

Ciklum ApS

Fruebjergvej 3
2100 København
Denmark
CVR-No: 26768624

Annual report 2022

The annual report was presented and approved at the
Company's annual general meeting

On May 31 2023

chairman of the annual general meeting

Samuel Edward Rapley

Error! Unknown document property name.

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Cash flow statement	12
Notes	13

Error! Unknown document property name.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ciklum ApS for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the company financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2023
Executive Board:

Mark William Fisher

Adnan Mahmood

Andrii Okseniuk

Independent auditor's report

To the shareholders of Ciklum ApS

Opinion

We have audited the financial statements of Ciklum ApS for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised
Public Accountant
mne30154

Management's review

Company details

Ciklum ApS
Fruebjergvej 3
2100 København
Denmark

Telephone: +45 70 27 80 90
Website: www.ciklum.com

CVR no. 26 76 86 24
Established: 6 September 2002
Registered office: Copenhagen
Financial year: 1 January – 31 December

Executive Board

Mark William Fisher
Adnan Mahmood
Andrii Okseniuk

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 31 May 2023.

Management's review

The Company's principal activities

The Company's principal activities are delivering IT services, facilitation and servicing of Danish and foreign software and other companies.

Development in activities and financial position

In 2022, the Company realised a profit before tax of DKK 3,252 thousand. The operating result is considered as satisfactory and in line with Management expectations for the year.

Total equity in the Company has increased to DKK 8,520 thousand on net profit of DKK 2,333 thousand in 2022.

Events after the balance sheet date

There have not been events after the balance sheet date that have a substantial impact on the Company's financial position that has not been incorporated in the financial statements.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Gross profit		6,252	9,029
Staff costs	2	-3,517	-4,592
Depreciation, amortisation and impairment losses		-57	-635
Operating profit		2,678	3,802
Other financial income	3	649	113
Other financial expenses	4	-74	-99
Profit before tax		3,252	3,816
Tax on profit for the year	5	-919	-840
Profit for the year		2,333	2,976
Proposed profit appropriation			
Transferred to retained earnings		2,333	2,976
		2,333	2,976

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Intangible assets	6		
Patents, licences and trademarks		26	64
		26	64
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		29	49
		29	49
Total fixed assets		54	113
Current assets			
Receivables			
Trade receivables		9,207	7,480
Contract work in progress		2,877	4,196
Other receivables		53	85
Prepayments		0	4
		12,137	11,765
Cash at bank and in hand		2,575	2,217
Total current assets		14,712	13,982
TOTAL ASSETS		14,766	14,095

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,700	1,700
Retained earnings		6,820	4,486
Total equity		8,520	6,186
Current liabilities other than provisions			
Prepayments received from customers		222	788
Payables to group entities		1,996	595
Trade payables		109	235
Corporation tax		318	265
Other payables		1,237	3,507
Deferred income		2,366	2,519
		6,247	7,909
Total liabilities other than provisions		6,247	7,909
TOTAL EQUITY AND LIABILITIES		14,766	14,095
Contractual obligations, contingencies, etc.	9		
Mortgages and collateral	10		
Related parties	11		
Changes in short-term receivables	12		
Changes in short-term liabilities	13		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2022	1,700	4,486	6,186
Transferred over the profit appropriation	-	2,333	2,333
Equity at 31 December 2022	1,700	6,820	8,520

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2022	2021
Profit for the year		2,333	2,976
Reversal of depreciation and amortisation for the year		57	635
Other adjustments		15	2
Reversal of tax expense		919	840
Corporation tax paid		-867	-1,190
Changes in short-term receivables	12	-372	22,311
Changes in short-term liabilities	13	-1,714	-1,140
Cash flows from operating activities		371	24,434
Dividends paid		0	-24,000
Cash flows from financing activities		0	-24,000
Acquisition of intangible assets		-13	-197
Acquisition of property, plant and equipment		0	-35
Cash flows from investing activities		-13	-232
Changes in cash flows		358	202
Cash at 1 January		2,217	2,015
Cash at 31 December		2,575	2,217

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ciklum ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Gross profit includes revenue, cost of materials and consumables as well as other external costs.

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Revenue from the sale of services, comprising fees charged for supplying the Company's consultants and infrastructure to its customers' software projects, is recognised in the income statement as the services are provided. Services based on time spent are recognised in revenue as the work is performed.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year, mainly represented by the purchased services.

Other external costs

Other external costs comprise costs related to distribution, sales, bad debt, office premises, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration and emoluments, pensions and other staff costs related to the Company's employees, including the Executive Board.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Patents, licences and trademarks are amortised on a straight-line basis over the useful life of the asset which normally is 5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual work. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions comprise anticipated costs and warranty obligations. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise payments relating to increases or reductions in capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Financial statements 1 January – 31 December

Notes

DKK'000

	2022	2021
2 Staff costs		
Wages and salaries	3,504	4,574
Pensions	6	6
Other social security costs	7	12
	<u>3,517</u>	<u>4,592</u>
Average number of full-time employees	<u>3</u>	<u>6</u>
3 Other financial income		
Foreign exchange income	600	101
Interest income from group entities	44	0
Other financial income	5	12
	<u>649</u>	<u>113</u>
4 Other financial expenses		
Other financial expenses	74	99
	<u>74</u>	<u>99</u>
5 Tax on profit for the year		
Current tax for the year	723	934
Adjustment to prior year tax	196	0
Deferred tax adjustment for the year	0	-94
	<u>919</u>	<u>840</u>

Financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK'000	Licences and software	Total
Cost at 1 January 2022	4,159	4,159
Additions for year	13	13
Cost at 31 December 2022	4,172	4,172
Amortisation at 1 January 2022	-4,095	-4,095
Amortisation for the year	-48	-48
Amortisation at 31 December 2022	-4,143	-4,143
Carrying amount at 31 December 2022	29	29

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2022	1,096	1,096
Disposals for the year	-44	-44
Cost at 31 December 2022	1,052	1,052
Depreciation at 1 January 2022	-1,047	-1,047
Depreciation for the year	-18	-18
Disposals for the year	41	41
Depreciation at 31 December 2022	-1,024	-1,024
Carrying amount at 31 December 2022	28	28

8 Share capital

The share capital consists of 1,700,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Financial statements 1 January – 31 December

Notes

9 Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 70 thousand within 4 months (2021: DKK 110 thousand within 4 months).

10 Mortgages and collateral

Ciklum ApS together with other companies of the group entered into an Uncommitted Borrowing Base Facility Agreement with Citibank Europe Plc. The Company did not use available loan facility. As at 31 December 2022, DKK 4,753 thousand of accounts receivables are pledged to the bank (2021: DKK 7,881 thousand).

11 Related party disclosures

Ciklum ApS' related parties with significant influence comprise the following.

Immediate parent of the Company is Ciklum Holding UK Ltd., 2 Stone Buildings, London, United Kingdom, WC2A 3TH.

As at 31 December 2022 and 2021 Recognize Partners I, L.P. (Cayman Islands) was the ultimate parent of the Company.

12 Changes in short-term receivables

DKK'000	2022	2021
Trade receivables	-1,727	270
Contract work in progress	1,319	-398
Receivables from group entities	0	22,482
Other receivables	32	-45
Prepayments and accrued income	4	2
	<u>-372</u>	<u>22,311</u>

13 Changes in short-term liabilities

Prepayments received from customers	-566	603
Trade payables	-126	-1,202
Payables to group entities	1,401	595
Other payables	-2,270	-214
Deferred income	-153	-922
	<u>-1,714</u>	<u>-1,140</u>