liabilities	28.7	25.5
Contingent consideration payable in less than one year	8.0	13.8
	123.2	111.5
Non-current		
Contingent consideration payable in one to three years	12.0	14.7
	12.0	14.7

Trade and other payables principally comprise amounts outstanding for trade purchases, ongoing costs and contingent consideration. Included within contingent consideration is £nil (2022: £2.6m) in respect of amounts due under put and call options. Included within accruals is £8.6m (2022: £4.3m) in respect of Long Term Incentive Plans as shown in Note 30.

Contingent consideration consists of the following amounts payable in respect of previous acquisitions:

	2023 £'m	2022 £'m
Core Stream	12.0	6.4
VinciWorks	1.8	8.4
Healthwork	-	3.0
Skill Boosters	1.5	2.0
Other (comprising 17 acquisitions in FY23/14 acquisitions in FY22)	4.7	8.7
	20.0	28.5

19. Financial liabilities: borrowings

	2023 £'m	2022 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – unsecured	-	-
	-	-
Non-current		
Bank loans – unsecured	191.0	140.0
	191.0	140.0

The bank debt is unsecured and due to HSBC UK Bank plc, National Westminster Bank plc, Citibank, N.A., Credit Industriel et Commercial, Fifth Third Bank, and The Governor and Company of the Bank of Ireland. The interest rate profile and an analysis of borrowings is given in note 21.

Under the terms of the finance facility the Group is required to meet quarterly covenant tests in respect of interest cover and leverage.

19. Financial liabilities: borrowings continued

Analysis of net debt

	2023 £'m	2022 £'m
Cash at bank and in hand	30.2	31.2
Bank loans due after one year	(191.0)	(140.0)
Leases due within one year	(9.7)	(8.0)
Leases due after one year	(18.4)	(16.5)
Net debt	(188.9)	(133.3)

Refer to notes 20 and 21 for additional disclosures relating to leases and right of use assets.

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings £'m	Lease liabilities £'m	Total £'m
1 April 2022	140.0	24.5	164.5
Cash flows:			
Repayment	(14.0)	(11.1)	(25.1)
Repayment of debt upon purchase of subsidiary undertaking	(0.5)	-	(0.5)
Drawdown	65.0	-	65.0
Non-cash:			
Debt recognised upon purchase of subsidiary undertaking	0.5	-	0.5
Lease liabilities recognised upon purchase of subsidiary undertaking	-	1.0	1.0
Lease liabilities recognised in the year	-	13.7	13.7
31 March 2023	191.0	28.1	219.1
1 April 2021	-	19.9	19.9
Cash flows:			
Repayment	(146.5)	(8.8)	(155.3)
Repayment of debt upon purchase of subsidiary undertaking	(5.4)	-	(5.4)
Drawdown	286.5	-	286.5
Non-cash:			
Debt recognised upon purchase of subsidiary undertaking	5.4	-	5.4
Lease liabilities recognised upon purchase of subsidiary undertaking	-	6.1	6.1
Lease liabilities recognised in the year	-	7.3	7.3
31 March 2022	140.0	24.5	164.5

20. Financial liabilities: lease liabilities

	2023 £'m	2022 £'m
Gross obligations under leases		
Repayable by instalments:		
In less than one year	10.4	8.0
In two to five years	17.4	14.3
Over five years	1.4	2.2
	29.2	24.5

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2023 £'m	2022 £'m
Short term leases	0.5	0.5
Leases of low value assets	-	0.1

21. Financial instruments

The Group's financial instruments comprise cash at bank and in hand, borrowings and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

Cash and cash equivalents

	2023 £'m	2022 £'m
Cash at bank and in hand	30.2	31.2

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flow forecasts are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2023 £'m	2022 £'m
Financial assets measured at amortised cost	105.6	87.9
Financial liabilities measured at amortised cost	(94.8)	(81.5)

Currency and interest rate risk profile of financial liabilities

Marlowe refinanced its debt facility, twice during the prior year. For the period up to 8 October 2021, its debt facility was with HSBC UK Bank plc and National Westminster Bank with all bank borrowings subject to floating interest rates, at LIBOR plus a margin between 1.40% and 2.80%. For the period from 9 October 2021 to 8 February 2022, its debt facility was with HSBC UK Bank plc and National Westminster Bank with all bank borrowings subject to floating interest rates, at SONIA plus a margin between 1.40% and 3.0%. After 9 February 2022, all bank borrowings are due to HSBC UK Bank plc, National Westminster Bank plc, Citibank, N.A., Credit Industriel et Commercial, Fifth Third Bank, and The Governor and Company of the Bank of Ireland and are subject to floating interest rates, at SONIA plus a margin between 1.55% and 2.80%. Any undrawn borrowings continue to be charged as a % of lending margin and are not exposed to interest rate changes.

21. Financial instruments continued

Currency and interest rate risk profile of financial liabilities continued

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Weighted average interest rates %
Sterling at 31 March 2023	191.0	191.0	4.7
Sterling at 31 March 2022	140.0	140.0	2.3

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2023 £'m	2022 £'m
3 months or less	191.0	140.0

The exposure of the Group's undrawn borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2023 £'m	2022 £'m
3 months or less	42.3	40.0

Interest rate sensitivity

At 31 March 2023, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £0.9m lower (2022: £0.4m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year

The Group's sensitivity to future interest rate changes has increased during the current year due to the increased debt facility.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank and in hand. The cash at bank earns interest based on the Bank of England Base rate less a margin of 0.09% and is held with HSBC UK Bank plc.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities (including interest payments) other than short-term trade payables and accruals which are due within one year was as follows:

	2023			2022		
	Bank debt £'m	Financial liabilities lease liabilities £'m	Total £'m	Bank debt £'m	Financial liabilities lease liabilities £'m	Total £'m
Within one year, or on demand	-	10.4	10.4	-	8.0	8.0
Between one and two years	191.0	17.4	208.4	-	14.3	14.3
Between two and five years	-	1.4	1.4	140.0	2.2	142.2
	191.0	29.2	220.2	140.0	24.5	164.5

Borrowing facilities

The Group has a £180m revolving credit facility and an additional accordion facility of £60m with HSBC UK Bank plc, National Westminster Bank plc, Citibank, N.A., Credit Industriel et Commercial, Fifth Third Bank, and The Governor and Company of the Bank of Ireland which expires on 9 February 2025. On 25 October 2022 the Group utilised £53.3m of the £60m accordion facility. £191m of the facility was drawn as at 31 March 2023. All of the Group's borrowings are in sterling.

