

Registered number  
13244615

Gravity Topco Limited (formerly known as DMWSL 953 Limited)

Annual Report and Financial Statements  
For the period from 4 March 2021  
to 31 December 2021



**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**  
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**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Company Information**

**Registered number**

13244615

**Registered office**

Unit A2 Cradley Business Park  
Overend Road  
Cradley Heath  
West Midlands  
B64 7DW

**Directors**

D Tracey (Appointed 31 March 2021)  
C Milburn (Appointed 31 March 2021)  
N Russ (Appointed 31 March 2021)  
J Rivers (Appointed 4 March 2021)  
S Roddis (Appointed 4 March 2021, Resigned 8 June 2022)  
S McKelvey (Appointed 8 June 2022)  
P Barron (Appointed 4 March 2021, Resigned 4 March 2021)

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditors  
17th Floor  
103 Colmore Row  
Birmingham  
B3 3AG

**Bankers**

Lloyds Bank  
114-116 Colmore Row  
Birmingham  
B3 3BD

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**Group's strategic report**

The directors present their strategic report for the period 4 March 2021 to 31 December 2021.

**Principal activities**

The principal activity of the company is that of an investment holding company.

The principal activities of the group comprise:

- Global design, manufacture, selling, marketing and distributing of own branded safety components used mostly to construct safety railings and barriers to separate people from hazards and roof edge and associated fall protection safety solutions; and
- Design, installation and recertification of roof edge and associated personal and collective fall protection systems together with training and risk assessment for the safe use of access at height equipment;
- Specialised fabrication services for safe access platforms plus a variety of other safety railing and barrier constructions for temporary and permanent installations;
- Global design, manufacture, selling, marketing and distribution of safe steelwork fixings used in secondary steelwork connections and the hanging of services in place of onsite welding therefore providing a safer working environment.

**Business review**

The company was incorporated on 4 March 2021 to facilitate the acquisition of Safety Topco Limited by its wholly owned subsidiary Gravity Bidco Limited which was completed on 31 March 2021. The acquisition is detailed in note 34.

In order for comparisons to be made between the results of the Group in 2021 and the published results of the acquired group in 2020, the following key performance indicators are presented for the full years trading in 2021:

	Period Ended 31 Dec 2021 (note 1)	Year Ended 31 Dec 2021 (note 2)	Year Ended 31 Dec 2020 (note 3)
Turnover	£106,881,000	£138,356,000	£105,292,000
Gross margin	58.4%	63.0%	65.8%
Operating profit (before intang. amortisation and share based payment)	£23,155,000	£35,870,000	£25,951,000
Operating profit %	21.7%	25.9%	24.6%
Net cash generated from operating activities	£10,472,000	£13,651,000	£18,855,000
Staff costs (excluding share based payment, % of Turnover)	20.1%	20.5%	23.8%
Staff costs (excluding share based payment, Per head)	£26,405	£35,449	£35,623

(1) Audited figures for the period 4 March 2021 to December 2021 as presented in these financial statements.

(2) Figures taken from the unaudited Safety Topco Group management accounts for the 12 months ended 31 December 2021. This comprises 3 months of Safety Topco Limited consolidated results and 9 months of Gravity Topco Limited consolidated results presented within these financial statements.

(3) Figures taken from the 2020 audited accounts of Safety Topco Limited.

The group made a loss on ordinary activities before tax in the period of £51,767,000 which is primarily driven by the amortisation of intangible assets and goodwill in the period amounting to £28,406,000, a share based payment charge of £2,469,000 and an interest charge of £33,583,000 related to investor loan notes and preference shares all of which have no impact on cashflow.

The directors are pleased to report that 2021, on a comparable basis, saw the Group deliver an exceptional performance with trading growing strongly following on from the Covid impacted 2020, closing the year fully in line with expectations. Sales have grown by 31.4% and operating profit (before the amortisation of intangibles and share based payment charge) by 38.2%. The robust growth in sales in the year was driven by a combination of exceptional organic growth of £21.1m or 20.0% (on a like for like basis) and a series of strategic acquisitions made in the latter half of 2020 and throughout 2021 accounting for £12.0m or 11.4% of the growth. All the Group's regions around the world delivered exceptional levels of organic growth with virtually all business units delivering double digit sales growth in the year. All regions had growth levels that were strongly in excess of those expected because of the lower covid linked sales in 2020 with the growth coming from the constant investment in regional and geographical expansion and new product development. Lower gross margins in 2021 were largely driven the mix of sales growth from different business units with differing cost structures but similar levels of operating profit returns as a percentage of sales driving an overall improvement in the operating profit percentage in the year. Cash inflows from operating activities on a full year basis were marginally lower than 2020, largely due to the strong growth seen in the year driving higher working capital after a significant unwinding of this in the covid impacted prior year.

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**Group's strategic report**

**Business review (continued)**

Since the acquisition of the Safety Topco Group, the group has continued to expand its geographical reach in terms of new and existing territories, completing three acquisitions and opening a presence directly in Spain. All three acquisitions were completed in the UK, growing our regional presence in fall protection installation and expanding into the fire safety sector as well as increasing our Health and Safety training offer and expanding our ground based safety range. In all other regions we continued our investment in growing levels of resources to drive the exceptional levels of organic growth seen in the period and to support the continuation of solid levels of organic growth into future years.

Through the period we have continued to develop our low cost supply chain growing and developing our suppliers across the wider Asian space and ensuring the widely talked about shipping problems and supply chain delays were not seen by our customer base. We have remained operationally efficient which allowed us to react to the changing supply chain landscape around the world ensuring we continue to meet our high availability and delivery standards supporting our year of exceptional growth. Alongside these investments we have continued to develop and invest in our product ranges and digital technologies, rolling out our technology based certification system across more business units providing a more efficient and comprehensive recertification offering for our customers.

The Group was not significantly impacted from Brexit in the period as a result of its in country operating model whereby trade within the EU is undertaken by group Companies based in countries within the EU. The only impact really seen was a small amount of port based disruption and increased paperwork, none of which impacted our overall delivery performance to customers.

The group continues to demonstrate sound financial management and, in the directors' opinion, has sufficient financial resources for the foreseeable future being a period of not less than twelve months from the date of approval of the Annual report and financial statements. During 2020 the group comfortably met all its obligations under its term loan and working capital facility and all covenants were met with significant headroom. As at 31 December 2021 the group was comfortably compliant with its obligations under its financial arrangements.

**Future expectations**

The group intends to continuing to pursue a medium-term strategy of profitable and cash generative growth within the safety sector. The group will continue to invest in its regional and geographical expansion and build upon the success generated by new product launches. Investments will continue to be made in new product development and technology. Where suitable opportunities present themselves the group will continue to drive growth through its acquisition strategy and post the Statement of Financial Position date the group has completed two further acquisitions the details of which can be found in note 35.

The group is monitoring and will continue to monitor the situation in Ukraine and Russia but has not been directly impacted by it. The group did not trade in these territories prior to the invasion and the increasing of sanctions and currently has no plans to do so in the near to medium future and our nearest business based in Warsaw, Poland has continued to trade strongly in 2022. The indirect impact of rising energy prices have been seen by the group, but these are very small part of the cost base of the group and inflationary prices increases of our products have covered these underlying cost increases.

The group remains vigilant around the issues of Brexit, but sees very little risk in future from the implementation of Brexit policies, due to the international nature of the operating businesses and structure of the group.

The group continues to be aware of the presence of Covid-19 around the world but has seen very little disruption from it since the initial lockdowns in the second quarter of 2020. Plans remain in place to allow the Group to maintain its strategy should disruption be seen again.

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**Group's strategic report**

**Principal risks and uncertainties**

The Board and senior management team considers and monitors both existing and emerging risks on an ongoing basis. Many of the risks faced by the Group are similar to those risks faced by any business but those considered to be the principal risks for the Group are detailed below.

***Covid-19 Pandemic and Ukraine invasion risk***

Whilst the impact of the Covid-19 Pandemic was largely seen in the first half of 2020 due to the ongoing nature of the Pandemic there remains a risk that the Group is exposed to. The key risk for the Group comes from the potential for future lock downs which could restrict the ability of the Group to fulfil customer installations as well as reduce demand for the Group's products in the short term. This could have an impact on the liquidity of the Group if it is sustained for a prolonged period of time as revenues and profits are reduced. The Group considers itself well positioned to withstand the impact of the potential for these localised lockdowns due to the globally and geographically diverse spread of the Group's activities and the safety related nature of its products.

There is a risk that the global economic uncertainty created by the Pandemic and more recently the war in Ukraine could reduce global activity and expenditure which poses a risk to future revenue streams of the Group. However the lack of any sector dependency and the compliance led safety nature of the products allows the Group to remain flexible and seek opportunities in sectors that typically benefit in periods of recession.

***Inflation risk***

The global surge in inflation post the Pandemic and Russia's invasion of Ukraine poses a risk and an uncertainty to the group. The key risk comes from the potential for costs to rise ahead of prices therefore affecting the profitability of the group. Throughout the period and historically the group has been, and in the Director's opinion, will continue to be able to pass on price increases into the market place that will ensure the group maintains its profitability even in times of high inflation. The structure of the group, its long term relationships with manufacturing partners in our low cost supply chain and the nature of the markets in which the group operates provides confidence about the ability to price appropriately based upon costs.

***Brand and Reputation risk***

The Group regards its brand names, trademarks, domain names, products and reputation in the global marketplace as key assets of the Group and they are a key part of the success of the Group. The life saving safety related nature of the products and services offered by the Group pose a risk to these assets if the Group were to suffer any sort of failure or be involved in litigation related to an injury or death arising from use of its products. The Group takes the design, development, manufacture and installation of its products seriously ensuring that it has the processes and procedures in place to ensure its products are of the highest standard. This includes regular auditing of all manufacturing and installation companies by our own employees alongside external certification of our facilities to ISO standards. In addition the Group operates a world class testing and certification centre to ensure that all of its products meet or exceed all of the international standards required. As such the Group believes it has good mitigation in place to address the risk of reputational damage.

