

COGNISM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



COGNISM LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Mr S J Isilay Mr M W Melymuka Mr P M Daffern Mr I Akram Mr P Gairick (Appointed on 16 September 2021) Mr C Kannan (Appointed on 30 August 2022) Mr D Thevenon (Appointed on 6 June 2023) |
| Secretary | CFPRO COSEC Limited Holborn Gate, 330 Holborn London, England WC1V 7QT |
| Company number | 09392705 |
| Registered office | Holborn Gate, 330 Holborn London WC1V 7QT ENGLAND |
| Auditor | BDO LLP 55 Baker Street London W1U 7EU |
| Accountants | CFPro Limited Holborn Gate, 330 Holborn London WC1V 7QT |
| Bankers | HSBC Bank plc 60 Church Street Blackburn Lancashire BB1 5AS |

COGNISM LIMITED

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COGNISM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report together with the audited financial statements of Cognism Limited ("Cognism" or the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2021.

Principal business activities

Cognism provides intelligence to business revenue, sales and marketing teams drive a predictable pipeline. The Company delivers a platform with the highest quality, relevant & most compliant contact data that can easily and predictably be leveraged by organizations through compelling workflows.

It is headquartered in the UK with offices in US, Germany, Croatia and Macedonia. In 2021 Cognism officially launched sales teams and offices in Boston, allowing the Company to further expand their presence into North America.

Review of the business and key performance indicators (KPI's)

The Group monitors its performance by reference to number of indicators including:

- Turnover
- Gross profit margin percentage
- Operating margin percentage
- EBITDA

Group turnover rose 90% during the year to \$17.9m (2020: \$9.4m). Turnover growth was principally driven by increase in sales capacity and changes in pricing strategy which in turn improved the average contract value size. In addition, the Company prioritized improvements in the data asset that would benefit the Enterprise sales teams.

Gross profit increased from 72% to 76%, this was due to improving the Company's customer segmentation which allowed a different level of support dependent on the size and potential of customer growth. Creation of an account management layer also moved previous customer success costs to a sales cost through retention & growth.

Operating loss increased by 74% to \$21m (2020: loss \$12m). This was a result of expanding our sales and marketing teams, moving our UK team back into an office after a large part of 2020 working remote during COVID, increasing investment into our data asset and subsequently research & development teams.

The Group's loss before interest, taxation, depreciation and amortisation an (LBITDA) increased 75% during the year to \$19.9m (2020: \$11.3m).

Future developments

Cognism has put the infrastructure in place required for expansion into DACH region to set up an office in Cologne and hire strong talent to help build out a best-in-class sales function to drive market share growth in Europe.

The Company anticipate continuing to grow the headcount of the business consistently with a focus on R&D hires and sales headcount, to continue the strong revenue growth trajectory.

Principal risks and uncertainties

There are numerous and varied risks, known and unknown, that may prevent the Group from achieving its goals. The risks described below are not the only ones the Group will face. If any of these risks actually occurs, the Group's business, financial condition or results of operations may be materially and adversely affected. In that case, the trading price of the Group's securities could decline and investors in such securities could lose all or part of their investment. The most significant of these risks are detailed below.

Technology risk

Generally, product markets are exposed to rapid technological change. This includes changes in use, customer requirements and services, new technologies, and the emergence of new industry standards and practices.

COGNISM LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Company operates in a market with such changes which have the potential to render the Company's existing technology and products obsolete or uncompetitive. To remain competitive the Company must ensure continued product improvement and the development of new markets and capabilities to maintain a pace congruent with changing technology. This added strain may stretch the Company's capital resource which may adversely impact the revenues and profitability of the Company. The Company's success is dependent on the ability to effectively respond and adapt technological changes and changes to customer preferences.

Market and competition risk

The Group's current and potential competitors include other software and technology companies operating in similar business areas. Competition may take the form of similar or entirely different technologies and products to those pursued by the Group. There can be no assurance that they will not succeed in developing products more effectively or economically than the Group.

Cyber Attacks and IT System Failure

Like any other company, the Group is at risk of cyber-attacks or IT systems failure, which would cause operational harm, including potential theft or loss of data. The Group has high level of cyber security protection including suitable backup and security policies.

Financial risk management

Currency Risk

The Group operates from the United Kingdom, Germany, Singapore, the United States of America, Canada, the Republic of Macedonia, and Croatia. The Group provides services to global markets specifically Europe and the United States of America which gives rise to exposure to market risks from changes in foreign currency values. Most significantly, the Group is exposed to potential currency fluctuations between GBP, EUR and USD. Fluctuations in the exchange rate impact profitability and carrying asset values.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterpart fails to meet its obligation. Credit risk arises from the Group's operating activities from trade and other receivables, financing from cash and cash equivalents and deposits with banks and financial institutions.

Credit risk from trade and other receivables is minimised by determining and monitoring credit limits, requiring credit approvals, and the monitoring of suppliers, service providers and vendors credit risks by grouping them according to their credit characteristics. Appropriate due diligence is performed before agreements are entered into. Other monitoring procedures are in place to recover overdue customer accounts and to assess impairment.