21. Financial instruments continued

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate approximately to their fair value.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
31 March 2023				
<i>Financial assets</i>				
Contingent consideration (Note 17)	-	-	5.4	5.4
Total assets	-	-	5.4	5.4
<i>Financial liabilities</i>				
Contingent consideration (Note 18)	-	-	(20.0)	(20.0)
Net fair value	-	-	(14.6)	(14.6)
31 March 2022				
<i>Financial assets</i>				
Contingent consideration (Note 17)	-	-	5.3	5.3
Total assets	-	-	5.3	5.3
<i>Financial liabilities</i>				
Contingent consideration (Note 18)	-	-	(28.5)	(28.5)
Net fair value	-	-	(23.2)	(23.2)

Measurement of fair value of financial instruments

Measurement of contingent consideration payable

When acquiring a business, consideration may become payable subject to the achievement of certain performance targets by the acquired business in the future. The fair value of contingent consideration is determined by assessing the projected performance forecasts of the business and discounting the estimated consideration that would become payable if these forecasts were achieved. The discount rate used is based on the weighted average cost of capital of the operating segment in which it operates in.

Contingent consideration forms part of the total consideration for a number of the Group's current and prior year acquisitions. Each acquisition has specified targets which need to be met for the consideration to become payable, with performance assessed, over a period of typically between 12 to 48 months from the date of the acquisition.

Of the total balance disclosed above, £8.0m (2022: £6.7m) is either fixed and will be paid subject to the satisfactory completion of certain integration tasks, has been agreed with the vendors, is approaching maturity, or is otherwise subject to lower estimation uncertainty.

The remaining balance of £12.0m (2022: £21.8m) is calculated based on the performance of each of the acquired entities. £12.0m (2022: £6.4m) relates to consideration arising from the acquisition of Core Stream, which is the most sensitive to reasonably possible changes in assumptions. For Core Stream, an increase/decrease of 10% in the future EBITDA on which the contingent consideration is based would result in an increase/decrease of contingent consideration of £1.2m (2022: £1.8m). Other year on year movements are in respect of amounts paid in respect of past acquisitions and new amounts accrued in respect of new acquisitions in the year.

21. Financial instruments continued

Measurement of fair value of financial instruments continued

The fair value of the contingent consideration payable was estimated by applying an appropriate discount rate (being 12.95% for acquisitions in the GRC division and 10.75% for acquisitions in the TIC division), consistent with those used for the purpose of the goodwill impairment assessment.

During the year ended 31 March 2023 total contingent consideration of £25.8m was paid and all settled in cash (2022: £14.3m - £12.3m settled in cash and £2.0m in shares).

Measurement of contingent consideration receivable

During the financial year ending 31 March 2020 the Group divested of non-core activities within its Air Quality business following the sale of Ductclean (UK) Limited. The fair value of this consideration is determined using an estimate of discounted cash flows that are expected to be received within the next five years. The discount rate used is based on a risk-free rate adjusted for asset-specific risks.

22. Deferred tax

Summary of balances

	2023 £'m	2022 £'m
Deferred tax liabilities	(51.2)	(50.5)
Deferred tax asset	4.4	3.9
	(46.8)	(46.6)

The movement in the year in the Group's net deferred tax position is as follows:

	2023 £'m	2022 £'m
1 April	(46.6)	(15.0)
Credit/(charge) to profit for the year	6.9	(0.9)
Adjustment in respect of previous periods	(0.1)	(0.3)
Acquisitions	(5.8)	(31.8)
Deferred tax on share based payments through reserves	(1.2)	1.4
31 March	(46.8)	(46.6)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Intangible assets £'m	Short term timing differences £'m	Total £'m
31 March 2021	(16.0)	(0.5)	(16.5)
Charge to income for the year	(2.4)	0.5	(1.9)
Adjustment in respect of previous periods	(0.3)	-	(0.3)
Acquisitions	(31.8)	-	(31.8)
31 March 2022	(50.5)	-	(50.5)
Charge to income for the year	5.7	(0.5)	5.2
Adjustment in respect of previous periods	(0.1)	-	(0.1)
Acquisitions	(5.8)	-	(5.8)
31 March 2023	(50.7)	(0.5)	(51.2)

22. Deferred tax continued

Deferred tax assets

	Property, plant & equipment timing differences £'m	Short term timing differences £'m	Losses £'m	Total £'m
31 March 2021	0.5	1.0	-	1.5
Charge to income for the year	(0.2)	1.2	-	1.0
Adjustment in respect of previous periods	-	-	-	-
Deferred tax on share based payments through reserves	-	1.4	-	1.4
31 March 2022	0.3	3.6	-	3.9
Charge to income for the year	(0.3)	0.5	1.5	1.7
Adjustment in respect of previous periods	-	-	-	-
Deferred tax on share based payments through reserves	-	(1.2)	-	(1.2)
31 March 2023	-	2.9	1.5	4.4

Deferred tax assets, in relation to tax losses, amounting to £nil (2022: £1.9m) have not been recognised as at 31 March 2023 as it is not considered probable that future taxable profits will be available against which the tax losses can be offset.

23. Provisions

	Provisions £'m
1 April 2022	2.8
Acquired provision	0.4
Utilised/released	(0.6)
31 March 2023	2.6

	2023 £'m	2022 £'m
Current	1.4	0.9
Non-current	1.2	1.9
Total	2.6	2.8

Provisions relate to the future anticipated costs to restore leased properties into their original state at the end of the lease term.

24. Called up share capital

	2023 £'m	2022 £'m
Allotted, issued and fully paid:		
95,882,065 ordinary shares of 50p each (2022: 95,833,853 ordinary shares of 50p each)	47.9	47.9

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
31 March 2021	76,969,849	
01 April 2021 - Consideration Shares ("LAW")	153,923	717p
17 August 2021 - Bonus Shares	3,050	782p
20 October 2021 - Subscription Shares	5,512,679	907p
20 January 2022 - Share Options ("SAYE 2020")	1,336	460p
24 January 2022 - Subscription Shares	13,100,000	1000p
27 January 2022 - Consideration Shares ("Elogbooks")	93,016	1025p
31 March 2022	95,833,853	
11 April 2022 - Share Options ("SAYE 2020")	1,630	460p
26 April 2022 - Share Options ("SAYE 2020")	2,065	460p
23 May 2022 - Share Options ("SAYE 2020")	923	460p
04 July 2022 - Marlowe plc Long Term Incentive Plan 2019	37,879	50p
05 July 2022 - Share Options ("SAYE 2020")	1,173	460p
18 August 2022 - Share Options ("SAYE 2020")	413	460p
19 October 2022 - Share Options ("SAYE 2020")	1,195	460p
24 November 2022 - Share Options ("SAYE 2020")	2,934	460p
31 March 2023	95,882,065	

25. Share premium account

	2023 £'m	2022 £'m
1 April	384.8	217.4
Premium on shares issued during the year	-	171.7
Share issue costs	-	(4.3)
31 March	384.8	384.8

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

26. Other reserves

a) Other reserves

	2023 £'m	2022 £'m
1 April	3.5	0.4
Charge for the year	2.3	1.7
Deferred tax on share based payments through reserves	(1.2)	1.4
31 March	4.6	3.5

The other reserve comprises charges made to the statement of comprehensive income in respect of share-based payments under the Group's equity compensation schemes.

b) Merger relief reserve

	2023 £'m	2022 £'m
1 April	9.9	7.9
Issue of shares	-	2.0
31 March	9.9	9.9

The merger relief reserve represents the premium on ordinary shares issued as consideration for the acquisition of shares in another company. During the prior year £2.0m of merger relief was recognised on the acquisition of the remaining share capital of Elogbooks and contingent consideration settled in shares in respect of the acquisition of Law At Work.