***IT and Cyber risk***

The Group places significant reliance on its IT systems and any loss of these systems could have a serious impact on the Group's operations. In addition due to this reliance on the IT systems the Group is potentially susceptible to cyber risks, primarily in relation to malicious hacking and ransomware attacks. In order to mitigate these risks the Group is constantly monitoring its IT systems and the infrastructure that supports them updating and modifying them as knowledge grows in order to provide the strongest protection possible. In addition the Group also retains a third party to provide back up systems to the core systems should they become unavailable and undertakes external testing and review of its systems on a rolling basis.

***Financial risk***

The international nature of the Group's operations and its debt financing expose it to various financial risks. Please refer to the Directors report for further details.

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**Group's strategic report**

**Statement by the directors in performance of their duties in accordance with s172(1) Companies Act 2006**

The board of directors of Gravity Topco Limited consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be the most likely to promote the success of the group for the benefit of its members as a whole whilst having due regard to the interests of stakeholders and matters set out in s172(1)(a-f), in particular with reference to the five year plan to 2026 that was committed to when the current shareholders made their investment.

The plan is designed to deliver a long term sustainable beneficial impact to shareholders and stakeholders alike through controlled and manageable growth built around a deliverable level of both organic and acquired compliance driven growth. The compliance driven nature of the Group's products and services coupled with its diverse geographical spread and lack of sector dependency continue to ensure that, in the interests of shareholders and stakeholders, the Group has a robust and financially sound strategy, which delivers on its commitments to the shareholders and stakeholders alike. The Board has pursued this same strategy since the inception of the Group as "Kee Safety" in 2006 delivering on its commitments year on year and despite various global events in that period, (2008 and 2011 Financial crisis, Brexit, Covid-19 and War in Ukraine as examples) has consistently delivered growth in both turnover and operating profit. As such the Board continues to monitor actual performance against the medium term plan on a month to month basis, making amendments and changes as necessary whilst ensuring that targets are met or exceeded. This month to month performance and consistent delivery results against the plan is the way that shareholder and stakeholder expectations are met on a short, medium and long term basis.

Our employees are fundamental to the delivery of the plan. We aim, at all times, to be a responsible employer, with constant regard for the health and safety of all those that work for us. We have at all times during the year followed the relevant Governmental advice on health and safety protocols regarding the on-going Covid-19 pandemic to ensure we protect our employees welfare at all times. We invest significant amounts of time and money into the development of employees, in order to ensure we can provide both career development for them, whilst providing a skilled workforce to underpin our requirements for an increasing number of talented individuals to drive our growth. A significant and growing number of employees, in positions of responsibility, are also shareholders with over 10% of the employees as at 31 December 2021 also being shareholders. Key to the delivery of the plan is employee awareness of the results of the group and as such each month's results is shared and communicated to all employees around the group in business unit update meetings.

Our relationship with our business partners including customers and suppliers is key to the continued growth of the business. The board fully understand the need to give this due consideration in the company's decision making process and as such will always look to ensure the group maintains good relationships. The group ensures that it can deliver and meet customer requirements and expectations promptly at all times and expects the same for its suppliers whilst ensuring that it acts in a fair and equitable manner at all times. During the year the group maintained normal trading relationships with all suppliers maintaining payments to these important partners in line with normal trading terms.

The board are acutely aware of the potential negative impact our operations can have on the environment. We are constantly looking for ways to reduce our environmental impact in everything we do and implement and refine our processes and ways of operating to ensure we do this on an ongoing basis. During the period the Group continued to improve the energy efficiency of its facilities, by installing more efficient lighting for example, as part of its ongoing facility refurbishments. The Group also continued to improve its processes to maximise container utilisation and minimise the sea miles travelled by its products to reach its final destination.

As the board of directors, our intention is to behave responsibly and ensure that our employees and we operate the business in a responsible and ethical manner, maintaining exemplary standards of business conduct and governance expected of a Safety business. We will continue to nurture and build our global reputation for our high standards for the benefit of all stakeholders ensuring that we deliver on our plan in a long term sustainable manner.

This report was approved by the board on 15th November 2022 and signed on its behalf.

*Nil Russ*

N Russ  
Director

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
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**Directors' Report**

**Registered number: 13244615**

The company was incorporated on 4 March 2022 as DMWSL 953 Limited and formally changed its name to Gravity Topco Limited on 9 March 2022 and these are the first financial statements. The directors present their report and the audited consolidated financial statements for the period 4 March 2021 to 31 December 2021.

**Results**

The loss for the period, after taxation, amounted to £52,149,000.

The group's business activities together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report above. In addition, details of the group objectives, policies and processes for managing its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to foreign currency risk, credit risk, commodity price risk, cashflow interest rate risk and liquidity risk are described under financial risk management below.

The accounts have been prepared under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

**Dividends**

The directors do not recommend the payment of a dividend.

**Directors**

The present directors of the company are set out below. The company maintains directors and officers liability insurance on behalf of the directors.

D Tracey (Appointed 31 March 2021)  
C Milburn (Appointed 31 March 2021)  
N Russ (Appointed 31 March 2021)  
J Rivers (Appointed 4 March 2021)  
S Roddis (Appointed 4 March 2021, Resigned 8 June 2022)  
S McKelvey (Appointed 8 June 2022)  
P Barron (Appointed 4 March 2021, Resigned 4 March 2021)

**Going concern**

The group has considerable financial resources, together with strong relationships with key customers and suppliers across different geographic areas and business sectors. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the group has adequate financial resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date of approval of the Annual report and financial statements. They, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Please refer to note 2.4 for more detail.

**Research and development**

The group undertakes research and development activities in order to introduce new products to the markets in which it operates and to continually evolve its existing product portfolio to provide a continuously grow the breadth of product within its portfolio.

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**Directors' Report (continued)**

**Financial risk management**

**General**

The group's operations expose it to a variety of financial risks including the effects of changes in foreign currency exchange rates, commodity price risk, credit risk, liquidity risk and cashflow interest rate risk.

The group's principal financial instruments comprise sterling and foreign currency cash and bank deposits, bank loans and overdrafts, loan notes and preference shares together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments can be analysed as follows:

**Foreign currency risk**

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. The group both buys and sells goods in foreign currencies providing a natural hedge against a proportion of its foreign currency cashflows. The main foreign currencies in which the group operates are the Euro and the US dollar.

The group has structured its long-term borrowings to minimise the impact of changes in exchange rates on net assets denominated in foreign currencies and to ensure that interest payments can be met directly from the main currencies the group has cashflows in.

**Commodity price risk**

The group's exposure to the price of various commodities is high, therefore selling prices are monitored regularly to reduce the impact of such risk; opportunities to reduce material cost and content are explored constantly.

**Credit risk**

The group's principal financial assets are bank balances, cash and trade debtors, which represent the group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to, and creditworthiness of, new and existing customers. In addition, in certain territories the group takes out credit insurance for customers, subject to the terms and conditions of the insurer. The group has no significant concentration of credit risk, with exposure spread over a large number of customers in different geographies.

The Covid-19 outbreak has potentially increased the credit risk in relation amounts owed from customers. As a result the Group has increased its vigilance around new and existing customer credit worthiness as well as increasing the activity levels around the collection of amounts owed. At the date of signing this has reduced the risk and to date the Group has not seen any increase in bad debts over normal levels.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit ratings agencies.

**Liquidity risk**

The group's policy has been to ensure continuity of funding through generating cash from its trading operations and arranging funding for operations via medium and long term external banking facilities and loan notes from shareholders. Further funding is provided by fixed rate loan notes and Preference shares.

**Cash flow interest rate risk**

Interest bearing assets comprise cash and bank deposits, all of which earn interest at floating rates. The group is party to a group bank overdraft facility for which a variable interest rate charge is applicable.

The group benefits from a multi-currency term loan facility with a banking syndicate led by Lloyds Bank Plc and HSBC Bank Plc. In order to combat interest rate risk the group enters from time to time into simple interest rate cap contracts.

**Environment**

At all of the group's manufacturing and distribution locations around the world, the group seeks to maintain the highest standards, being aware of social and environmental legislation and responsibilities. The group is actively seeking to maximise the level of recycled materials used in the manufacture of its products and minimise the environmental impact of packing and distribution.

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**Directors' Report (continued)**

**Employment**

The group has a loyal workforce and does not experience significant staff turnover or labour relations problems. Performance and attendance is monitored and recorded forming an important part of employee assessment.

The group is committed to promoting policies to ensure that employees and those who seek to work for the group are treated equally regardless of sex, marital status, age, creed, colour, race or ethnic origin. The group gives full and fair consideration to applications for employment received from people with disabilities, having regard to their particular aptitudes and abilities. The group's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

**Streamlined Energy & Carbon Reporting**

The group does not disclose its UK energy consumption as, under The Companies Act 2006 (Strategic Report and Director's Report) Regulation 2018, no UK incorporated company within the Group meets the criteria requiring it to disclose its energy consumption.

**Climate change**

Whilst the Group does not disclose its UK energy consumption it does strive to improve its carbon footprint and its impact on the environment in the actions it take as the Group develops. As examples of ongoing processes; the Group has a policy to replace all lighting with more efficient LED lighting as and when facilities are refurbished; the Group also strives to improve its logistical efficiency by shipping directly to end country of use, where possible, and ensuring that container utilisation is as close to maximum as possible.

**Post statement of financial position events**

Post Statement of Financial Position events are set out in note 35.