Credit risk from financing activities is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

Liquidity Risk

The Group's approach to managing its obligations is to maintain sufficient resources to meet its obligations when due without undue risk to the Group. The Group monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as to fund anticipated leasing, capital and development expenditures. In addition, the Group manages its cash to meet its debt obligations and to fund general and administrative costs.

COGNISM LIMITED

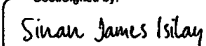
STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of Information to Auditor

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

This report was approved by the Board and signed on its behalf by:

DocuSigned by:

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S J Isilay
Director

Approved by the board on: 19 July 2023

COGNISM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is that of the development and sale of sales and marketing software.

Directors

The following directors held office during whole of the year:

S J Isilay
M W Melymuka
P M Daffern
I Akram
P Häcker (resigned on 20 May 2022)

The following director was appointed during the year:
P Garlick was appointed on 16 September 2021.

The following directors were appointed post year end:
A Ross was appointed on 18 March 2022 (resigned on 28 February 2023)
Mr C Kannan was appointed on 30 August 2022
Mr D Thevenon was appointed on 6 June 2023.

The following director resigned during the period:
K Upadek resigned on 15 January 2021.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

COGNISM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities (*continued*)

The directors are responsible for the maintenance and integrity of the corporate and financial information 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.

Results and dividends

The results for the year are set out on page 12 and 13.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Subsequent events

On 5 January 2022, the Company allotted 105,931 shares of nominal value \$0.01 per share. Total amount received for the consideration is \$5,059k. No shares were allotted other than for cash.

On 31 March 2022, the Company completed an acquisition of KASPR, registered in France under number 843 898 396 and the total purchase price agreed was not more than €21m with €13.65m payable as a completion cash payment and the balance amount held as retained and conditional purchase consideration, to the shareholders of KASPR to acquire 100% of the outstanding shares of KASPR.

On 6 June 2023, the Company closed its Series D round and raised \$63,209,487.52 in funding for the allotment of 1,293,212 new Series D Preferred Shares.

Political donations

The company made no political donations during the year (2020: \$ Nil)

Auditors

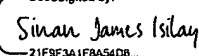
In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of BDO LLP as auditor of the company was proposed at the Annual General Meeting held on 17 March 2022.

Approval

This Directors' Report was approved by order of the Board on 19 July 2023.

On behalf of the board

DocuSigned by:

Sinan James Isilay

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S J Isilay
Director

COGNISM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Cognism Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in 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)*.

Basis for opinion

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

Independence

We are independent of the 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.

Conclusions relating to going concern

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

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

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

Other matter

The comparative financial statements are unaudited.

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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

COGNISM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

(CONTINUED)

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of directors

As explained more fully in 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Enquiring of management and obtaining and reviewing and obtaining and reviewing supporting documentation relating to the Company's policies and procedures relating to:
 - compliance with laws and regulations and whether they were aware of any instances of non-compliance or any actual or potential litigation and claims; and
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
- Discussion within the engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations of the Company;

COGNISM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

(CONTINUED)


- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with relevant laws and regulations;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC, if any;
- Our audit planning identified fraud risks in relation to revenue recognition on new subscription contracts and management override of controls. We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter, and detect fraud and how management monitors those processes and controls; and
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal testing of entries, which met specific criteria, seeking substantiation for the revenue recognition approach adopted for samples of revenue contracts, substantiation for samples of deferred revenue transactions and challenging the assumptions made by management in their significant accounting estimates. Our audit procedures were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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Tom Laird (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 19 July 2023

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

COGNISM LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

| | | Year to 31 December 2021 | Year to 31 December 2020 |
|--|----------|--------------------------------|--------------------------------|
| | | | Unaudited |
| | Notes | \$'000 | \$'000 |
| Turnover | 4 | 17,897 | 9,411 |
| Cost of sales | | (4,245) | (2,634) |
| Gross profit | | 13,652 | 6,777 |
| Share based payment | 17 | (3,192) | (3,884) |
| Depreciation and amortisation expenses | 11 & 12 | (1,179) | (730) |
| Impairment of Goodwill | 11 | (1,479) | - |
| Impairment of purchased software | 11 | (1,987) | |
| Other administrative expenses | | (26,931) | (14,231) |
| Operating loss | 5 | (21,116) | (12,068) |
| Interest receivable and similar income | | 1 | 27 |
| Interest payable and similar expenses | 8 | (6) | (14) |
| Loss before taxation | | (21,121) | (12,055) |
| Taxation credit | 10 | 779 | 599 |
| Loss for the financial year | | (20,342) | (11,456) |

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

The notes on pages 20 to 37 form part of these financial statements.