27. Retained earnings

	2023 £'m	2022 £'m
1 April	(0.1)	(0.8)
(Loss)/profit for the year	(3.8)	0.7
31 March	(3.9)	(0.1)

28. Net cash generated from operations

	2023 £'m	2022 £'m
Continuing operations		
(Loss)/profit before tax	(6.9)	5.9
Depreciation of property plant and equipment, depreciation of right of use assets and amortisation of non-acquisition intangibles	18.4	12.4
Amortisation of acquisition related intangible assets	24.0	14.9
Finance costs	13.3	4.6
Acquisition costs	2.7	6.0
Fair value losses/(gains) in contingent consideration and acquisition related incentive schemes	8.4	(1.8)
Restructuring costs	21.1	10.5
Share based payments (excluding SAYE schemes)	1.7	1.9
Increase in inventories	(1.7)	(2.1)
Increase in trade and other receivables	(12.0)	(15.0)
Increase/(decrease) in trade and other payables	5.3	(3.3)
Net cash generated from operations	74.3	34.0

29. Pensions

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £8.0m (2022: £4.7m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

30. Share based payments and long term incentive plans

The Group operates a number of long term incentive schemes to incentivise and reward management and employees. Legacy incentive plans were established to incentivise certain key members of the Group's senior management to create shareholder value through the successful acquisition, restructuring and integration of businesses in their chosen service sectors.

The following charges were made through Share based payments (excluding SAYE schemes):

	2023 £'m	2022 £'m
Marlowe plc EIP	1.5	1.2
Marlowe plc LTIP 2019	-	0.1
Marlowe plc LTIP 2020	0.1	0.1
Marlowe plc LTIP 2021	0.1	-
Legacy Phantom Award Scheme	-	0.5
	1.7	1.9

The following charges were made through admin expenses:

	2023 £'m	2022 £'m
2020 Save As You Earn	0.2	0.1
2021 Save As You Earn	0.3	0.2
2022 Save As You Earn	0.1	-
Phantom Award Scheme	-	0.1
	0.6	0.4

The following charge was included within fair value (losses)/gains in contingent consideration and acquisition related incentive schemes:

	2023 £'m	2022 £'m
Long Term Incentive Plan	4.7	1.6
	4.7	1.6

Of the above charges the following are share settled and are treated as share-based payments within the Consolidated Statement of Changes of Equity:

	2023 £'m	2022 £'m
Marlowe plc EIP	1.5	1.2
Marlowe plc LTIP 2019	-	0.1
Marlowe plc LTIP 2020	0.1	0.1
Marlowe plc LTIP 2021	0.1	-
2020 Save As You Earn	0.2	0.1
2021 Save As You Earn	0.3	0.2
2022 Save As You Earn	0.1	-
	2.3	1.7

30. Share based payments and long term incentive plans continued

Marlowe plc Long Term Incentive Plan 2019

92,975 of the New Share Options have been granted to Alex Dacre and 41,322 of the New Share Options have been granted to Mark Adams. The New Share Options vested in full on 1 April 2022 with the following performance conditions having been met over the preceding three year period:

Compound Annual Total Shareholder Return	Vesting
Less than 5%	0%
More than 15%	100%
Between 5% and 15%	0% - 100% on a straight-line basis

Upon vesting, the New Share Options will be exercisable at a price of 50 pence per ordinary at any time prior to expiry on 31 March 2029. Unless special circumstances apply, the New Share Options will normally lapse immediately on cessation of employment. Following Mark Adams retirement on 31 December 2021, in recognition of his contribution to the growth of the Group, the Board permitted 37,879 New Share Options to remain granted, being the entitlement to reflect his retirement date, to vest under the original scheme rules on 1 April 2022. The 37,879 options were exercised on 4 July 2022 resulting in 37,879 ordinary shares being issued at a market price of £7.60, representing a gain of £0.3m. As at 31 March 2023 Alex Dacre's fully vested 41,322 New Share Options remain unexercised.

A charge of £nil (2022: £0.1m) was recognised in respect of the Long Term Incentive Plan 2019.

Marlowe plc Long Term Incentive Plan 2020

63,380 of the New Share Options have been granted to Alex Dacre and 26,400 of the New Share Options have been granted to Mark Adams. Following Mark Adams retirement on 31 December 2021 the 26,400 New Share Options were reduced proportionately to 15,400 from his final date of departure. The New Share Options will vest, in whole or in part, on 1 April 2023 (or upon a change of control) subject to the following performance conditions having been met over the preceding three-year period:

Compound Annual Total Shareholder Return	Vesting
Less than 5%	0%
More than 15%	100%
Between 5% and 15%	0% - 100% on a straight-line basis

Unless special circumstances apply, the New Share Options will normally lapse immediately on cessation of employment. Upon vesting, the New Share Options will be exercisable at a price of 50 pence per ordinary at any time prior to expiry on 31 March 2030.

A charge of £0.1m (2022: £0.1m) was recognised in respect of the Long Term Incentive Plan 2020.

Marlowe plc Long Term Incentive Plan 2021

44,321 New Share Options have been granted to Alex Dacre. The New Share Options will vest, in whole or in part, on 1 April 2024 (or upon a change of control) subject to the following performance conditions having been met over the preceding three-year period:

Compound Annual Total Shareholder Return	Vesting
Less than 5%	0%
More than 15%	100%
Between 5% and 15%	0% - 100% on a straight-line basis

Unless special circumstances apply, the New Share Options will normally lapse immediately on cessation of employment. Upon vesting, the New Share Options will be exercisable at a price of 50 pence per ordinary at any time prior to expiry on 31 March 2031.

A charge of £0.1m (2022: £nil) was recognised in respect of the Long Term Incentive Plan 2021.

30. Share based payments and long term incentive plans continued

2020 Save As You Earn Scheme

The Group operates a Save As You Earn ("SAYE") scheme which is open to all employees with more than 3 months continuous service. This is an approved HMRC scheme and was established in September 2020.

Under the SAYE, participants remaining in the Group's employment at the end of the three years savings period are entitled to use their savings to purchase shares in the Company at a stated exercise price.

Employees leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving. 699,000 SAYE options were granted during the year.

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation for the options issued in 2021 were as follows.

Grant date	2021
Share price at grant date	509p
Exercise price	460p
Share options	699,000
Expected volatility	31%
Risk free rate	1%
Fair value per option	120p

The total fair value of options issued during 2021 was £0.8m. The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements.

A charge of £0.2m (2022: £0.1m) was recognised in respect of the SAYE scheme.

2021 Save As You Earn Scheme

The Group operates a Save As You Earn ("SAYE") scheme which is open to all employees with more than 3 months continuous service. This is an approved HMRC scheme and was established in September 2021.