**Matters covered in the strategic report**

The business review and future expectations are included in the Group Strategic Report. Details of the Group's relations with, and regard for its Customers, Suppliers and Employees can be found in the S172 statement within the Strategic report.

**Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Standard Applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 the group 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 the group 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.

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**Directors' Report (continued)**

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's and the group's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's and group's auditor is aware of that information.

**Auditor**

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

This report was approved by the board on 15th November 2022 and signed on its behalf.

*Neil Russ*

N Russ  
Director

## **Independent auditor's report to the members of Gravity Topco Limited (formerly known as DMWSL 953 Limited)**

### **Opinion**

We have audited the financial statements of Gravity Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the period 4 March 2021 to 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis of opinion**

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

### **Conclusions relating to going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising macro-economic uncertainties such as the situation in Russia and Ukraine and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Independent auditor's report (Continued)  
to the members of Gravity Topco Limited (formerly known as DMWSL 953 Limited)**

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

**Matters on which we are required to report by exception**

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

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

**Responsibilities of directors for the financial statements**

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

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

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

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

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

**Independent auditor's report (Continued)  
to the members of Gravity Topco Limited (formerly known as DMWSL 953 Limited)**

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and industry in which it operates through our commercial and sector experience, discussions with management, those charge with governance, inspection of the Group's legal correspondence and board minutes. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the financial frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Group and its subsidiaries operates.
- We understood how the Company and Group is complying with those legal regulatory frameworks by making enquiries of management. We corroborated our enquires through our review of board minutes and certain other procedures;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - potential management bias in determining accounting estimates
  - the occurrence of revenues; and
  - journal entries (in particular manual journal entries determined to be large or relating to unusual transactions).

Our procedures included :

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, with a focus on material manual journals and in particular any journal entries posted with unusual account combinations.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training, and ;
  - knowledge of the industry in which the Group operates; and
  - understanding of the legal and regulatory requirements specific to the Group.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

**Independent auditor's report (Continued)  
to the members of Gravity Topco Limited (formerly known as DMWSL 953 Limited)**

**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 White BA FCA  
Senior Statutory Auditor  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
15th November 2022

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Consolidated Statement of Comprehensive Income**

	Notes	4 March to 31 December 2021 £ '000
<b>Turnover</b>	3	106,881
Cost of sales		(44,490)
<b>Gross profit</b>		62,391
Other Administrative expenses		(39,236)
Share based payment charge	2.20	(2,469)
Goodwill and intangible asset amortisation	10	(28,406)
<b>Total Administrative Expenses</b>		<b>(70,111)</b>
<b>Group operating loss</b>	4	(7,720)
Interest receivable and similar income	7	4
Interest payable and similar charges	8	(44,051)
<b>Loss on ordinary activities before taxation</b>		(51,767)
Tax on loss on ordinary activities	9	(382)
<b>Loss for the period</b>		(52,149)
<b>Other comprehensive income for the period</b>		
Foreign exchange translation difference		(607)
<b>Total comprehensive loss for the period</b>		<b>(52,756)</b>

The results included above are generated from continuing operations.

The accompanying principal accounting policies and notes on pages 19 to 47 form part of these financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**as at 31 December 2021**

**Consolidated Statement of Financial Position**

	Notes	31 December 2021 £ '000
<b>Fixed assets</b>		
Intangible assets	10	546,912
Tangible assets	11	6,049
		552,961
<b>Current assets</b>		
Stocks	14	26,734
Debtors	15	43,321
Cash at bank and in hand	13	7,418
		77,473
<b>Creditors: amounts falling due within one year</b>	16	(32,889)
<b>Net current assets</b>		44,584
<b>Total assets less current liabilities</b>		597,545
<b>Creditors: amounts falling due after more than one year</b>	17	(639,742)
<b>Provisions for liabilities</b>		
Deferred taxation	20	(7,068)
Other provisions	23	(45)
		(7,113)
<b>Net liabilities</b>		<u>(49,310)</u>
<b>Capital and reserves</b>		
Called up share capital	25	977
Share based payment reserve	26	2,469
Profit and loss account	27	(52,756)
<b>Equity shareholders' deficit</b>		<u>(49,310)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 15th November 2022:

N Russ *Neil Russ*  
 Director

The accompanying principal accounting policies and notes on pages 19 to 47 form part of these financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**as at 31 December 2021**

**Company Statement of Financial Position**

	Notes	31 December 2021 £ '000
<b>Fixed assets</b>		
Investments	12	3,129 3,129
<b>Debtors: amounts receivable after one year</b>		
	15	233,679
<b>Total assets less current liabilities</b>		236,808
<b>Creditors: amounts falling due after more than one year</b>		
	17	(251,113)
<b>Net liabilities</b>		<u>(14,305)</u>
<b>Capital and reserves</b>		
Called up share capital	25	977
Share based payment	26	2,469
Profit and loss account	27	(17,751)
<b>Equity shareholders' deficit</b>		<u>(14,305)</u>

The company has taken advantage of the exemption under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive income in these financial statements. The loss after tax of the parent company for the period 4 March to 31 December 2021 was £17,751,000.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 15th November 2022:

N Russ *Neil Russ*  
 Director  
 Date: 15th November 2022

The accompanying principal accounting policies and notes on pages 19 to 47 form part of these financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Consolidated statement of changes in equity**

Consolidated	Share capital	Share based payment	Profit and loss account	Total equity
	(Note 25)	(Note 26)	Note (28)	
	£ '000	£ '000	£ '000	£ '000
<b>At 4 March 2021</b>	-	-	-	-
Loss for the period	-	2,469	(52,149)	(49,680)
Foreign exchange translation	-	-	(607)	(607)
<b>Total comprehensive loss for the financial period</b>	-	2,469	(52,756)	(50,287)
<b>Contributions by and distributions to owners</b>				
Shares issued	977	-	-	977
<b>At 31 December 2021</b>	<u>977</u>	<u>2,469</u>	<u>(52,756)</u>	<u>(49,310)</u>

**Company statement of changes in equity**

<b>At 4 March 2021</b>	-	-	-	-
Loss for the year	-	2,469	(17,751)	(15,282)
<b>Total comprehensive loss for the financial period</b>	-	2,469	(17,751)	(15,282)
<b>Contributions by and distributions to owners</b>				
Shares issued	977	-	-	977
<b>At 31 December 2021</b>	<u>977</u>	<u>2,469</u>	<u>(17,751)</u>	<u>(14,305)</u>

The accompanying principal accounting policies and notes on pages 19 to 47 form part of these financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Consolidated Statement of Cash Flows**

	Notes	2021 £ '000
<b>Operating activities</b>		
Loss for the period		(52,149)
Adjustments for:		
Interest receivable	7	(4)
Interest payable	8	44,051
Taxation	9	382
Depreciation of tangible fixed assets	11	1,191
Amortisation of intangible assets	10	28,406
Share based payment charge	26	2,469
Increase in stocks		(3,969)
Increase in trade and other debtors		(5,773)
Decrease in trade and other creditors		(1,815)
<b>Cash generated from operations</b>		<b>12,789</b>
Corporation tax paid		(2,317)
<b>Net cash generated by operating activities</b>		<b>10,472</b>
<b>Cash flows from investing activities</b>		
Interest received	7	4
Payments to acquire intangible fixed assets	10	(180)
Payments to acquire tangible fixed assets	11	(1,427)
Payments in respect of acquisitions, net of cash acquired	34	(172,356)
Proceeds from sale of tangible fixed assets		6
Payment of deferred and contingent consideration in respect of acquisitions	16	(11,453)
Payment of fees relating to acquisitions	34	(6,577)
<b>Net cash used in investing activities</b>		<b>(191,983)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of ordinary share capital	25	977
Proceeds from the issue of preference shares	18	225,743
Proceeds from new loan notes	18	153,000
Repayment of bank loans	22	(140,734)
Repayment of loan notes	22	(256,937)
Proceeds from new bank loan	22	223,500
Bank interest and other charges paid	18	(7,817)
Payment of fees relating to new bank loan	22	(8,903)
Capital element of finance lease payments	22	(97)
Interest element of finance lease payments		(20)
<b>Net cash generated by financing activities</b>		<b>188,712</b>
<b>Net increase in cash</b>		<b>7,201</b>
Foreign exchange translation adjustment	22	(564)
Net cash generated		6,637
Cash and cash equivalents at 4 March/beginning of period		-
Cash and cash equivalents at 31 December	13	6,637
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	13	7,418
Bank overdrafts	16	(781)
		<b>6,637</b>

The accompanying principal accounting policies and notes on pages 19 to 47 form part of these financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**1 Company information**

The Company is a limited company incorporated in the United Kingdom, its registered office is Unit A2, Cradley Business Park, Overend Road, Cradley Heath, West Midlands, B64 7DW.

Principal activities are detailed in the Strategic Report at page 2.

**2 Accounting policies**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006. The financial statements have been prepared on a going concern basis, under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling ("£") and rounded in thousands.

The group financial statements consolidate the financial statements of Gravity Topco Limited and all its subsidiary undertakings for the period 4 March to 31 December 2021, representing the first period of trading since incorporation. As this is the first period of trading since incorporation there are no comparative numbers to present.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group and company accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.24.

**Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations of the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company on the basis that the company is qualifying entity and consolidated statement of cash flows, included in these financial statements, include the company's cash flows;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- The requirement to present related party disclosures between parent company and fellow subsidiaries where ownership is all 100%; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as they formed a single entity. Uniform accounting policies are applied throughout the period and all intercompany transactions and balances between group companies are eliminated in full on consolidation.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

The consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**2 Accounting policies (continued)**

Where control of a subsidiary is lost, the gains or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gains or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for as a business combination. Thereafter where the group increases its controlling interest in the subsidiary the transaction is treated as transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

**2.3 Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination. Part of the cost of the acquisition is dependent on the trading performance of the acquired business following the transaction. Any contingent consideration, which is not deemed to be employment related, is based on the estimates of the future performance of the acquired business. The contingent consideration is classified as a financial liability, measured at fair value.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is expensed outright in the consolidated statement of comprehensive income.