COGNISM LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Year to 31 December 2021 | Year to 31 December 2020 |
|--|---|---|
| | | Unaudited |
| | \$'000 | \$'000 |
| Loss for the financial year | (20,342) | (11,456) |
| Other comprehensive income for the year | | |
| Foreign exchange translation | 319 | 229 |
| Total comprehensive loss for the year | <u>(20,023)</u> | <u>(11,227)</u> |

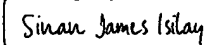
Total comprehensive loss for the year is all attributable to the owners of the parent company.

The notes on pages 20 to 37 form part of these financial statements.

COGNISM LIMITED
CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2021

| | | 31 December 2021 | 31 December 2020 |
|--|--------------|---------------------|---------------------|
| | | | Unaudited |
| | | \$'000 | \$'000 |
| | Notes | | |
| Fixed assets | | | |
| Intangible assets | 11 | - | 4,506 |
| Tangible assets | 12 | 295 | 205 |
| | | <u>295</u> | <u>4,711</u> |
| Current assets | | | |
| Debtors | 14 | 7,357 | 3,756 |
| Cash at bank and in hand | | 39,082 | 3,619 |
| | | <u>46,439</u> | <u>7,375</u> |
| Creditors: amount falling due within one year | 15 | <u>(12,100)</u> | <u>(3,822)</u> |
| Net current assets | | <u>34,339</u> | <u>3,553</u> |
| Total assets less current liabilities | | <u>34,634</u> | <u>8,264</u> |
| Net assets | | <u>34,634</u> | <u>8,264</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 81 | 56 |
| Share premium account | | 66,917 | 23,623 |
| Share option reserve | | 9,128 | 6,054 |
| Merger reserve | | 1,392 | 1,392 |
| Foreign exchange reserve | | 90 | (229) |
| Profit and loss account | | <u>(42,974)</u> | <u>(22,632)</u> |
| Total equity | | <u>34,634</u> | <u>8,264</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2023 and were signed on its behalf by

DocuSigned by:

 21F9F3A1FBAS4DB...
 S J Isilay
 Director

Company Registration No. 09392705

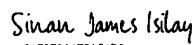
The notes on pages 20 to 37 form part of these financial statements.

COGNISM LIMITED
COMPANY BALANCE SHEET
AT 31 DECEMBER 2021

| | | 31 December 2021 | 31 December 2020 |
|--|--------------|---------------------|---------------------------------|
| | | \$'000 | Unaudited Restated \$'000 |
| Fixed assets | Notes | | |
| Tangible assets | 12 | 167 | 97 |
| Investments | 13 | 136 | 3,798 |
| | | <u>303</u> | <u>3,894</u> |
| Current assets | | | |
| Debtors | 14 | 11,513 | 5,449 |
| Cash at bank and in hand | | 38,627 | 3,239 |
| | | <u>50,140</u> | <u>8,688</u> |
| Creditors: amount falling due within one year | 15 | <u>(15,820)</u> | <u>(2,936)</u> |
| Net current assets | | <u>34,320</u> | <u>5,752</u> |
| Total assets less current liabilities | | <u>34,623</u> | <u>9,646</u> |
| Net assets | | <u>34,623</u> | <u>9,646</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 81 | 56 |
| Share premium account | | 66,917 | 23,623 |
| Share option reserve | | 9,128 | 6,054 |
| Capital redemption and other reserves | | 1 | 1 |
| Foreign exchange reserve | | 188 | (58) |
| Profit and loss account | | <u>(41,692)</u> | <u>(20,030)</u> |
| Total equity | | <u>34,623</u> | <u>9,646</u> |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the year was \$21,663,000 (2020 - \$9,146,000).

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2023 and were signed on its behalf by

DocuSigned by:

 21F9F3A1FBAS4DB...
 S J Isilay
 Director

Company Registration No. 09392705

The notes on pages 20 to 37 form part of these financial statements.

COGNISM LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

| | | Share capital | Share premium | Profit and loss reserves | Share option reserve | Fx Translation Reserve | Merger reserve | Total |
|--|-----------|---------------|---------------|--------------------------|----------------------|------------------------|----------------|---------------|
| | Notes | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2021 (unaudited) | | 56 | 23,622 | (22,498) | 6,054 | (229) | 1,392 | 8,397 |
| Prior period adjustments | 3 | - | - | (134) | - | - | - | (133) |
| Restated 1 January 2021 | | 56 | 23,622 | (22,632) | 6,054 | (229) | 1,392 | 8,264 |
| Year ended 31 December 2021: | | | | | | | | |
| Loss for the year | | - | - | (20,342) | - | - | - | (20,342) |
| Shares issued | 16 | 25 | 43,295 | - | - | - | - | 43,319 |
| Share based payment charge during the year | 17 | - | - | - | 3,192 | - | - | 3,192 |
| Increase in other reserve | | - | - | - | - | - | - | - |
| Foreign Exchange Movement | | - | - | - | (118) | 319 | - | 201 |
| 31 December 2021 | | 81 | 66,917 | (42,974) | 9,128 | 90 | 1,392 | 34,634 |