Under the SAYE, participants remaining in the Group's employment at the end of the three years savings period are entitled to use their savings to purchase shares in the Company at a stated exercise price.

Employees leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving. 426,508 SAYE options were granted.

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation for the options issued in 2022 were as follows.

Grant date	2022
Share price at grant date	805p
Exercise price	725p
Share options	426,508
Expected volatility	33%
Risk free rate	0.20%
Fair value per option	0p

The total fair value of options issued during 2022 was £nil. The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements.

A charge of £0.3m (2022: £0.2m) was recognised in respect of the SAYE scheme.

30. Share based payments and long term incentive plans continued

2022 Save As You Earn Scheme

The Group operates a Save As You Earn ("SAYE") scheme which is open to all employees with more than 3 months continuous service. This is an approved HMRC scheme and was established in September 2022.

Under the SAYE, participants remaining in the Group's employment at the end of the three years savings period are entitled to use their savings to purchase shares in the Company at a stated exercise price.

Employees leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving. 413,340 SAYE options were granted.

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation for the options issued in 2022 were as follows.

Grant date	2023
Share price at grant date	692p
Exercise price	758p
Share options	413,340
Expected volatility	39%
Risk free rate	4.38%
Fair value per option	0p

The total fair value of options issued during the year was £0.7m. The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements.

A charge of £0.1m (2022: £nil) was recognised in respect of the SAYE scheme.

Marlowe plc Executive Incentive Plan

The Directors believe the success of the Group will depend to a significant degree on the future performance of the management team. With Marlowe's historical 2016 Incentive Scheme having concluded in February 2021, and no other meaningful long term incentive scheme currently in place, an Executive Incentive Plan ("EIP") was approved by a Shareholder General Meeting on 21 May 2021. The EIP forms the cornerstone of the Company's remuneration structure to retain and motivate its senior management team, focusing them on long term value creation and aligning their interests directly with shareholders.

The EIP (together with other share plans) operates within a 10% in 10 years dilution limit in line with corporate governance best practice.

Participants in the EIP have been awarded with performance units that will convert into new ordinary shares in the Company in the form of nil-cost options ("EIP Performance Units") at the end of a five-year performance period ending on 31 March 2026 (the "Performance Period"), provided that the value created for Marlowe shareholders during the Performance Period is in excess of a hurdle calculated by reference to 10% annualised growth in the Company's share price from the start of the Performance Period on 1 April 2021 based on an opening share price of £6.90 per share ("Threshold Hurdle"). Providing the Threshold Hurdle has been achieved by the end of the Performance Period, the EIP participants will be entitled to receive, in aggregate, 10% of the value created for shareholders above the Threshold Hurdle. This value sharing percentage will apply only to the ordinary shares in issue on 1 April 2021 and is capped at a maximum aggregate award of 4,902,295 new ordinary shares, subject to the Remuneration Committee retaining discretion to scale back the formulaic vesting of the EIP in line with corporate governance best practice. Awards under the EIP are subject to customary malus provisions during the Performance Period and to clawback for a period of 2 years post vesting.

Alex Dacre, Chief Executive, and Adam Councill, Group CFO, have been allocated 56.5% and 18.0% respectively of the EIP Performance Units and have agreed they will receive below market salaries, will forgo an annual bonus and will not receive further incentives for the duration of the EIP. The remaining EIP Performance Units have been allocated to other senior executives.

30. Share based payments and long term incentive plans continued

The EIP units were valued using a Monte Carlo model. The effective dates of the award are deemed to be 25 May 2021 (80% of the units following shareholder approval) and 4 October 2021 (20% of the units following the appointment of Adam Councill as CFO).

Assumptions		
Grant date	25 May 2021	4 October 2021
Proportion of total award granted	80%	20%
Projection period	4.85 years	4.49 years
Initial share capital	76,969,849 shares	76,969,849 shares
Share price at grant date	£7.72	£8.95
Share price to which hurdle applies	£6.90	£6.90
Hurdle	10% per annum	10% per annum
Dividend yield	Nil	Nil
Risk free rate	0.33%	0.55%
Volatility	26%	26%
Fair value of award	£5.3m	£2.0m

The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements of a selection of Marlowe's peers. A charge of £1.5m (2022: £1.2m) was recognised in respect of the EIP scheme.

Phantom Award Scheme

The Phantom Award Scheme (the "Scheme") provides eligible participants with the right to receive cash based on the appreciation in the Company's share price between the date of grant and the vesting date. Under the scheme, such eligible participants are granted phantom shares. Phantom shares are settled in cash and contain a service condition of 2-4 years. The fair value of the liability for the awards made is remeasured at each reporting date and at the settlement date. The fair value is recognised over the vesting period. The amount of expense recognised takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions underlying each phantom share granted.

The Phantom Award Schemes were valued using a Binomial model using the following assumption:

Grant date	1 July 2021	1 July 2021	1 July 2022
Share price at grant date	800p	800p	760p
Number of employees	1	1	1
Phantom shares granted	20,000	25,000	25,000
Vesting period	3-4	3	3
Expected volatility	40.20%	40.20%	40.20%
Risk free rate	4.26%	4.26%	3.47%
Fair value per phantom share	0p	0p	0p

The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements.

30. Share based payments and long term incentive plans continued

Long Term Investment Plan

LTIP awards were issued during the year to senior management of the Occupational Health and Employment Law and HR businesses. The Occupational Health LTIP can be exercised in respect of financial years ending 31 March 2025 - 2027. The Employment Law and HR LTIP can be exercised in respect of financial years ending 31 March 2023 - 2025. The LTIP is calculated by reference to the financial performance of the Occupational Health and Employment Law and HR businesses, respectively.

LTIP awards remain in place for Robert Flinn, Chief Executive of the Fire & Security businesses, Phil Greenwood, Chief Executive of the Water & Air businesses, and Beatriz Shorrocks, Chief Executive of William Martin, which can be exercised between the third and fifth year of their employment, which commenced on 1 September 2019, 3 January 2018 and 1 April 2019 respectively. The LTIP Awards have been extended to certain senior management individuals of the Fire, Water and William Martin businesses. The LTIP is calculated by reference to the financial performance of the Fire & Security, Water & Air and William Martin businesses.

The fair value of the liability for the LTIPs is remeasured at each reporting date and at the settlement date. The fair value is recognised over the vesting period.

In total, a charge of £4.7m (2022: £2.2m) was recognised in respect of the Phantom Award Scheme and Long Term Investment Plan.

As at 31 March 2023, the liability was £8.6m (2022: £4.3m).