Adjustments to contingent consideration are accounted for as a change in estimate adjusting the cost of the business combination and included in goodwill.

Intangible assets are recognised separately from goodwill where they meet the recognition criteria, are separable and arise from contractual or other legal rights. Intangible assets acquired on acquisition are separately recognised if they met these requirements.

**2.4 Going concern**

At December 2021, the group had net liabilities of £49,310,000, but of its borrowings £628,945,000 were due after more than one period and of these £412,326,000 were loan notes and interest bearing preference shares due to shareholders. The group had a net cash generated from operating activities of £10,472,000, a cash balance (net of overdrafts) of £6,637,000, an undrawn RCF facility of £6,750,000 and a undrawn committed acquisition facility of £6,500,000. At all times during the period the Group comfortably met its financial covenant tests. As part of its ongoing planning process the Directors have prepared detailed profit and loss, balance sheet and cash flow forecasts to 31 December 2023 and as such these include the twelve months following the date of approval of these accounts. These were based upon the latest near term forecast and management's trading expectations beyond this based upon the group's medium term plans and historical performance against these plans. These demonstrate on a forecast and stress tested, including a reverse stress test, basis that the group will have both sufficient funds available to meet its obligations as they fall due and will remain covenant compliant for at least the twelve months from the date of approval of these accounts. The directors have therefore prepared the financial statements on a going concern basis.

**2.5 Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Investments in subsidiary undertakings are accounted for at cost less impairment in the individual financial statements.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**2 Accounting policies (continued)**

**2.6 Intangible assets**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) in respect of acquisitions is capitalised and is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Goodwill - 15 years
- Patents - 15 Years
- Software - 4-5 Years
- Brand - 10-15 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

**2.7 Tangible fixed assets and depreciation**

All fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to Other Administrative Expenses. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Land and buildings	- the lower of 25 years or length of lease. - 50 years for freehold property
Plant and machinery	- 6 - 15 years
Motor vehicles	- 3 - 4 years
Office equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation method are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and this is recognised in the consolidated statement of comprehensive income.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

**2.9 Stocks**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow-moving items. Stocks and work in progress are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials costs and directly attributable overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**2 Accounting policies (continued)**

**2.10 Debtors**

Short term debtors including loans receivable are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction price, net of transaction costs and are measured subsequently at amortised cost using the effective interest method. Transaction costs are amortised over the life of the loan.

**2.12 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is stated at the fair value of consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of Safety Components , Safety Systems and Installed Safety Systems.**

Turnover from the sale of goods is recognised when the following conditions are met:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover on long term installed safety systems contracts is determined based upon the stage of completion of the contract which is determined with reference to the costs incurred to date as a percentage of the total expected costs for the contract.

**Sale of Services, including System recertifications, Safety training and Consultancy services.**

Turnover from the provision of services is recognised in the period in which the services are provided in accordance with the stage of completion of the services when the following conditions are met:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred to complete the services can be measured reliably.

**2.13 Operating leases: Lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of comprehensive income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.14 Provisions for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**2.15 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Professional and arrangement fees are netted off debt and released to the income statement to give a constant rate of return.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**2 Accounting policies (continued)**

**2.16 Related party transactions**

Under the terms of Financial Reporting Standard 102 Section 33 'Related Party Disclosures', the company is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiaries of Gravity Topco Limited.

The group discloses transaction with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

**2.17 Taxation**

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.18 Foreign currencies**

**Functional currency and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling.

**Transactions and balances**

Transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

**Gravity Topco Limited (formerly known as DMWSL 953 Limited)**  
**Financial statements**  
**for the period from 4 March 2021 to 31 December 2021**

**Notes to the financial statements**

**2 Accounting policies (continued)**

**Translation of group companies**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

**2.19 Finance leasing and hire purchase commitments**

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased assets or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the group's incremental borrowing rate is used.

Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the assets. Assets are assessed for impairment in each reporting date.

The capital element of the lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

**2.20 Share based payments**

**Group**

The group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of the benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the profit and loss.

The group has no material cash-settled arrangements.

**Company**

The company has no employees and thus there is no charge in the profit and loss for share-based payments. The charge for share-based payments has been recognised as an increase in cost of investment in subsidiaries.

**2.21 Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.22 Research and development expenditure**

Research and development expenditure is normally written off as incurred. Development expenditure incurred on an individual project may be capitalised as an asset if and only if certain criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic life, which is generally 4 to 6 years.

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**2 Accounting policies (continued)**

**2.23 Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one period), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one period, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.24 Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates had the most significant effect on amounts recognised in the financial statements.

**Contingent consideration**

As part of the acquisition process, a forecast is prepared which projects the financial performance of the business over the expected earn-out period. These forecasts are reviewed and updated based on actual performance. Part of the cost of the acquisition is sometimes dependent on the trading performance of the acquired business following the transaction. The contingent consideration is based on these estimates of the future performance of the acquired business at the date of acquisition and is recorded as a financial liability reflecting the time value of money, see notes 16 and 17.

**Business combinations**

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value of intangible assets which meet the recognition criteria under FRS 102, management uses estimates of future cash flows and discount rates.

**Goodwill and intangible asset amortisation**

In relation to Goodwill, Management expect the benefits of this to be consumed by the entity over the course of fifteen years, due to the turnover of both employees and customers and the synergies which will be internally generated over this period taking more precedent by this point in time. Management have therefore deemed the useful economic life of goodwill to be 15 years.

Brand intangible assets are considered to have a useful economic life of either 10 or 15 years with reference to the life of other brands with similar backgrounds. Software intangible assets are considered to have a useful economic of 4 or 5 years at which point they will require further investment to maintain operability.

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**2 Accounting policies (continued)**

**2.24 Significant judgements and estimates (continued)**

**Impairment of non-financial assets and goodwill**

Management consider that the group is composed of six individual cash generating units due to the commercial management structure of the business which ensures that these individual units are the lowest level at which management plan and resource the business. Management consider there to be no indicators or events that would lead to an impairment of any of the intangible assets.

**Share based payments**

The company has issued 31,700,000 B1, B2, C1 and C2 £0.01 Ordinary shares to employees of the Group for a par value of £317,000 (see note 25). As these shares carry certain forfeit clauses linked to continued employment this issue of shares is considered a share based payment under FRS 102.

Management have concluded that the shares should be treated as an equity settled scheme. This judgment has been reached when considering the probability of multiple events happening that would result in the shares being settled, specifically that a repayment event is more likely than an employee who has been granted shares ceasing to be employed by the Company.

A Binomial model was used to calculate a future expected value on an exit event, being the only point at which shares can be sold, assuming a five year timescale and exit on 31 March 2026. A risk free interest rate of 1.43%, dividend rate of 0%, asset volatility rate of 30%, discount for lack of marketability of 20% and employee turnover of 5% per annum were assumed. A total share based payment value was calculated using the model to be £16,395,827 which is charged to the profit and loss evenly over the 5 year time period. The charge in the period is therefore taken to be £2,469,000. Further assumptions are detailed in note 26.

**Provision for bad debts**

A specific provision is made at each reporting date for estimated losses resulting from the viability of the Group's customers to make the required payment. The provision is based on the Group's regular assessment of the credit worthiness and financial conditions of the customer. See note 15.

**Provision for slow moving stocks**

A specific provision is made at each reporting date for stocks that are considered to be excessive and above normal levels. See note 14.

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**3 Analysis of turnover**

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

By geographical market:	<b>2021</b>
	<b>£ '000</b>
UK	33,129
Europe	18,943
North America	48,946
Rest of world	5,863
	<u>106,881</u>
Sale of goods	94,707
Sale of services	12,174
	<u>106,881</u>

**4 Operating loss**

**2021**  
**£ '000**

Consolidated operating loss is stated after charging / (crediting) :

Depreciation of owned fixed assets	1,044
Depreciation of assets held under finance leases and hire purchase contracts	147
Amortisation of goodwill	25,066
Amortisation of software	70
Amortisation of brand value	3,270
Operating lease rentals - plant and machinery	451
Operating lease rentals - land and buildings	2,114
Realised foreign exchange gain	(58)
Auditor's remuneration	
- fees payable to the company's auditor for the statutory audit of the Company's and consolidated annual accounts	275
- fees payable to the auditor in respect of financial diligence services	471
- fees payable to the auditor in respect of tax compliance services	72
	<u>112</u>

**5 Directors' remuneration**

**2021**  
**£ '000**

Remuneration in respect of the directors was as follows:

Emoluments (including benefits in kind)	320
Pension contributions to defined contribution pension schemes	10
	330
Equity settled non cash share based payment	902
Total directors remuneration	<u>1,232</u>

Amounts paid to third parties for non-executive directors' services

112

- these amounts are paid to the Institutional investors management company who employ the Non-Executive Directors.

Highest paid director:

Emoluments	137
Company contributions to defined contribution pension plans	6
Equity settled non cash share based payment	301
	<u>444</u>

**Number of directors to whom retirement benefits accrued:**

**2021**  
**Number**

Defined contribution plans	<u>2</u>
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<b>6</b>	<b>Employees</b>	<b>2021</b>
		<b>£ '000</b>
	<b>Group</b>	
	Staff costs, including the directors, during the year were as follows:	
	Wages and salaries	18,690
	Social security costs	2,006
	Other pension costs	771
		21,467
	Equity settled non cash share based payment	2,469
		<u>23,936</u>

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

	<b>Number</b>
Administration	165
Manufacturing	248
Sales and Marketing	400
	<u>813</u>

**Company**

The company had no employees during the period other than the directors who did not receive any remuneration from the company. The compensation of the directors for the services they rendered as a director is borne by the other entities within the Group which can't be split and is included in Note 5 above.