COGNISM LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Share capital | Share premium | Profit and loss reserves | Share option reserve | Fx Translation Reserve | Merger reserve | Total |
|--|---------------|---------------|--------------------------|----------------------|------------------------|----------------|--------------|
| Notes | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2020 (unaudited) | 45 | 12,173 | (11,175) | 1,082 | 230 | - | 2,355 |
| Year ended 31 December 2020: | | | | | | | |
| Loss for the year | - | - | (11,323) | - | - | - | (11,323) |
| Shares issued | 11 | 11,449 | - | - | - | - | 11,460 |
| Share based payment charge during the year | - | - | - | 4,972 | - | - | 4,972 |
| Increase in other reserve | - | - | - | - | - | 1,392 | 1,392 |
| Foreign Exchange Movement | - | - | - | - | (459) | - | (459) |
| 31 December 2020 (unaudited) | 56 | 23,622 | (22,498) | 6,054 | (229) | 1,392 | 8,397 |

COGNISM LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Share capital \$'000 | Share premium \$'000 | Profit and loss reserves \$'000 | Share option reserve \$'000 | Fx Translation Reserve \$'000 | Total \$'000 |
|--|-------------------------|-------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------|
| At 1 January 2021 | 56 | 23,623 | (20,536) | 6,122 | 331 | 9,596 |
| Prior period adjustments | - | - | 507 | (68) | (389) | 50 |
| Restated 1 January 2021 | 56 | 23,623 | (20,029) | 6,054 | (58) | 9,646 |
| Year ended 31 December 2021: | | | | | | |
| Loss for the year | - | - | (21,663) | - | - | (21,663) |
| Shares issued | 25 | 43,294 | - | - | - | 43,319 |
| Share based payment charge during the year | - | - | - | 3,192 | - | 3,192 |
| Foreign Exchange Movement | - | - | - | (118) | 247 | 128 |
| 31 December 2021 | 81 | 66,917 | (41,692) | 9,128 | 189 | 34,623 |

| | Share capital \$'000 | Share premium \$'000 | Profit and loss reserves \$'000 | Share option reserve \$'000 | Fx Translation Reserve \$'000 | Total \$'000 |
|--|-------------------------|-------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------|
| At 1 January 2020 (unaudited) | 46 | 12,532 | (10,883) | 1,123 | - | 2,818 |
| Year ended 31 December 2020: | | | | | | |
| Loss for the year | - | - | (9,653) | - | - | (9,653) |
| Shares issued | 10 | 11,091 | - | - | - | 11,101 |
| Share based payment charge during the year | - | - | - | 4,999 | - | 4,999 |
| Foreign Exchange Movement | - | - | - | - | 331 | 331 |
| 31 December 2020 (unaudited) | 56 | 23,623 | (20,536) | 6,122 | 331 | 9,596 |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Notes | 31 December 2021 | 31 December 2020 |
|--|---------|---------------------|---------------------|
| | | £'000 | Unaudited £'000 |
| Cash flows from operating activities | | | |
| Loss for the financial year | | (21,121) | (12,055) |
| Adjustments for: | | | |
| Depreciation and amortisation | 11 & 12 | 1,179 | 730 |
| Share based payment | | 3,193 | 3,884 |
| Impairment of assets | 11 | 3,466 | - |
| Finance expenses | | 5 | (13) |
| Unrealised foreign exchange loss | | 105 | (306) |
| Increase in trade and other receivables | 14 | (3,601) | (1,877) |
| Increase in trade payables and other payables | 15 | 8,277 | 2,206 |
| Cash from operations | | (8,497) | (7,431) |
| Taxation received | | 682 | 675 |
| Net cash (used in) operating activities | | (7,815) | (6,756) |
| Cash flows from investing activities | | | |
| Acquisition of subsidiary, net of cash acquired | | | (3,623) |
| Purchase of tangible fixed assets | 12 | (233) | (140) |
| Net cash (used in) investing activities | | (233) | (3,763) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 43,319 | 12,301 |
| Interest expenses | | (5) | (14) |
| Net cash generated from financing activities | | 43,314 | 12,334 |
| Net increase in cash and cash equivalents | | 35,266 | 1,815 |
| Foreign exchange gains and losses on cash and cash equivalents | | 197 | 341 |
| Cash and cash equivalents at beginning of year | | 3,619 | 1,463 |
| Cash and cash equivalents at end of year | | 39,082 | 3,619 |

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1.1 Accounting policies

Cognism Limited ("the company") is a private company limited by shares, incorporated in England and Wales under the Companies Act, registration number 09392705.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Details of the significant judgements and estimates are provided in note 2.

The Company's functional currency is Great British Pounds ("GBP") while its presentation currency is U.S. Dollars ("USD"). All amounts in the financial statements have been rounded to the nearest \$1,000.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the details of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has 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.

1.2 Going concern

The directors have considered the future liquidity of the Group in light of the net loss of \$20,245,000 (2021: loss of \$11,456,000) during the current year by reviewing cashflow projections prepared by management covering a period of twelve months from the date of approval of these financial statements.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the Group has raised \$63.2m from a Series D investment round and for these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of consolidation

The consolidated financial statements present results of FRS 102 Cognism Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

All financial statements are made up to 31 December 2021.