31. Directors and employees

Staff costs during the year

	2023 £'m	2022 £'m
Wages and salaries	195.6	121.3
Social security costs	22.1	13.1
Post employment benefits	8.0	4.7
Share based payments and legacy long term incentives	7.0	3.9
	232.7	143.0

Average monthly number of employees during the year

	2023 Number	2022 Number
Directors	7	5
Management	559	658
Operatives	2,619	1,778
Administration	1,485	803
Sales	302	556
	4,972	3,800

Total amounts for Directors' remuneration and other benefits

	2023 £'m	2022 £'m
Emoluments for Directors' services		
Salary and benefits	1.0	1.1
Long term incentives vesting	-	0.5
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	0.4	0.3
Long term incentives vesting	-	0.5

31. Directors and employees continued

Key management compensation

	2023 £'m	2022 £'m
Short-term employment benefits	2.5	2.2
Social security costs	0.4	0.4
Post employment benefits	0.1	0.1
Share-based payments charge	1.1	1.1
Long term incentives vesting	0.5	1.2
	4.6	5.0

The key management of the Group include the Directors of the Company, the Company Secretary and the Managing Directors of each Division.

32. Government grants

During the prior year, the Group took advantage of the UK government's Coronavirus Job Retention Scheme (CJRS) which was rolled out in response to the COVID-19 pandemic and provides wage subsidies for companies that have had to shut or scale down operations as a result of the pandemic.

The Group has elected to deduct the grants received from the related expense. The Group received grants of £nil in 2023 (2022: £0.2m).

33. Related party transactions and controlling party

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 31.

No trading related party transactions were identified in the year.

34. Post balance sheet events

Since the year end the Group has acquired 100% interests in several entities, as set out below, adding an aggregate of £15m of run-rate revenues and £2m of run rate EBITDA as set out below:

On 6 April 2023 the Group acquired Victory Fire Limited, a UK provider of fire alarm and extinguishers installation and maintenance services, for a total consideration of £6.7m, satisfied by the payment of £5.5m in cash on completion and £1.2m in cash payable subject to the achievement of certain performance targets by the acquired business 12 months post-acquisition.

On 13 April 2023 the Group acquired Clymac Limited, a UK provider of fire alarm installation and maintenance services, for a total consideration of £8.9m, satisfied by the payment of £8.6m in cash on completion and £0.3m in cash payable subject to the achievement of certain integration targets by the acquired business 3 months post-acquisition.

On 20 April 2023 the Group acquired JCR Security Limited, a UK provider of specialist smoke ventilation systems maintenance and repair services, for a total consideration of £0.7m, satisfied by the payment of £0.4m in cash on completion and £0.3m in cash payable subject to the achievement of certain performance targets by the acquired business 36 months post-acquisition.

On 13 June 2023 the Company acquired Trans-Fire Holdings Ltd, a UK provider of fire extinguisher and fire alarm maintenance services, for a total consideration of £0.9m, satisfied by the payment of £0.8m in cash on completion and £0.1m in cash payable subject to the achievement of certain integration targets by the acquired business 6 months post-acquisition.

The fair value of the assets and liabilities in relation to the above acquisitions have not been presented as, due to them being recent acquisitions, the work is ongoing to perform the valuations.

Company statement of changes in equity

For the year ended 31 March 2023

	Attributable to owners of the parent					
	Share capital £'m	Share premium £'m	Merger relief reserve £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 April 2021	38.5	217.4	7.9	0.4	(18.7)	245.5
Profit for the year	-	-	-	-	(6.6)	(6.6)
Total comprehensive loss for the year	-	-	-	-	(6.6)	(6.6)
Transactions with owners						
Issue of shares during the year	9.4	171.7	-	-	-	181.1
Issue costs	-	(4.3)	-	-	-	(4.3)
Acquisition	-	-	2.0	-	-	2.0
Share-based payments	-	-	-	1.7	-	1.7
Deferred tax on share-based payments	-	-	-	1.4	-	1.4
	9.4	167.4	2.0	3.1	(6.6)	175.3
Balance at 31 March 2022	47.9	384.8	9.9	3.5	(25.3)	420.8
Balance at 1 April 2022	47.9	384.8	9.9	3.5	(25.3)	420.8
Profit for the year	-	-	-	-	47.1	47.1
Total comprehensive income for the year	-	-	-	-	47.1	47.1
Transactions with owners						
Share-based payments	-	-	-	2.3	-	2.3
Deferred tax on share-based payments	-	-	-	(1.2)	-	(1.2)
	-	-	-	1.1	-	1.1
Balance at 31 March 2023	47.9	384.8	9.9	4.6	21.8	469.0

Company statement of financial position

As at 31 March 2023

	Note	2023 £'m	2022* £m
ASSETS			
Non-current assets			
Investments	35	363.5	314.9
Trade and other receivables	38	395.8	318.9
Right of use assets	36	1.4	0.5
Property, plant and equipment	37	0.2	1.4
Deferred tax asset		0.3	2.0
Intangible assets		0.1	0.1
		761.3	637.8
Current assets			
Trade and other receivables	38	4.9	2.7
Cash and cash equivalents		17.0	11.5
Held for sale asset		1.3	-
Tax asset		3.2	1.3
		9.4	15.5
Total assets		787.7	653.3
LIABILITIES			
Current liabilities			
Trade and other payables	39	(113.6)	(83.7)
Financial liabilities – lease liabilities		(0.4)	(0.6)
		(114.0)	(84.3)
Non-current liabilities			
Financial liabilities – borrowings	40	(191.0)	(140.0)
Trade and other payables	39	(12.5)	(8.2)
Financial liabilities – lease liabilities		(1.2)	-
		(204.7)	(148.2)
Total liabilities		(318.7)	(232.5)
Net assets		469.0	420.8
EQUITY			
Share capital	41	47.9	47.9
Share premium account	42	384.8	384.8
Merger relief reserve		9.9	9.9
Other reserves		4.6	3.5
Retained earnings		21.8	(25.3)
Equity attributable to the owners of the parent		469.0	420.8

* See Notes 38 and 39 for details of a prior year adjustment

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own income statement in these financial statements. The Company results for the year included a profit/(loss) after tax of £47.1m (2022: £(6.6)m).

These financial statements were approved by the Board of Directors and authorised for issue on 13 July 2023 and were signed on its behalf by:



Kevin Quinn
Chairman



Alex Dacre
Chief Executive

Company accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). In preparing these financial statements, the company applies the recognition and measurement requirements of adopted IFRS amended where necessary in order to comply with Companies Act 2006. The Company has adopted the following accounting policies, which are the same as applied by the Group: Revenue, Interest Income, Property, Plant and Equipment, Acquisition and Other Costs, Leased Assets, Investments, Trade and Other Receivables, Cash and Cash Equivalents, Trade Payables, Borrowings, Taxation, Provisions, Share-based Payments, Pensions and Financial Instruments.

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

The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 "Share based Payment" because equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated;

The requirements of IFRS 7 "Financial Instruments: Disclosures" because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated;

The requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement" because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated;

The requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:

paragraph 73(e) of IAS 16 "Property, Plant and Equipment; paragraph 118 (e) of IAS 38 "Intangible Assets";

the requirements of paragraphs 10(d), 10(f), 39(c), 40A-40D and 134-136 of IAS 1 "Presentation of Financial Statements";

the requirements of IAS 7 "Statement of Cash Flows";

the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";

the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

the requirements of IFRS 16 paragraph 58 Lessee maturity analysis of lease liabilities; and

the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 "Impairment of Assets".