<b>7</b>	<b>Interest receivable and similar income</b>	
	Other interest receivable	4
		<u>4</u>

<b>8</b>	<b>Interest payable and similar charges</b>	<b>2021</b>
		<b>£ '000</b>
	Bank loans and overdrafts	8,488
	Other loans	33,583
	Amortisation of the cost of loan finance	953
	Implied interest on discounted deferred consideration	1,007
	Finance charges payable under finance leases and hire purchase contracts	20
		<u>44,051</u>

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<b>9</b>	<b>Taxation on loss on ordinary activities</b>	<b>2021</b>
		<b>£ '000</b>
	<b>Analysis of charge in period</b>	
	Current tax:	
	UK corporation tax on loss for the period	801
	Overseas tax	2,302
	Adjustments in respect of previous periods relating to UK tax	(45)
	Adjustments in respect of previous periods relating to overseas tax	(409)
		2,649
	Deferred tax:	
	Origination and reversal of timing differences	(942)
	Movement in deferred tax liability arising on discounting of deferred consideration	(252)
	Movement in deferred tax liability arising on brand value	(739)
	Movement in deferred tax liability due to change in rate from 19% to 25%	(334)
		(2,267)
	Total tax charge for the year	<u>382</u>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The effective rate for the period is -3.79% which is below the UK rate of corporation tax. The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

<b>Total taxation charge reconciliation</b>	<b>2021</b>
	<b>£ '000</b>
Loss on ordinary activities before tax	<u>(51,767)</u>
Standard rate of corporation tax in the UK	19.00%
	<b>£ '000</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax	(9,836)
Effects of:	
Non-deductible items	6,604
Non-taxable items	3,899
Differences between UK and foreign tax rates	169
Adjustments to tax charge in respect of previous periods	(454)
Total tax charge	<u>382</u>

**Factors that may affect future tax charges**

The main rate of corporation tax will remain unchanged at 19% in 2022, but will rise to 25% from 1 April 2023 based on announcement at the budget in 2021.

Deferred tax has been measured at the average tax rates that are expected to apply in the year in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

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10 Intangible fixed assets	Brands £ '000	Goodwill on Consolidation £ '000	Software £ '000	Patents £ '000	Total £ '000
<b>Cost</b>					
Additions in relation to current period acquisitions (note 34)	53,876	520,150	757	14	574,797
Additions in the year	-	-	180	-	180
Exchange difference	365	-	-	-	365
At 31 December 2021	54,241	520,150	937	14	575,342
<b>Amortisation</b>					
Charge for the period	3,270	25,066	70	-	28,406
Exchange difference	24	-	-	-	-
At 31 December 2021	3,294	25,066	70	-	28,430
<b>Net book value</b>					
At 31 December 2021	50,947	495,084	867	14	546,912

In accordance with FRS102 19.19, Gravity Topco Limited group have taken the advantage of the one year window to revise goodwill acquired on acquisition.

Goodwill, Brands and Software are being amortised in equal annual instalments over their estimated economic life of 15 years, 10 to 15 years and 4 to 5 years respectively. Amortisation of intangible assets is included in administrative expenses.

The Brands intangible assets comprise the brand names of the group's products, the group's name and the names of the trading subsidiaries and are recognised separately from goodwill as they possess sufficient legal and contractual rights to meet the recognition criteria under FRS102.

Software is the capitalisation of the externally incurred development costs in relation to bespoke software developed and now used by the group to underpin certain revenue streams. These costs are amortised over the expected life of the product before it will require significant upgrades.

The company has no intangible assets.

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**11 Tangible fixed assets**

**Group**

	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Total</b>
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
<b>Cost</b>					
On acquisition (note 34)	1,657	2,589	512	1,020	5,778
Additions	293	638	144	352	1,427
Disposals	(23)	-	(129)	(2)	(154)
Exchange difference	15	51	4	26	96
At 31 December 2021	<u>1,942</u>	<u>3,278</u>	<u>531</u>	<u>1,396</u>	<u>7,147</u>
<b>Depreciation</b>					
Charge for the period	167	513	135	376	1,191
On disposals	(24)	-	(122)	(2)	(148)
Exchange difference	9	28	3	15	55
At 31 December 2021	<u>152</u>	<u>541</u>	<u>16</u>	<u>389</u>	<u>1,098</u>
<b>Carrying amount</b>					
At 31 December 2021	<u>1,790</u>	<u>2,737</u>	<u>515</u>	<u>1,007</u>	<u>6,049</u>

Land and building comprise leasehold property improvement costs and one freehold property which is held at a depreciated cost of £837,000 at 31 December 2021.

The company has no tangible assets.

	<b>2021</b>
	<b>£ '000</b>
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	<u>343</u>

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**12 Investments**  
**Company**

	Investments in subsidiary undertakings £ '000
<b>Cost</b>	
Acquisitions made in the period	660
Additions relating to share based payments	2,469
At 31 December 2021	<u>3,129</u>

The companies in which Gravity Topco Limited's direct or indirect interest at 31 December 2021 was 100% are as follows:

Company (and number)	Country of incorporation	Ordinary shares held by company	Principal activity	Nature of shareholding
Gravity Midco I Limited (*) 13244463	England	100%	Holding Company	Direct
Gravity Midco II Limited (*) 13244474	England	100%	Holding Company	Direct
Gravity Bidco Limited (*) 13244484	England	100%	Holding Company	Direct
Gravity US Inc	USA	100%	Holding Company	Direct
Barton Industrial Services Limited (*) NI019057	Northern Ireland	100%	Safety systems and components	Direct
Unisystemer AS Asker	Norway	100%	Safety systems and components	Direct
A2M Limited (*) 08994829	England	100%	Safety systems and components	Direct
Lighthouse Safety Training Limited (*) 05138380	England	100%	Health and Safety Training	Direct
Heighsafe Systems Limited (*) 07064393	England	100%	Safety systems and components	Direct
Heighsafe Holdings Limited (*) 13584001	England	100%	Holding Company	Direct
Total Envelope Solutions Limited (*) 11211338	England	100%	Dormant Company	Direct
HS Asbestos Services Limited (*) 07724469	England	100%	Dormant Company	Direct
HSRoofclad Limited (*) 11212246	England	100%	Dormant Company	Direct
Safety Topco Limited (*) 11007525	England	100%	Holding Company	Direct
Safety Midco Limited (*) 11007798	England	100%	Holding Company	Direct
Safety Bidco Limited (*) 11008108	England	100%	Holding Company	Indirect
Kee Safety Group Limited (*) 08715491	England	100%	Holding Company	Indirect
Ensco 1020 Limited (*) 08766188	England	100%	Holding Company	Indirect
KSG (2011) Limited (*) 07470886	England	100%	Holding Company	Indirect
Kee Safety International Limited (*) 05857579	England	100%	Holding Company	Indirect
KIGH 2004 Limited (*) 05150187	England	100%	Holding Company	Indirect
KIGH 2000 Limited (*) 03952999	England	100%	Holding Company	Indirect
K.I.G. Limited (*) 03182765	England	100%	Head Office and Holding Company	Indirect
Kee Safety Limited (*) 03182766	England	100%	Safety systems and components	Indirect
Tubeclamps Limited (*) 00497622	England	100%	Safety systems and components	Indirect
Kee Safety Logistics Limited (*) 03182749	England	100%	Safety systems and components	Indirect
Kee Safety GmbH	Germany	100%	Safety systems and components	Indirect
Kee Safety Inc	USA	100%	Safety systems and components	Indirect
Kee Safety Limited	Canada	100%	Safety systems and components	Indirect
Access Technologies Limited (*) 02879801	England	100%	Safe access solutions	Indirect
Kee Safety SAS	France	100%	Safety systems and components	Indirect
Easyfit Inc	USA	100%	Safety systems and components	Indirect
Kee Safety LLC	UAE	100%	Safety systems and components	Indirect
Kee Safety Sp zoo	Poland	100%	Safety systems and components	Indirect
Simplified Safety Inc	USA	100%	Internet safety products sales	Indirect

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**12 Investments (continued)**