1.4 Subsidiary company audit exemption

The Parent, being Cognism Limited, has taken the exemption requirements under section 479A - 479C of the Companies Act 2006 not to file audited accounts for its wholly owned subsidiary, Mailtastic Limited for the year ended 31 December 2021. The subsidiary is included in the parent's consolidated accounts for the current year.

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1.5 Revenue

Revenue is generated from the delivery of Software as a Service (SaaS) and associated services. The Group recognises revenue when (or as) a performance obligation is satisfied, which occurs when control of the services underlying the relevant performance obligation is transferred to the customer. The Group identifies two main contract elements:

- Subscription for services by issue of user licences to the platform
- Units of data, issued by prescribed periodic allowance

The relevant performance obligation for both elements is access to the platform. Revenue recognition begins when the performance obligation is satisfied and is apportioned straight line over the contracted term as the services are rendered. Services are deemed to be delivered on a continuous basis throughout the course of the contract.

The periodic allowance for units of data is lost if not utilised; there is no liability to the customer for unused allowance. Revenue in respect of units of data used in excess of the contracted periodic allowance are recognised in the month of consumption.

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

1.6 Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses.

Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses', over a period of 5 years.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1.7 Intangible fixed assets other than goodwill (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------|---------|
| Software | 5 years |
|----------|---------|

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|---------|
| Fixtures and fittings | 3 years |
| Computer equipment | 3 years |
| Office equipment | 3 years |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

1.9 Fixed asset investments

In the company's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

1.10 Impairment of fixed assets

Fixed assets and goodwill are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1.12 Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, due to fellow group companies are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset.

current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Share-based payments

Share options

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, calculated using the Black Scholes Option Pricing Model, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

1.19 Foreign exchange

Transactions in currencies other than US dollar are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share-based payments

The fair value of options was calculated using the Black Scholes pricing model. Judgement was required for the inputs into the valuation model specifically volatility rates and estimated life of the warrants as here-

- Volatility rate: calculated with reference to the median of the historical price volatilities of comparable companies that have similar business nature to the Group
- Risk Free Rate: based on the yields of Euro area central government bonds sourced from European Central Bank.
- Expected Dividend Yield: as expected by management

Useful lives of depreciable assets

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Prior year adjustments

| Company | Equity as at 1 January 2020 | Equity as at 31 December 2020 | Profit for year ended 31 December 2020 |
|---|--------------------------------|----------------------------------|--|
| | \$'000 | \$'000 | \$'000 |
| As previously stated | 2,387 | 9,595 | (9,653) |
| Prior year adjustment – correction of error (a) | - | 641 | 641 |
| Prior year adjustment – correction of error (b) | - | (1,391) | - |
| Prior year adjustment – correction of error (c) | - | 935 | - |
| Prior year adjustment – correction of error (d) | - | (134) | (134) |
| As restated | 2,387 | 9,646 | 9,146 |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

- (a) In the prior year, the company had incorrectly accounted for the acquisition of Maitastic GmbH in the standalone financial statements. This included recognising finance cost of \$13k, amortisation on acquired intangibles of \$699k and the unwinding of deferred tax liability relating to the acquired intangibles of \$71k. These were reversed as prior period adjustments, totalling \$641k.
- (b) In the prior year, the company had incorrectly accounted for the share options granted as part of the purchase consideration in the reserves of the standalone financial statements. This was reversed in the company books as a prior period adjustment, impacting merger reserves for \$1,391k.
- (c) In the prior year, the company had incorrectly accounted for the share-based payment charge for the share options granted as part of the purchase consideration in the standalone financial statements. This was reversed in the company books as a prior period adjustment impacting share option reserve and Intercompany receivable accounts for \$935k.
- (d) In the prior year, the company had revenue of \$135k, some of which should have been deferred and the rest, moved to an Intercompany. This was corrected as a prior period adjustment, impacting revenue by \$135k, \$54k to deferred revenue and \$84k to Intercompany liability account.

4 Analysis of Turnover

| | 2021 | 2020 |
|---------------------------------------|---------------|---------------------|
| | \$'000 | Unaudited \$'000 |
| Analysed by class of business: | | |
| Software sales | 17,897 | 9,411 |
| | <u>17,897</u> | <u>9,411</u> |

| | 2021 | 2020 |
|--|---------------|---------------------|
| | \$'000 | Unaudited \$'000 |
| Analysis of turnover by country of destination: | | |
| United Kingdom | 10,220 | 5,563 |
| Europe | 3,949 | 1,875 |
| USA | 3,119 | 1,684 |
| Rest of World | 609 | 289 |
| | <u>17,897</u> | <u>9,411</u> |