Going concern

The going concern basis has been applied in these accounts on the basis the Company generates management charges and has access to funds made available from other Group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 89 and applies to the Company.

Company income statement

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The results for the financial year of the Company are given on page 133 of the financial statements.

Notes to the Company Financial Statements

For the period ended 31 March 2023

35. Investments

Shares in subsidiary undertakings.

	£'m
Cost:	
1 April 2021	102.8
WPL	0.2
Core Stream	16.5
Barbour	1.3
VinciWorks	55.9
Essential Skillz	30.3
Optima	107.9
31 March 2022	314.9
01 April 2022	314.9
Cedrec	4.2
PCS	9.4
Healthwork	34.0
Network of Staff Supporters	1.0
31 March 2023	363.5
Provision for impairment:	
1 April 2021	-
Charge for the year	-
31 March 2022	-
1 April 2022	-
Charge for the year	-
31 March 2023	-
Net book value:	
31 March 2023	363.5
31 March 2022	314.9

The additions of Healthwork and Network of Staff Supporters relate to acquisitions previously held by Marlowe 2016 and now directly owned by Marlowe plc.

35. Investments continued

At 31 March 2023, the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
All Management Divisions				
All companies are registered at: Marlowe Plc, 20 Grosvenor Place, London, SW1X 7HN				
* Marlowe 2016 Limited	Ordinary	100%	England & Wales	Holding Company
* William Martin 2018 Limited	Ordinary	100%	England & Wales	Holding Company
* William Martin Compliance Solutions Limited	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
* Nestor Business Consultancy Limited	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
*^ Law at Work (Holdings) Limited	Ordinary	100%	Scotland	Holding Company
* Law at Work (IS) Ltd	Ordinary	100%	England & Wales	Employment Law Compliance Services
*^ Law at Work Limited	Ordinary	100%	Scotland	Employment Law Compliance Services
*# Law at Work Empire Limited	Ordinary	100%	Scotland	Employment Law Compliance Services
* N-ov8 Group Limited	Ordinary	100%	England & Wales	Holding Company
* Cirrus Holdco Limited	Ordinary	86%	England & Wales	Holding Company
* Marlowe Occupational Health Group Limited	Ordinary	100%	England & Wales	Holding Company
* WCS Environmental Engineering Ltd	Ordinary	100%	England & Wales	Water Treatment Services
*§ WPL s.r.o	Ordinary	100%	Czech Republic	Water Treatment Services
Δ, G RiskWize Limited	Ordinary	100%	Ireland	HR Compliance Services
* Elogbooks Facilities Management Limited	Ordinary	100%	England & Wales	Contractor Management Services
* Elogbooks Holdings Ltd	Ordinary	100%	England & Wales	Contractor Management Services
* Elogbooks Facilities Services Ltd	Ordinary	100%	England & Wales	Contractor Management Services
Δ Worknest (Holdings) Limited	Ordinary	100%	England & Wales	Holding Company
Δ Worknest Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ Nile Holdco Limited	Ordinary	76%	England & Wales	Holding Company
Δ DeltaNet International Limited	Ordinary	76%	England & Wales	Health & Safety, Compliance & HR Services
Δ Connect Monitoring Ltd	Ordinary	100%	England & Wales	Dormant
Δ Marlowe Fire & Security Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Marlowe Fire & Security Group Limited	Ordinary	100%	England & Wales	Holding Company
Δ Fire Alarm Fabrication Services Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Hentland Limited	Ordinary	100%	England & Wales	Dormant
Δ BBC Fire Protection Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ WCS Environmental Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Advance Environmental Limited	Ordinary	100%	England & Wales	Dormant
Δ Guardian Water Treatment Ltd	Ordinary	100%	England & Wales	Water Treatment Services
Δ G.P.C.S. Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Tersus Consultancy Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Tersus Training Services Ltd	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Island Fire Protection Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Kingfisher Environmental Services Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Atana Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Fire Alarm Fabrication Services (South) Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Marlowe Kitchen Fire Suppression Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ WCS Services Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Clearwater Group Limited	Ordinary	100%	England & Wales	Holding Company
Δ? Clearwater Compliance Limited	Ordinary	100%	Ireland	Water Treatment Services
Δ Clearwater Technology Ltd	Ordinary	100%	England & Wales	Water Treatment Services
Δ Aquatreat Group Limited	Ordinary	100%	England & Wales	Holding Company

35. Investments continued

Company	Class of holding	% held	Country of incorporation	Nature of business
Δ Aquatreat Chemical Products Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Quantum Risk Management Ltd.	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
Δ FSE Fire & Security Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ FSE Security Systems Ltd	Ordinary	100%	England & Wales	Fire and Security Services
Δ FSE Sprinklers & Risers Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Eurosafe UK Group Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Eurosafe Plus Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Eurosafe UK (CDM Services) Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Eurosafe (UK) Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Clouds Ultimate Manager Limited	Ordinary	100%	England & Wales	Testing and Inspection Services
Δ Managed Occupational Health Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ MOH Limited	Ordinary	100%	England & Wales	Dormant
Δ^ Solve HR Limited	Ordinary	100%	Scotland	Employment Law Compliance Services
Δ ESP Law Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ ESP Safeguard Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ The Employment Services Partnership Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ WCS Services Invicta Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Black & Banton Occupational and Physical Health Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ The HR Services Partnership Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ Hadrian Technology Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Wrightway Health Limited	Ordinary	100%	England & Wales	Occupational Health Services
* Network of Staff Supporters Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ‡ Youmanage HR Ltd	Ordinary	100%	Scotland	HR Compliance Services
Δ Caritas Group Limited	Ordinary	100%	England & Wales	Holding Company
Δ Caritas Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ Deminos Consulting Ltd	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ Morgan Fire Protection Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Fire & Security (Group) Limited	Ordinary	100%	England & Wales	Holding Company
Δ Alarm Communication Limited	Ordinary	100%	England & Wales	Fire and Security Services
* Barbour EHS Limited	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
Δ Cater Leydon Millard Limited	Ordinary	100%	England & Wales	Employment Law Compliance Services
* Core Stream Ltd	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
Δ CQC Compliance Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ Cylix Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ EssentialSkillz Limited	Ordinary	100%	England & Wales	HR Compliance Services
* Healthwork Group Limited	Ordinary	100%	England & Wales	Occupational Health Services
* Healthy Performance Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ Hydro-X Air Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Hydro-X Engineering Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Hydro-X Group Limited	Ordinary	100%	England & Wales	Holding Company
Δ Hydro-X Training Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Hydro-X Water Treatment Limited	Ordinary	100%	England & Wales	Water Treatment Services
* Agriteck Solutions Limited	Ordinary	100%	England & Wales	Water Treatment Services
Δ Inclusive Learning Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ** Integral Occupational Health Ltd	Ordinary	100%	Scotland	Occupational Health Services