Company	Country of incorporation	Ordinary shares held by company	Principal activity	Nature of shareholding
Simplified Safety Limited (*) 069032580	England	100%	Internet safety products sales	Indirect
Simplified Safety GmbH	Germany	100%	Internet safety products sales	Indirect
Simplified Safety B.V.	Netherlands	100%	Internet safety products sales	Indirect
Kee Systems Limited (*) 02391277	England	100%	Safety systems and components	Indirect
LNA Solutions Limited	USA	100%	Safety systems and components	Indirect
Easi-Dec Access Systems Limited (*) 01845301	England	100%	Safe access solutions	Indirect
Safesite Limited (*) 02609468	England	100%	Safety systems and components	Indirect
Kee Safety Far East Limited	Hong Kong	100%	Sourcing of safety systems and components	Indirect
Kee Safety Shanghai Limited	China	100%	Sourcing of safety systems and components	Indirect
Skyway Safe Access Equipment Limited	Republic of Ireland	100%	Safety systems and components	Indirect
Skyway Safe Access Equipment (NI) Limited NI601274	Northern Ireland	100%	Safety systems and components	Indirect
Sesco LLC	USA	100%	Safety systems and components	Indirect
Harcon Services Limited (*) 03943245	England	100%	Safety systems and components	Indirect
VTD Nederland B.V.	Netherlands	100%	Safety systems and components	Indirect
Handelsonderneming Buisklem B.V.	Netherlands	100%	Safety systems and components	Indirect
Gevaco B.V.	Netherlands	100%	Safety systems and components	Indirect
Steadfast (Anglia) Limited (*) 04161232	England	100%	Safety systems and components	Indirect
Portaramp (UK) Limited (*) 05556499	England	100%	Safe access solutions	Indirect
Fisher Alvin Holdings Limited (*) 07533810	England	100%	Property and Holding company	Indirect
Fisher Alvin Limited (*) 05571445	England	100%	Safety systems and components	Indirect
Flexible Lifeline Systems Inc	USA	100%	Safety systems and components	Indirect
Roof Edge Fabrications Limited (*) SC111926	Scotland	100%	Safety systems and components	Indirect
Roof Anchor Company Limited (*) SC165987	Scotland	100%	Safety systems and components	Indirect
W H Maintenance Limited (*) SC191024	Scotland	100%	Safety systems and components	Indirect
Lighthouse Safety LLC	USA	100%	Safety systems and components	Indirect
High Engineering Limited	Canada	100%	Safety systems and components	Indirect
Kee Safety (Singapore) Pvt Limited	Singapore	100%	Safety systems and components	Indirect
APS Safety Systems Limited (*) SC356962	Scotland	100%	Safety systems and components	Indirect
Highwire Limited (*) 03417319	England	100%	Safety systems and components	Indirect
Oxford Safety Components Limited (*) 03967319	England	100%	Safety systems and components	Indirect
Planet Platforms (Holdings) Limited (*) 06114976	England	100%	Safety systems and components	Indirect
Planet Platforms Limited (*) 01546757	England	100%	Safety systems and components	Indirect
Safeguard U.S. Inc.	USA	100%	Safety systems and components	Indirect
Safeguard Safety Inc.	Canada	100%	Safety systems and components	Indirect
Safety and Access Limited (*) 02560824	England	100%	Safe access training	Indirect
Martin Castle Limited (*) 06463316	England	100%	Safe access training	Indirect
FlexDecks Inc	USA	100%	Safe access solutions	Indirect

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**12 Investments (continued)**

Company	Country of incorporation	Ordinary shares held by company	Principal activity	Nature of shareholding
Megametal B.V.	Netherlands	100%	Safety systems and components	Indirect
Omega Industrial Products Inc	USA	100%	Safety systems and components	Indirect
Alpha Fabrications L.L.C	USA	100%	Safety systems and components	Indirect

All the above subsidiaries are included in the consolidation.

The directors confirm that in accordance with sections 479A and 479C of the Company Act 2006, Gravity Topco Limited as parent company provides parental guarantee to its subsidiaries marked with (\*) therefore the subsidiaries are claiming exemption from the requirement of the UK Companies Act 2006 relating to the audit of the individual accounts.

The company indirectly holds 100% of the share capital of the following dormant companies in the UK, Kee Klamp Limited, Key Safety Limited, Key Klamp Limited, Key Klamps Limited, Key Clamp Limited, Key Clamps Limited, Kee Clamp Limited, Kee Clamps Limited, Kee Klamps Limited, Alvin Key Clamps Limited, Fastmat Limited and Dunn and Cowe Limited.

**13 Cash and cash equivalents**

Group	2021 £ '000
Cash in bank and in hand	7,418
Bank overdrafts (note 16)	(781)
	<u>6,637</u>
<b>Company</b>	
Cash at bank and in hand	<u>-</u>

14 Stocks	2021 £ '000
<b>Group</b>	
Raw materials and consumables	7,103
Work in progress	794
Finished goods and goods for resale	18,837
	<u>26,734</u>

The company holds no inventory.

Stock recognised in cost of sales during the period as an expense was £25,617,000.

The book value of inventories is not materially different from their replacement cost.

Inventories are stated after provisions for impairment of £6,141,000 and the charge in the period was £(171,000).

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<b>15 Debtors</b>	<b>2021</b>
	<b>£ '000</b>
<b>Debtors due within one year</b>	
<b>Group</b>	
Trade debtors	33,871
Other taxation	879
Other debtors	1,064
Prepayments accrued income	2,864
Amount due from customers for contract work	4,643
	<u>43,321</u>

The company has no debtors less than one year.

An impairment loss of £130,000 was recognised against trade debtors during the period.

**Debtors due after more than one year**

	<b>2021</b>
<b>Company</b>	<b>£ '000</b>
Amounts owed by group undertakings	<u>233,679</u>

Amounts owed by group undertakings are interest bearing and unsecured and are repayable on demand but repayment will not be sought within 12 months. Interest is charged at 5.0% over SONIA, USD LIBOR, CDOR or EURIBOR (subject to a downward only interest rate ratchet based upon adjusted leverage).

<b>16 Creditors: amounts falling due within one year</b>	<b>2021</b>
<b>Group</b>	<b>£ '000</b>
Bank overdrafts	781
Obligations under finance lease and hire purchase contracts	153
Trade creditors	8,591
Corporation tax	5,045
Other taxes and social security costs	2,234
Other creditors	300
Contingent consideration (see note 34)	9,461
Accruals and deferred income	6,324
	<u>32,889</u>

The company has no creditors falling due within one year.

Contingent consideration of £11,453,000 was paid in the period.

Total contingent consideration is based upon attainment of EBITDA and ROS targets in the two years post acquisition with upward and downward adjustments in consideration based upon actual performance compared to the targets. At 31 December 2021 the minimum amount payable is £703,000 and the maximum amount payable is £44,280,000.

The bank overdrafts are secured by the group's assets and are subject to fixed and floating charges and guarantees over the obligations of all subsidiary companies within the Gravity Topco Limited Group.

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<b>17</b>	<b>Creditors: amounts falling due after one year</b>	<b>2021</b>
	<b>Group</b>	<b>£ '000</b>
	11.5% Cumulative Investor Preference Shares	245,872
	4.5% Cumulative Investor Senior PIK Preference Shares	4,114
	4.5% Cumulative Investor Senior ILN Preference Shares	1,127
	7.0% Unsecured 31/3/2031 Cumulative Investor Loan Notes	34,771
	7.0% Unsecured 31/3/2031 Cumulative Investor PIK Notes	126,442
	Bank loans (net of the unamortised cost of raising the bank loans)	216,619
	Obligations under finance lease and hire purchase contracts	208
	Contingent consideration (see note 34)	10,589
		<u>639,742</u>
	<b>Company</b>	<b>2021</b>
		<b>£ '000</b>
	11.5% Cumulative Investor Preference Shares	245,872
	4.5% Cumulative Investor Senior PIK Preference Shares	4,114
	4.5% Cumulative Investor Senior ILN Preference Shares	1,127
		<u>251,113</u>
<b>18</b>	<b>Loan analysis</b>	<b>2021</b>
	<b>Group</b>	<b>£ '000</b>
	Gross bank term loan	224,569
	Unamortised cost of raising bank term loan	(7,950)
	11.5% Cumulative Investor Preference Shares	245,872
	4.5% Cumulative Investor Senior PIK Preference Shares	4,114
	4.5% Cumulative Investor Senior ILN Preference Shares	1,127
	7.0% Unsecured 31/3/2031 Cumulative Investor Loan Notes	34,771
	7.0% Unsecured 31/3/2031 Cumulative Investor PIK Notes	126,442
		<u>628,945</u>
	<b>Company</b>	
	11.5% Cumulative Investor Preference Shares	245,872
	4.5% Cumulative Investor Senior PIK Preference Shares	4,114
	4.5% Cumulative Investor Senior ILN Preference Shares	1,127
		<u>251,113</u>

The directors believe that the fair values at the issue of the debt is the same as the transaction price.

The Bank term loan is a multicurrency facility currently denominated in Sterling, US dollars, Canadian dollars and Euros. The loan is repayable in full on 31 March 2028. Interest is payable at 5.0% over SONIA, USD LIBOR, CDOR or EURIBOR (subject to a downward only interest rate ratchet). The initial value of the loan drawn on 31 March 2021 was £210,000,000.

The group's senior facility agreement provides a frame work for the transition to the replacements for USD LIBOR, CDOR and EURIBOR as and when these benchmarks are superceded by the new benchmarks. We expect to transition USD LIBOR in 2023, but no dates have yet been established for the transition of the remaining two benchmarks.

The Investor preference shares accrue value at an annual interest rate of 11.5% and are repayable in full on 31 March 2031. The PIK and ILN preference shares accrue interest of 4.5% on a notional capital value of £120,000,000 and £33,000,000 respectively and are repayable in full on 31 March 2031. The PIK preference shares rank above the ILN preference shares which rank above the Investor Preference shares. All preference shares are only repayable once the Investor Loan Notes and Investor PIK Notes have been settled in full.

The Investor Loan Notes and Investor PIK Notes are unsecured and carry an annual interest of 7.0% and are repayable in full on 31 March 2031.

The aforesaid bank term loan is secured by the group's assets and are subject to fixed and floating charges and guarantees over the obligations of all subsidiary companies within the Gravity Topco Limited Group.

The outstanding bank loan of the Safety Topco group at acquisition, amounting to £140,734,000 was settled upon acquisition.

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<b>19</b>	<b>Obligations under finance leases and hire purchase contracts</b>	<b>2021</b> <b>£ '000</b>
	Amounts payable:	
	Within one year	153
	Within two to five years	208
		<u>361</u>

Finance lease and hire purchase contracts relate to the liability under a standard hire purchase agreement related to the acquisition of various pieces of capital equipment. At the end of the lease period ownership transfers to the group for the payment of nominal sums.