5 Operating loss

| | 2021 | 2020 |
|---|--------|---------------------|
| | \$'000 | Unaudited \$'000 |
| Operating loss for the year is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 139 | 77 |
| Amortisation of intangible assets, including goodwill | 1,040 | 653 |
| Impairment of goodwill | 1,479 | - |
| Impairment of purchased software | 1,987 | - |
| Operating lease expense | 482 | 450 |
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 107 | - |
| The audit of the company's subsidiaries pursuant to legislation | 25 | - |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

| 5 | Operating loss (continued) | 2021 | 2020 |
|---|--|--------|---------------------|
| | | \$'000 | Unaudited \$'000 |
| | Exchange differences | 494 | 41 |
| | Share based payment | 3,193 | 3,884 |
| | Defined contribution pension cost | 412 | 212 |
| | Research and development cost expensed | 843 | 498 |

6 Employees

The average number of employees (including directors) during the year was as follows:

| | Group 2021 | 2020 | Company 2021 | 2020 |
|------------------------|---------------|---------------------|-----------------|---------------------|
| | Number | Unaudited Number | Number | Unaudited Number |
| Sales team | 88 | 47 | 59 | 38 |
| AI & Data Science team | 4 | 3 | 4 | 3 |
| Customer Success team | 24 | 20 | 13 | 14 |
| Data Science Team | 37 | 20 | - | - |
| Engineering team | 39 | 28 | 1 | 1 |
| HQ team | 28 | 22 | 14 | 14 |
| Product team | 11 | 9 | 5 | 4 |
| Marketing team | 19 | 15 | 13 | 11 |
| Operations team | 1 | - | 4 | 2 |
| Total | 251 | 164 | 113 | 95 |

| | Group 2021 | 2020 | Company 2021 | 2020 |
|-------------------------------------|---------------|---------------------|-----------------|---------------------|
| | \$'000 | Unaudited \$'000 | \$'000 | Unaudited \$'000 |
| Staff costs consist of: | | | | |
| Wages and salaries | 13,734 | 7,135 | 9,012 | 5,026 |
| Social security costs | 1,636 | 806 | 1,199 | 646 |
| Cost of defined contribution scheme | 412 | 212 | 135 | 90 |
| Total | 15,782 | 8,153 | 10,346 | 5,762 |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****7 Directors' remuneration**

| | 2021 | 2020 |
|---|---------------|-----------------------------|
| | \$'000 | Unaudited \$'000 |
| Directors' emoluments | 26 | 236 |
| Gain on exercise of share options | 8,862 | - |
| Amounts paid to third parties in respect of directors' services | 381 | 295 |
| | <u>9,269</u> | <u>531</u> |

Emoluments of the highest paid director were \$7,426k (2020 - \$259k). Company pension contributions of Nil (2020 - Nil) were made to a pension scheme on his behalf.

During the year 2 directors received shares under the long-term incentive schemes (2020 – 3). During the year, 4 directors exercised shares (2020 – none).

8 Interest payable and similar expenses

| | 2021 | 2020 |
|--|---------------|-----------------------------|
| | \$'000 | Unaudited \$'000 |
| Finance leases and hire purchase contracts | 6 | 14 |
| Total finance costs | <u>6</u> | <u>14</u> |

9 Dividends

No dividend was declared and paid in the current and previous years.

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Taxation**

| | <u>2021</u> | <u>2020</u> |
|--|--------------|---------------------|
| | \$'000 | Unaudited \$'000 |
| Current tax | | |
| UK corporation tax on profits of the year | (800) | (633) |
| Adjustments from prior periods | - | 18 |
| | <u>(800)</u> | <u>(615)</u> |
| Foreign tax | | |
| Current tax on foreign income for the year | 21 | 16 |
| | <u>21</u> | <u>16</u> |
| Total current tax | <u>(779)</u> | <u>(599)</u> |
| Deferred tax | - | - |
| | <u>-</u> | <u>-</u> |

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

| | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------------|
| | \$'000 | Unaudited \$'000 |
| Loss before taxation | 21,121 | 12,055 |
| | <u>21,121</u> | <u>12,055</u> |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | (4,013) | (2,290) |
| Tax effect of expenses that are not deductible in determining taxable profit | 647 | 484 |
| Capital allowances in excess of depreciation | (21) | 153 |
| Losses surrendered for R&D tax credit | (1,049) | (829) |
| Tax losses surrendered in excess of R&D credit 19% vs 14.5% | 248 | 197 |
| Adjustments recognised in the period for current tax of prior periods | (22) | 18 |
| Difference due to other jurisdiction tax rates | (18) | (8) |
| Enhanced R&D credit | (800) | (633) |
| Deferred tax asset not recognised | 4,249 | 2,309 |
| Taxation charge | <u>(779)</u> | <u>(599)</u> |

The group does not anticipate having profits in the near future and hence deferred tax assets have not been recognised.