35. Investments continued

Company	Class of holding	% held	Country of incorporation	Nature of business
* OH Assist Finance Limited	Ordinary	100%	England & Wales	Occupational Health Services
* OH Assist Intermediate Limited	Ordinary	100%	England & Wales	Occupational Health Services
* OH Assist Limited	Ordinary	100%	England & Wales	Occupational Health Services
* Optima Health Group Limited	Ordinary	100%	England & Wales	Holding Company
* Optima Health Ltd	Ordinary	100%	England & Wales	Occupational Health Services
Δ S F Fire Limited	Ordinary	100%	England & Wales	Fire and Security Services
Δ Santia Access Solutions Limited	Ordinary	100%	England & Wales	Contractor Management Services
Δ Santia Asbestos Management Limited	Ordinary	100%	England & Wales	Contractor Management Services
Δ Santia Construction Management Limited	Ordinary	100%	England & Wales	Contractor Management Services
Δ Santia Holdings Limited	Ordinary	100%	England & Wales	Holding Company
Δ Santia Limited	Ordinary	100%	England & Wales	Contractor Management Services
Δ Skill Boosters Limited	Ordinary	100%	England & Wales	Dormant
* Sterling Hydrotech Holdings Limited	Ordinary	100%	England & Wales	Water Treatment Services
* Sterling Hydrotech Limited	Ordinary	100%	England & Wales	Water Treatment Services
* Vinci Legal Limited	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
*, T VinciWorks (HK) Ltd	Ordinary	100%	Hong Kong	Risk Compliance Consultancy Services
*, F VinciWorks IL Limited	Ordinary	100%	Israel	Risk Compliance Consultancy Services
* Working On Wellbeing Ltd	Ordinary	100%	England & Wales	Occupational Health Services
*, S Marlowe US Holdings Inc	Ordinary	100%	Delaware	Holding Company
Δ WCS Environmental South East Ltd	Ordinary	100%	England & Wales	Water Treatment Services
Δ Griffin and General Fire Services Limited	Ordinary	100%	England & Wales	Fire and Security Services
* TP Health (Holdings) Limited	Ordinary	100%	England & Wales	Holding Company
* TP Health Limited	Ordinary	100%	England & Wales	Occupational Health Services
Δ, J Ruthven Alarms Limited	Ordinary	100%	Scotland	Fire and Security Services
Δ The Compliance Office Ltd	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
Δ MJ Fire Safety Ltd	Ordinary	100%	England & Wales	Fire and Security Services
* Cedrec Information Systems Limited	Ordinary	100%	England & Wales	Risk Compliance Consultancy Services
Δ Business Human Resources Solutions Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ Business HR Solutions (Consultancy) Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ Essential Safety Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ Vista Employer Services Ltd	Ordinary	100%	England & Wales	Employment Law Compliance Services
Δ Care 4 Quality Limited	Ordinary	100%	England & Wales	HR Compliance Services
Δ Phase Technology 2gen Holdings Limited	Ordinary	100%	England & Wales	Holding Company
Δ Phase Technology Holdings Limited	Ordinary	100%	England & Wales	Holding Company
Δ Phase Technology Limited	Ordinary	100%	England & Wales	Water Treatment Services
* PCS Asbestos Consultants Limited	Ordinary	100%	England & Wales	Water Treatment Services

* Held directly

Δ Held via Marlowe 2016 Limited

^ The registered address is Kintyre House, 205 West George Street, Glasgow, Lanarkshire, G2 2LW

The registered address is 117 Grandholm Drive, Bridge Of Don, Aberdeen, United Kingdom, AB22 8AE

§ The registered address is Muchova 240/6, Dejvice, 160 00 Prague

? The registered address is Unit 17, Axis Business Park, Clara Road, Tullamore, Offaly, Ireland

‡ The registered address is The Beacon, 176 St. Vincent Street, Glasgow, Scotland, G2 5SG

◇ The registered address is Si1 Parsons Green St. Ives, England, PE27 4AA

** The registered address is 4th Floor, 10-14 West Nile Street, Glasgow, G1 2PP

T The registered address is 303 St. George's Building 2 Ice House Street Central, Hong Kong

F The registered address is Derech Agudat Sport HaPo'el 2, Jerusalem, Israel

S The registered address is 3 World Trade Center, 175 Greenwich Street, New York, NY, 10007

G The registered address is The Hub, Galway Technology Park, Galway, Ireland

J The registered address is Rhymers Mill, Mill Road, Earlston, Scotland, TD4 6DG

Dormant companies are exempt from filing accounts under section 394A of the Companies Act 2006.

36. Right of use assets

	Leasehold property £'m	Motor vehicles £'m	Total £'m
Cost			
1 April 2022	0.8	-	0.8
Additions	0.7	0.1	0.8
31 March 2023	1.5	0.1	1.6
Accumulated depreciation			
1 April 2022	0.3	-	0.3
Charge for the year	0.3	-	0.3
Effect of lease modifications	(0.4)	-	(0.4)
31 March 2023	0.2	-	0.2
Net book value			
31 March 2023	1.3	0.1	1.4
31 March 2022	0.5	-	0.5

Depreciation is charged to profit or loss as an administrative expense.

37. Property, plant and equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Office equipment fixtures & fittings £'m	Total £'m
Cost				
1 April 2022	1.3	0.1	0.1	1.5
Additions	-	0.1	-	0.1
Reclassified to held for sale	(1.3)	-	-	(1.3)
31 March 2023	-	0.2	0.1	0.3
Accumulated depreciation				
1 April 2022	-	-	0.1	0.1
31 March 2023	-	-	0.1	0.1
Net book value				
31 March 2023	-	0.2	-	0.2
31 March 2022	1.3	0.1	-	1.4

38. Trade and other receivables

	2023 £'m	2022 £'m
Current		
Trade receivables	2.4	0.3
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	2.4	0.3
Other receivables	0.2	0.2
Prepayments and accrued income	1.7	1.6
Contingent consideration receivable in less than one year	0.6	0.6
	4.9	2.7
Non-current		
Contingent consideration receivable in more than one year	4.8	4.8
Amounts due from Group undertakings	391.0	314.1
	395.8	318.9

Of the £391.0m (2022: £314.1m) amounts due from Group undertakings, £152.3m (2022: £146.0m) relates to amounts due from Marlowe 2016 in respect of investments made since inception. All such balances are unsecured and repayable on demand with no interest charged. IFRS 9 probability weighted expected credit loss has been applied to these balances and no provision has been recognised based on materiality.

Prior year adjustment

Balances due from Group undertakings have arisen in the current and prior periods as a result of acquisitions activity in which the company has settled amounts due to third parties on behalf of newly-acquired subsidiaries, thereby creating amounts due from Group undertakings.

The company has reconsidered the anticipated time frame for recovery of these amounts and determined that it is not likely they would have been recoverable within 12 months. As a result, the classification of amounts due from Group undertakings at 31 March 2022 has been restated to present these as non-current as shown below.

There is no change to net assets, profits or cash flows as reported for the year ended 31 March resulting from this correction and no impact on opening reserves as at 1 April 2021 and 2022.