<b>20</b>	<b>Deferred taxation</b>	<b>2021</b> <b>£ '000</b>
	<b>Group</b>	
	Deferred tax recognised comprises:	
	Deferred tax liability arising on discounting of contingent consideration	508
	Deferred tax asset arising on restricted corporate interest deductibility	(3,537)
	Deferred tax asset arising on inventory and debtor provisions	970
	Deferred tax asset arising on profit in inventory provisions	1,159
	Capital allowances	(2,483)
	Deferred tax liability arising on the capitalisation of brand	12,580
		<u>9,197</u>
		<b>2021</b> <b>£ '000</b>
	On acquisitions completed in the period	9,221
	Credited to the profit and loss account	(2,267)
	At 31 December 2021	<u>7,068</u>

The net deferred tax liability expected to reverse in 2022 is £1,273,000. This primarily relates to the reversal of timing differences on acquired brand assets through amortisation of the asset and the timing differences caused by the impact of the unwinding and associated interest charge of contingent consideration.

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<b>21</b>	<b>Financial assets and liabilities</b>	
	<b>Group</b>	<b>2021</b>
	<b>Financial assets</b>	<b>£ '000</b>
	Financial assets measured at amortised cost	
	Cash at bank and in hand	7,418
	Trade and other debtors	34,935
		<u>42,353</u>
	<b>Financial liabilities</b>	
		<b>2021</b>
		<b>£ '000</b>
	Financial liabilities measured at amortised cost	
	Bank overdrafts	(781)
	Bank and other loans	(628,945)
	Finance leases	(361)
	Trade creditors	(8,591)
	Other creditors and accruals	(6,624)
		<u>(645,302)</u>
	<b>Financial liabilities measured at fair value</b>	
	Contingent consideration	<u>(20,050)</u>
	<b>Company</b>	<b>2021</b>
	<b>Financial assets</b>	<b>£ '000</b>
	Financial assets measured at amortised cost	
	Amounts owed by group undertakings	<u>-</u>
	<b>Financial liabilities</b>	<b>2021</b>
		<b>£ '000</b>
	Financial liabilities measured at amortised cost	
	Bank and other loans	<u>(251,113)</u>

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**22 Reconciliation of changes in net debt**

	Cash & Cash Equivalents £ '000	Long-term borrowings £ '000	Short-term borrowings £ '000	Net Debt £ '000
<b>At 4 March 2021</b>	-	-	-	-
<b>Cash flows</b>				
Proceeds of new bank term loan	223,500	(223,500)	-	-
Costs related to raising bank term loan	(8,903)	8,903	-	-
Proceeds of issue of new preference shares	225,743	(225,743)	-	-
Proceeds of issue of new investor PIK & loan notes	153,000	(153,000)	-	-
Repayment of bank loan from acquisitions	(140,734)	140,734	-	-
Repayment of loan notes from acquisitions	(256,937)	256,937	-	-
Capital element of finance lease payments	(97)	-	97	-
Payments in respect of acquisitions	(190,386)	-	-	(190,386)
Cashflows of the Group	1,727	-	(781)	946
<b>Non-cash</b>				
Accrued Interest	-	(33,583)	-	(33,583)
Finance Leases from acquisitions	-	(208)	(250)	(458)
Bank loan from acquisitions	-	(140,734)	-	(140,734)
Amortisation of cost of raising bank term loan	-	(953)	-	(953)
Loan notes from acquisitions	-	(256,937)	-	(256,937)
Foreign exchange movement	505	(1,069)	-	(564)
<b>At 31 December 2021</b>	<u>7,418</u>	<u>(629,153)</u>	<u>(934)</u>	<u>(622,669)</u>

Payments in respect of acquisitions includes all cashflows related to current and prior periods acquisitions.

Cash and Cash equivalents comprises cash at bank and in hand.

Long-term borrowings comprises obligations due under finance lease and hire purchase agreements, Preference shares, PIK and ILN loan notes and gross bank loans due after more than one year.

Short-term borrowings comprises obligations due under finance lease and hire purchase agreements due within one year and bank overdrafts.

**23 Other provisions**

	Onerous lease £ '000	Total £ '000
At 4 March 2021	-	-
On acquisition of subsidiary	45	45
At 31 December 2021	<u>45</u>	<u>45</u>

The onerous lease provision relates to the closure of the group's facilities in Reading and may need to be settled in any period up to 2023.

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**24 Financial risk management**

The group has exposures to the following main areas of risk – foreign currency risk, credit risk, liquidity risk, and cash flow interest rate risk.

**Foreign currency risk**

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. The group both buys and sells goods in foreign currencies providing a natural hedge against a proportion of its foreign currency cashflows. The main foreign currencies in which the group operates are the Euro and the US dollar. The group may enter into short term forward currency contracts from time to time, to cover net cashflow imbalances if appropriate. At the balance sheet date the Group has no open forward currency contracts.

The group has structured its long term borrowings to minimise the impact of changes in exchange rates on net assets denominated in foreign currencies.

**Commodity price risk**

The group's exposure to the price of various commodities is high, therefore selling prices are monitored regularly to reduce the impact of such risk; opportunities to reduce material cost and content are explored constantly.

**Credit risk**

The group's principal financial assets are bank balances, cash and trade debtors, which represent the group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to, and creditworthiness of, new and existing customers. In addition, in certain territories the group takes out credit insurance for customers, subject to the terms and conditions of the insurer. The group has no significant concentration of credit risk, with exposure spread over a large number of customers in different geographies.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit ratings agencies.

**Liquidity risk**

The group's policy has been to ensure continuity of funding through generating cash from its trading operations and arranging funding for operations via medium and long term external banking facilities. Further funding is provided by fixed rate loan notes and preference shares.

**Cash flow interest rate risk**

Interest bearing assets comprise cash and bank deposits, all of which earn interest at floating rates. The group is party to a group bank overdraft facility for which a variable interest rate charge is applicable.

The group benefits from a multi-currency term loan facility with a banking syndicate led by Lloyds Bank plc and HSBC Bank Plc. In order to combat interest rate risk the group, from time to time, enters into interest rate cap derivative contracts.

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25 Share capital	Nominal value	2021 Number	2021 £ '000
Allotted, called up and fully paid:			
A Ordinary shares	£0.01 each	66,000,000	660
B1 Ordinary shares	£0.01 each	2,909,402	29
B2 Ordinary shares	£0.01 each	4,012,288	40
C1 Ordinary shares	£0.01 each	6,090,598	61
C2 Ordinary shares	£0.01 each	18,687,712	187
			977
	Nominal value	Number	Amount £ '000
Shares issued during the period:			
A Ordinary shares	£0.01 each	66,000,000	660
B1 Ordinary shares	£0.01 each	2,909,402	29
B2 Ordinary shares	£0.01 each	4,012,288	40
C1 Ordinary shares	£0.01 each	6,090,598	61
C2 Ordinary shares	£0.01 each	18,687,712	187
			977

**Rights to a dividend**

No dividends are payable by the company until the Bank term loan, Investor PIK and ILN Loan notes, Senior Preference and Preference shares (including accrued interest) have been repaid in full. Thereafter a dividend may be payable, as determined by the Board in accordance with the Articles, in respect of any accounting period. Each class of share ranks pari passu in respect of the rights to a dividend.

**Return on capital**

Each class of shares ranks pari passu in respect of the return of capital, surplus assets and retained profits.

**Rights to vote**

The A, B1 and C1 class of share is entitled to one vote for each share held and the B2 and C2 class of shares have no voting rights. In certain cases of financial underperformance or financial breach as set out in the Articles the holders of the A Ordinary shares shall be entitled to 95% of the voting rights of the company, both in terms of a poll vote at an ordinary meeting or a vote on a written resolution.

26 Share based payment reserve	2021 £ '000
At 4 March	-
Charged to Profit & Loss Account in period	2,469
At 31 December	2,469

On 31 March 2021 31,700,000 B1, B2, C1 and C2 £0.01 Ordinary shares were subscribed for by employees of the Group for a par value of £317,000 (see note 25). No further shares were issued to employees in the period. As these shares carry certain forfeit clauses linked to continued employment this issue of shares is considered a share based payment under FRS 102.

A Binomial model was used to calculate a future expected value on an exit event, being the only point at which shares can be sold, assuming a five year timescale and exit on 31 March 2026. A risk free interest rate of 1.43%, dividend rate of 0%, asset volatility rate of 30%, discount for lack of marketability of 20% and employee turnover of 5% per annum were assumed. A total share based payment value was calculated using the model to be £16,395,827 which is charged to the profit and loss evenly over the 5 year time period. The charge in the period is therefore taken to be £2,469,000.

The risk free rate is based on the yield to maturity on a zero-coupon UK government bond maturing in line with the expected life is used as a proxy of risk-free rate.

Expected volatility is estimated based on the historic share price volatility of comparable quoted companies.

To reflect the illiquidity of the shares, we have applied a discount for lack of marketability ("DLOM") based on the average strike put option model defined by professor John D. Finnerty ("the Finnerty model").

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**27 Profit and loss account**

The Profit and Loss reserve includes all current and prior period retained profits and losses of the group.

**28 Capital commitments** **2021**  
**£ '000**

Amounts of tangible fixed assets contracted for but not provided in the accounts 226

Amounts relate to purchase of tangible fixed assets that have not been fully delivered at 31 December 2021 but for which the Group is contractually bound to purchase when delivered.

**29 Defined contribution pension schemes**

The pension cost charge for the period represents contributions paid by the group to the funds and this amounted to £771,000. Contributions totalling £Nil were payable to the fund at the period end.

**30 Other financial commitments**

**Group**

The group's future minimum operating lease payments are as follows:

	<b>Land and buildings</b>	<b>Other</b>	<b>Total</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Falling due:			
within one year	2,749	536	3,285
within two to five years	7,163	651	7,814
in over five years	6,960	135	7,095
	<u>16,872</u>	<u>1,322</u>	<u>18,194</u>

Other refers to operating leases for office equipment, motor vehicles, plant and machinery.

**31 Guarantees**

The assets of companies in the group are subject to fixed and floating charges and guarantees in relation to overdrafts.