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****11 Intangible assets**

| Group | Goodwill \$'000 | Software \$'000 | Total \$'000 |
|---------------------------------|----------------------------|----------------------------|-------------------------|
| Cost | | | |
| At 1 January 2021 | 2,219 | 2,980 | 5,199 |
| Additions | - | - | - |
| At 31 December 2021 | 2,219 | 2,980 | 5,199 |
| Amortisation | | | |
| At 1 January 2021 | 296 | 397 | 693 |
| Amortisation for the year | 444 | 596 | 1,040 |
| Impairment | 1,479 | 1,987 | 3,466 |
| At 31 December 2021 | 2,219 | 2,980 | 5,199 |
| Net book value | | | |
| At 31 December 2021 | - | - | - |
| At 31 December 2020 (unaudited) | 1,923 | 2,583 | 4,506 |

12 Tangible fixed assets

| Group | Fixtures and fittings \$'000 | Computer Equipment \$'000 | Office Equipment \$'000 | Total \$'000 |
|---------------------------------|---|--|--|-------------------------|
| Cost | | | | |
| At 1 January 2021 | 2 | 350 | 1 | 353 |
| Additions | - | 233 | - | 233 |
| Exchange Adjustments | - | (9) | - | (9) |
| At 31 December 2021 | 2 | 574 | 1 | 577 |
| Depreciation | | | | |
| At 1 January 2021 | 1 | 146 | - | 147 |
| Depreciation for the year | - | 138 | 1 | 139 |
| Disposals | - | (4) | - | (4) |
| At 31 December 2021 | 1 | 280 | 1 | 282 |
| Net book value | | | | |
| At 31 December 2021 | 1 | 294 | - | 295 |
| At 31 December 2020 (unaudited) | 1 | 204 | 1 | 206 |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****12 Tangible fixed assets (continued)**

| Company | Fixtures and fittings | Computer Equipment | Office Equipment | Total |
|------------------------------------|------------------------------|---------------------------|-------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost | | | | |
| At 1 January 2021 | - | 200 | - | 200 |
| Additions | - | 158 | - | 158 |
| At 31 December 2021 | - | 358 | - | 358 |
| Depreciation | | | | |
| At 1 January 2021 | - | 103 | - | 103 |
| Depreciation for the year | - | 88 | - | 88 |
| At 31 December 2021 | - | 191 | - | 191 |
| Net book value | | | | |
| At 31 December 2021 | - | 167 | - | 167 |
| At 31 December 2020 (unaudited) | - | 97 | - | 97 |

13 Fixed asset investments

| Name | Proportion of voting rights | Investment | Impairment | Current value of investments |
|--|------------------------------------|-------------------|-------------------|-------------------------------------|
| | | \$'000 | \$'000 | \$'000 |
| Mailtastic Limited, UK | 100% | 1 | - | 1 |
| Cognism PTE, Singapore | 100% | 8 | - | 8 |
| Cognism Inc, USA | 100% | 0 | - | 0 |
| Netstag GmbH (Mailtastic), Germany | 100% | 3,688 | (3,688) | - |
| Cognism Doole, Macedonia | 100% | 124 | - | 124 |
| Cognism Software BC, Canada | 100% | 0 | - | 0 |
| Cognism Programming Limited Liability Company, Croatia | 100% | 3 | - | 3 |
| Total | | 3,824 | (3,688) | 136 |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****14 Debtors**

| | Group 2021 | 2020 | Company 2021 | 2020 |
|---|-----------------------|------------------|-------------------------|-------------------------------|
| | | Unaudited | | Restated Unaudited |
| Amounts falling due within one year: | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade debtors | 3,593 | 1,263 | 3,639 | 1,179 |
| Amounts owed by group undertakings | - | - | 4,356 | 1,992 |
| Prepayments and accrued income | 1,834 | 749 | 1,756 | 648 |
| Deposits | 139 | 49 | 40 | - |
| Tax Receivables | 825 | 732 | 786 | 678 |
| Other Debtors | 966 | 963 | 936 | 952 |
| | <u>7,357</u> | <u>3,756</u> | <u>11,513</u> | <u>5,449</u> |

15 Creditors: amounts falling due within one year

| | Group 2021 | 2020 | Company 2021 | 2020 |
|------------------------------|-----------------------|------------------|-------------------------|-------------------------------|
| | | Unaudited | | Restated Unaudited |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade creditors | 1,092 | 692 | 1,268 | 590 |
| Taxation and social security | 631 | 385 | 572 | 341 |
| VAT | 622 | 261 | 577 | 244 |
| Accruals & provisions | 1,159 | 199 | 6,359 | 171 |
| Deferred Income | 5,421 | 1,629 | 4,002 | 1,043 |
| Other creditors | 3,175 | 656 | 3,042 | 547 |
| | <u>12,100</u> | <u>3,822</u> | <u>15,820</u> | <u>2,936</u> |

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****16 Share capital and reserves**

| | Group and company | |
|---|-------------------|---------------|
| | 2021 | 2020 |
| | Unaudited | |
| Allotted, called up and fully paid | \$'000 | \$'000 |
| 1,571,924 (2020 = 1,805,062) ordinary shares of £0.01 each | 20 | 22 |
| 192,586 (2020 – 206,454) A ordinary shares of £0.01 each | 3 | 3 |
| 931,069 (2020 = 1,034,442) A preferred shares of £0.01 each | 12 | 14 |
| 1,781,602 (2020 – 1,335,772) B preferred shares of £0.01 each | 23 | 17 |
| 1,727,077 (2020 – Nil) C preferred shares of £0.01 each | 23 | - |
| | 81 | 56 |

During the year, 541,567 ordinary shares were issued. Total consideration was \$1,509k. The premium of \$1,502k has been credited to the share premium account.