	Current assets £'m	Non-current assets £'m
Balance as previously stated 31 March 2022	316.8	4.8
Prior year adjustment	(314.1)	314.1
Restated balance as at 31 March 2022	2.7	318.9

39. Trade and other payables

	2023 £'m	2022 £'m
Current		
Trade payables	2.2	1.5
Other taxation and social security	0.1	0.1
Amounts due to Group undertakings	107.3	74.2
Other payables	0.8	0.4
Accruals and deferred income	0.7	0.9
Contingent consideration payable	2.5	6.6
	113.6	83.7
Non-current		
Contingent consideration payable	12.5	8.2
	12.5	8.2

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame. £107.3m (2022: £74.2m) amounts due to Group undertakings are unsecured and repayable on demand with no interest charged.

Prior year adjustment

The Group operates a cash pooling arrangement, whereby cash balances from group undertakings are transferred to the Marlowe Plc bank account at the close of business each day and then returned to the relevant group undertakings at the beginning of the following day.

In the prior year the bank balance for Marlowe Plc was presented excluding the effect of this cash sweep and was therefore presented as an overdraft of £18.7m. The directors have corrected this presentation and have shown Cash and cash equivalents as at 31 March 2022 as £11.5m and increased the amounts due to group undertakings at that date from £44.0m to £74.2m.

As a result of this correction, Current assets and Total assets as at 31 March 2022 have increased by £11.5m and Current liabilities and Total liabilities have increased by the same amount.

There is no change to net assets, profits or cash flows as reported for the year ended 31 March 2022 resulting from this correction and no impact on opening reserves as at 1 April 2022.

40. Financial liabilities - borrowings

	2023 £'m	2022 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – unsecured	-	-
	-	-
Non-current		
Bank loans – unsecured	(191.0)	(140.0)
	(191.0)	(140.0)

The bank debt is unsecured and due to HSBC UK Bank plc, National Westminster Bank plc, Citibank, N.A., Credit Industriel et Commercial, Fifth Third Bank, and The Governor and Company of the Bank of Ireland. The bank debt facility expires in February 2025. Under the bank facility the Group is required to meet quarterly covenant tests in respect of interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

	2023 £'m	2022 £'m
Cash at bank and in hand	17.0	11.5
Bank loans and overdrafts due within one year	-	-
Bank loans due after one year	(191.0)	(140.0)
	(174.0)	(128.5)

41. Share capital

	2023 £'m	2022 £'m
Allotted, issued and fully paid:		
95,882,065 ordinary shares of 50p each (2022: 95,833,853 ordinary shares of 50p each)	47.9	47.9

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
31 March 2021	76,969,849	
1 April 2021 - Consideration Shares ("LAW")	153,923	717p
17 August 2021 - Bonus Shares	3,050	782p
20 October 2021 - Subscription Shares	5,512,679	907p
20 January 2022 - Share Options ("SAYE 2020")	1,336	460p
24 January 2022 - Subscription Shares	13,100,000	1000p
27 January 2022 - Consideration Shares ("Elogbooks")	93,016	1025p
31 March 2022	95,833,853	
11 April 2022 - Share Options ("SAYE 2020")	1,630	460p
26 April 2022 - Share Options ("SAYE 2020")	2,065	460p
23 May 2022 - Share Options ("SAYE 2020")	923	460p
4 July 2022 - Marlowe plc Long Term Incentive Plan 2019	37,879	50p
5 July 2022 - Share Options ("SAYE 2020")	1,173	460p
18 August 2022 - Share Options ("SAYE 2020")	413	460p
19 October 2022 - Share Options ("SAYE 2020")	1,195	460p
24 November 2022 - Share Options ("SAYE 2020")	2,934	460p
31 March 2023	95,882,065	

42. Share premium account

	2023 £'m	2022 £'m
1 April	384.8	217.4
Premium on shares issued during the year	-	171.7
Share issue costs	-	(4.3)
31 March	384.8	384.8

43. Share-based payments

Details of the share-based payments are set out in note 30.

44. Directors and employees

Staff costs during the year

	2023 £'m	2022 £'m
Wages and salaries	3.0	2.4
Social security costs	0.4	0.3
Share-based payments and long term incentive charge	1.7	1.9
Long term incentives vesting	-	1.3
	5.1	5.9

Average monthly number of employees during the year

	2023 Number	2022 Number
Directors	7	5
Corporate Development	9	7
IT	2	1
Finance	2	4
Administration	6	1
Sales	2	1
	28	19

Total amounts for Directors' remuneration and other benefits

	2023 £'m	2022 £'m
Emoluments for Directors' services		
Salary and benefits	1.0	1.1
Long term incentives vesting	-	0.5
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	0.4	0.3
Long term incentives vesting	-	0.5

Key management compensation

	2023 £'m	2022 £'m
Short-term employment benefits	1.2	1.2
Social security costs	0.2	0.2
Share-based payments charge	1.1	1.1
Long term incentives vesting	-	0.8
	2.5	3.3

45. Related party transactions and controlling party

Details of related party transactions can be found in note 33.

46. Post balance sheet events

Since the year end the group has acquired 100% interests in several entities, as set out below, adding an aggregate of £15m of run-rate revenues and £2m of run rate EBITDA as set out below:

On 6 April 2023 a Marlowe plc subsidiary acquired Victory Fire Limited, a UK provider of fire alarm and extinguishers installation and maintenance services, for a total consideration of £6.7m, satisfied by the payment of £5.5m in cash on completion and £1.2m in cash payable subject to the achievement of certain performance targets by the acquired business 12 months post-acquisition.

On 13 April 2023 a Marlowe plc subsidiary acquired Clymac Limited, a UK provider of fire alarm installation and maintenance services, for a total consideration of £8.9m, satisfied by the payment of £8.6m in cash on completion and £0.3m in cash payable subject to the achievement of certain integration targets by the acquired business 3 months post-acquisition.

On 20 April 2023 a Marlowe plc subsidiary acquired JCR Security Limited, a UK provider of specialist smoke ventilation systems maintenance and repair services, for a total consideration of £0.7m, satisfied by the payment of £0.4m in cash on completion and £0.3m in cash payable subject to the achievement of certain performance targets by the acquired business 36 months post-acquisition.

On 13 June 2023 a Marlowe plc subsidiary acquired Trans-Fire Holdings Ltd, a UK provider of fire extinguisher and fire alarm maintenance services, for a total consideration of £0.9m, satisfied by the payment of £0.8m in cash on completion and £0.1m in cash payable subject to the achievement of certain integration targets by the acquired business 6 months post-acquisition.

Trading record

Year ended 31 March	FY23	FY22
Revenue	£465.7m	£315.9m
Adjusted profit before taxation*	£53.6m	£38.1m
Adjusted earnings per share*	45.3p	37.7p
Net (debt)/cash	£(188.9)m	£(133.3)m
Net assets	£441.8m	£446.0m

* Before amortisation of acquisition intangible assets, share based payments and legacy long term incentives and acquisition and restructuring costs.

Financial calendar

Annual General Meeting
September

Half year results
December

Financial year end
31 March

Full year results
June

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