**32 Related party transactions**

At 31 December 2021 the Group had amounts owing in respect of preference shares and accrued interest of £223,945,000 to Gravity Investment Sarl, a key shareholder and interest of £23,146,000 was charged in the period. The Group had amounts owing in respect of loan notes and accrued interest of £161,212,000 to Gravity Financing Sarl a party related to Gravity Investment Sarl, a key shareholder and interest of £8,212,000 was charged in the period. The Group also had amounts owing in respect of preference shares and accrued interest to certain directors and management of £27,168,000 and interest of £2,224,000 was charged in the period.

	<b>2021</b> <b>£ '000</b>
<b>Key management personnel</b>	
Emoluments (including benefits in kind)	478
Bonus payments	363
Pension contributions to defined contribution pension schemes	19
Key management personnel remuneration	<u>860</u>
Equity settled non cash share based payment	<u>436</u>

**33 Immediate and ultimate controlling party**

ICG Plc is deemed to be the ultimate controlling party by virtue of its control of voting rights and its majority shareholding.

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**34 Acquisitions**

The Group has acquired 100% share capital of four entities during the year. The details of each acquisition are set out below:

**Safety Topco Limited**

On 31 March 2021, Gravity Bidco Limited (a group company) acquired 100% of the share capital of Safety Topco Limited a specialist provider of safety equipment based in England and operating on a global basis. In the period since acquisition, the company (on a consolidated basis) has contributed revenues of £105,322,000 to the group result and a loss after tax of £49,159,000.

**Assets and liabilities acquired (on a consolidated basis)**

	<b>Vendors'</b>	<b>Fair value</b>	<b>Fair value</b>
	<b>book value</b>	<b>adjustments</b>	<b>to the group</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Tangible fixed assets	5,548	-	5,548
Intangible fixed assets - goodwill	120,806	(120,806)	-
Intangible fixed assets - software	757	-	757
Intangible fixed assets - patents	14	-	14
Intangible fixed assets - brand	10,175	39,775	49,950
Deferred tax liability	(1,652)	(6,235)	(7,887)
Stocks & work in progress	18,014	4,636	22,650
Debtors and prepayments	38,989	(5,717)	33,272
Cash at bank	10,413	-	10,413
Other creditors and provisions	(435,962)	(606)	(436,568)
Net liabilities acquired	<u>(232,898)</u>	<u>(88,953)</u>	<u>(321,851)</u>

**Satisfied by:**

Cash	166,714
Acquisition costs	6,197
	<u>172,911</u>
Goodwill arising on consolidation (see note 10)	<u>494,762</u>

The fair value adjustments relate to the following:

- the elimination of existing goodwill
- the elimination of the existing brand intangible asset values and recognition of a new intangible asset in respect of the brand acquired
- the elimination of the existing deferred tax liability on existing brand intangible assets and recognition of a new net deferred tax liability arising from the combination of the new brand intangible assets, acquired brought forward restricted interest tax deductions and discounting of contingent considerations
- revaluation of inventory to fair value after adjustment to include a profit in stock provision
- review of aged debtors and those customers where business has not been conducted for a period of time to record a provision for doubtful debts and elimination of the capitalised cost of loan finance in relation to existing bank facilities to be repaid
- restatement of contingent consideration to account the impact of discounting

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**34 Acquisitions (Continued)**

**A2M Limited**

On 20 September 2021, K.I.G. Limited (a group company) acquired the entire issued share capital of A2M Limited, a fall protection supply and recertification company based in the England. In the period since acquisition, the company has contributed revenues of £294,000 to the group result and profit after tax of £22,000.

**Assets and liabilities acquired**

	<b>Vendors'</b>	<b>Fair value</b>	<b>Fair value</b>
	<b>book value</b>	<b>adjustments</b>	<b>to the group</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Tangible fixed assets	57	(10)	47
Intangible fixed assets - brand	-	167	167
Deferred tax liability	(10)	(58)	(68)
Stocks & Work in progress	42	(27)	15
Debtors	288	(85)	203
Cash at bank	117	-	117
Other creditors and provisions	(128)	(20)	(148)
Net assets acquired	<u>366</u>	<u>(33)</u>	<u>333</u>

**Satisfied by:**

Cash	908
Discounted contingent consideration	593
Acquisition costs	45
	<u>1,546</u>

Goodwill arising on consolidation (see note 10)

1,213

The fair value adjustments relate to the following:

- assessment of the value of tangible assets to ensure that they are stated in line with the group
- the recognition of an intangible asset in respect of the brand acquired and associated deferred tax
- the recognition of a deferred tax liability due to the impact of discounting contingent consideration
- review of the carrying value of stock, providing against items in line with the group accounting policy
- review of aged debtors and those customers where business has not been conducted for a period of time to record a provision for doubtful debts
- the recognition of a provision to cover the costs of health and safety premises improvements and essential IT upgrades

Contingent consideration is based upon attainment of an EBITDA target in the first year post acquisition with upward and downward adjustments in consideration based upon actual performance in the year compared to the target for the year. The minimum amount payable is £Nil and the maximum amount payable is £659,000.

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**34 Acquisitions (Continued)**

**Lighthouse Safety Training Limited**

On 8 October 2021, K.I.G. Limited (a group company) acquired the entire issued share capital of Lighthouse Safety Training Limited, a specialist Health and Safety Training company based in England. In the period since acquisition, the company has contributed revenues of £223,000 to the group result and profit after tax of £34,000.

**Assets and liabilities acquired (on a consolidated basis)**

	Vendors' book value	Fair value adjustments	Fair value to the group
	£ '000	£ '000	£ '000
Tangible fixed assets	27	(24)	3
Intangible fixed assets - brand	-	186	186
Deferred tax liability	(6)	(67)	(73)
Debtors	137	(26)	111
Cash at bank	593		593
Other creditors and provisions	(178)	(50)	(228)
Net assets / (liabilities) acquired	<u>573</u>	<u>19</u>	<u>592</u>

**Satisfied by:**

Cash	1,174
Discounted contingent consideration	816
Acquisition costs	52
	<u>2,042</u>

Goodwill arising on consolidation (see note 10)

1,450

The fair value adjustments relate to the following:

- assessment of the value of fixed assets to ensure that they are stated in line with the group accounting
- the recognition of an intangible asset in respect of the brand acquired and associated deferred tax
- the recognition of a deferred tax liability due to the impact of discounting contingent consideration
- review of aged debtors and those customers where business has not been conducted for a period of time to record a provision for doubtful debts
- the recognition of a provision to cover the costs of health and safety premises improvements and essential IT upgrades

Contingent consideration is based upon attainment of an EBITDA target in the first year post acquisition with upward and downward adjustments in consideration based upon actual performance in the year compared to the target for the year. The minimum amount payable is £Nil and the maximum amount payable is £1,599,000.

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**34 Acquisitions (Continued)**

**Heightsafe Limited**

On 12 November 2021, K.I.G. Limited (a group company) acquired Heightsafe Systems Limited via its acquisition of its non-trading parent company, Heightsafe Holdings Limited. Heightsafe Limited is a supplier, installer and recertifier of height safety and fire safety equipment based in England. In the period since acquisition, the company has contributed revenues of £1,042,000 to the group result and a loss after tax of £79,000.

**Assets and liabilities acquired**

	<b>Vendors' book value</b>	<b>Fair value adjustments</b>	<b>Fair value to the group</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Tangible fixed assets	180	-	180
Intangible fixed assets - brand	-	3,573	3,573
Deferred tax liability	(43)	(1,264)	(1,307)
Stocks & Work in progress	256	(156)	100
Debtors and Prepayments	4,788	(826)	3,962
Cash at bank	(116)	-	(116)
Other creditors and provisions	(3,016)	(734)	(3,750)
Net assets acquired	<u>2,049</u>	<u>593</u>	<u>2,642</u>
<b>Satisfied by:</b>			
Cash			14,567
Contingent consideration			10,516
Acquisition costs			283
			<u>25,366</u>
<i>Goodwill arising on consolidation (see note 10)</i>			<u><u>22,724</u></u>

The fair value adjustments relate to the following:

- the recognition of an intangible asset in respect of the brand acquired and associated deferred tax
- the recognition of a deferred tax liability due to the impact of discounting contingent consideration
- review of the carrying value of stock, providing against items in line with the group accounting policy
- review of aged debtors and those customers where business has not been conducted for a period of time to record a provision for doubtful debts
- the recognition of a provision to cover the costs of health and safety premises improvements, essential IT upgrades and an onerous material purchase contract

Contingent consideration is based upon attainment of an EBITDA target in the first year post acquisition with upward and downward adjustments in consideration based upon actual performance in the year compared to the target. The minimum amount payable is £Nil and the maximum amount payable is £31,000,000.

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**35 Post statement of financial position events**

**Acquisition of Safety Engineering Products Limited**

On 29 April 2022, K.I.G. Limited (a group company) acquired the entire issued share capital of Safety Engineering Products Limited, manufacturers and distributors of work at height safety equipment based in England. Upfront consideration of £3,000,000 was paid with further estimated earnout payments becoming due in 2023 of £3,429,000 subject to post acquisition results.

**Acquisition of XS Platforms Group**

On 7 June 2022, K.I.G. Limited (a group company) acquired the entire issued share capital of the XSPlatforms Work at Height B.V. and XSPlatforms Intellectual Property B.V., a fall protection supply and recertification company based in The Netherlands. Upfront consideration of €5,646,300 was paid with further estimated earnout payments becoming due in 2023 of €4,619,700 subject to post acquisition

**Acquisition of Lunado BV**

On 30 September 2022, K.I.G. Limited (a group company) acquired the entire issued share capital of the Lunado B.V. , a safety components distribution business based in The Netherlands. Upfront consideration of €14,500,000 was paid with further estimated earnout payments becoming due in 2023 of €3,500,000 subject to post acquisition results.