During the year, 670,727 B preferred shares were issued. Total consideration was \$12,524k. The premium of \$12,515k has been credited to the share premium account.

During the year, 610,179 C preferred shares were issued. Total consideration was \$29,286k. The premium of \$29,278k has been credited to the share premium account.

On 31 December 2021 below shares were converted to series C shares:

| | Number | \$'000 |
|--------------------|-----------|--------|
| Ordinary shares | 774,704 | 10 |
| A ordinary shares | 13,868 | 0 |
| A preferred shares | 103,429 | 1 |
| B preferred shares | 224,897 | 3 |
| | 1,116,898 | 14 |

All classes of shares rank pari passu in respect of dividend and voting rights.

COGNISM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Group's reserves are as follows:

Share Premium

Amount subscribed for share capital in excess of the nominal value less any related expenses.

Profit and loss reserve

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Share option reserve

This represents Value of share options granted and calculated with reference to Black Scholes model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.

FX translation reserve

Foreign exchange translation gains and losses arising on the translation of the financial statements from the functional to the presentation currency.

Merger reserve

The merger reserve represents the value of consideration given in the form of share options, to acquire the subsidiary, Nestag GmbH in 2020.

17 Share based payments

Group

Cognism Limited operates an equity-settled share-based remuneration scheme for employees. All UK employees are eligible to participate in the long-term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the three-year vesting period. Once vested, there is a 1-year exercisable period before they expire.

Of the total number of options outstanding at the end of the year, Group: 1,090,650 (2020 – 1,451,828) had vested and were exercisable at the end of the year with a weighted average exercise price of Group : 583.54c (2020 – 351.91c). These options are exercisable within the next 8.1 year (2020 - 8.5 year).

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The following information was used in this valuation.

| | Weighted average exercise price (cents) | | Weighted average exercise price (cents) | |
|--|---|-----------|---|------------------|
| | 2021 | 2021 | 2020 | 2020 |
| | \$'000 | Number | Unaudited \$'000 | Unaudited Number |
| Outstanding at the beginning of the year | 367 | 1,451,828 | 310 | 1,214,828 |
| Granted during the year | 956 | 431,210 | 496 | 298,462 |
| Forfeited during the year | 616 | (250,822) | - | - |
| Exercised during the year | 283 | (541,566) | 232 | (61,462) |
| Outstanding at the end of the year | 584 | 1,090,650 | 352 | 1,451,828 |
| Equity-settled | | | 2021 | 2020 |
| | | | | Unaudited |
| Option pricing model used | | | Black-Scholes | Black-Scholes |
| Weighted average share price at grant date (cents) | | | 1,095 | 1,014 |
| Exercise price (cents) | | | 956 | 496 |
| Weighted average contractual life (years) | | | 4 | 4 |
| Expected volatility | | | 42% | 42% |
| Expected dividend growth rate | | | 0% | 0% |
| Risk-free interest rate | | | 0.087% | 0.345% |

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 1 year of comparable 2 publicly quoted companies.

The share-based remuneration expense comprises:

| | 2021 | 2020 |
|------------------------|--------|------------------|
| | \$'000 | Unaudited \$'000 |
| Equity-settled schemes | 3,192 | 3,884 |

The group did not enter into any share-based payment transactions with parties other than employees and advisors during the current or previous periods.

COGNISM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****18 Commitments under operating leases****Lessee**

The group had minimum lease payments under non-cancellable operating leases as set out below:

| | Group 2021 | 2020 Unaudited | Company 2021 | 2020 Unaudited |
|--|-----------------------|---------------------------|-------------------------|---------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Not later than one year | 128 | 32 | 95 | - |
| Later than one year and not later than | - | - | - | - |
| Later than five years | - | - | - | - |
| | <u>128</u> | <u>32</u> | <u>95</u> | <u>-</u> |

19 Related party disclosures

There is no ultimate controlling party of Cognism Limited.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was \$2,020k (2020 – \$1,248k).

20 Post balance sheet events

On 5 January 2022, the Company allotted 105,931 shares of nominal value \$0.01 per share. Total amount received for the consideration is \$5,059k. No shares were allotted other than for cash.

On 31 March 2022, the Company completed an acquisition of KASPR, registered in France under number 843 898 396 and the total purchase price agreed was not more than €21m with €13.65m payable as a completion cash payment and the balance amount held as retained and conditional purchase consideration, to the shareholders of KASPR to acquire 100% of the outstanding shares of KASPR.

On 6 June 2023, the Company closed its Series D round and raised \$63,209,487.52 in funding for the allotment of 1,293,212 new Series D Preferred Shares.