

**Quantum Holding Topco Limited**  
**Annual report and Consolidated financial**  
**statements**  
**for the year ended 31 December 2022**

Company number: 12077424

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## **Quantum Holding Topco Limited**

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## **Quantum Holding Topco Limited**

### **Company information**

Company registration number:

12077424

Registered office:

1 Appold Street  
London  
England  
EC2A 2UT

Directors:

Norman Merritt Jr  
Christopher Wilmot  
Kyle Johnston  
Xavier Robert  
Rajeev Mehta  
Anbu Muppidathi  
Patricia Lawicki

Independent Auditor:

KPMG LLP  
Gateway House  
Tollgate Chandlers Ford  
SO53 3TG

## Quantum Holding Topco Limited

### Strategic Report

For the year ended 31 December 2022

The Directors present their Strategic Report together with their report and audited consolidated financial statements of Quantum Holding Topco Limited and its subsidiaries (the "Group") for the year ended 31 December 2022. The Group is trading under the name 'Qualitest'.

The company was incorporated in Great Britain and registered in England on 1 July 2019.

#### Principal activities

The Company is a holding company and the principal activity of its subsidiary undertakings is that of software quality engineering, serving international clients from its delivery locations in the United States, United Kingdom, Germany, Israel and India.

#### Results and performance

The figures set out in these financial statements are reported in USD thousands (\$'000) unless otherwise stated. The functional currency of the Group's subsidiaries varies across the subsidiaries mainly between United States Dollar, British Pounds Sterling, Euro, Indian Rupee and New Israeli Shekel. The results of the Group for the current period, as set out on page 15, show a loss before tax of \$69.3m (2021: a loss before tax of \$55.0m). The shareholders' deficit of the Group as at 31 December 2022 is \$191.5m (2021: \$118.6m deficit).

#### Key Performance Indicators

The Group uses a number of metrics to manage the business:

	2022	2021
Revenue	\$407.2m	\$306.1m
Operating profit	\$2.4m	\$0.7m
Headcount (average)	6,132	4,464

In 2022, the Group generated \$407.2m of revenue, an increase of 33% on the prior year. This growth was driven by a combination of strong organic revenue growth, the full year annualization of the businesses acquired in 2021 and the in-year acquisitions of Zen Quality Assurance Private Limited and ZenQ LLC which were completed in June 2022. The Zen Q company acquisitions extend Qualitest's strong geographical footprint in India and add to the Company's NextGen capabilities in Phygital, Analytics, Blockchain, and DevOps.

#### Future developments

The Group intends to continue to enhance its Quality Engineering capabilities including providing a broader breadth of next gen services, expanding its sector expertise and investing in new delivery locations.

Long-term expectations are for significant growth in the quality assurance market and the Group is well positioned to capitalise on this and deliver sustainable profitable growth.

## Quantum Holding Topco Limited

### Strategic Report (continued)

For the year ended 31 December 2022

#### Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ from expected and historical results.

The Directors view the following as the principal risks to the Group:

- Operational related risks
- Financial related risks

#### *Operational risk management*

The Group delivers quality assurance services across a variety of different market sectors and geographic locations including Europe, North America, Asia and the Middle East. This diversification helps to ensure the Group is not overly reliant on any particular sector or location to generate its future growth. Such international diversification also helps to mitigate against the risk that the Group is not able to access skilled engineers in a particular region to meet the needs of its clients.

Due to the nature of the business, the Group is subject to the risk of cost inflation based on the economic variables of the labour market. Accordingly, the Group puts in place appropriate pricing and commercial governance controls to ensure that the terms of new contracts entered into adequately reflect the risks of the new engagements. The Group also regularly monitors its internal employee KPIs and conducts reviews of its employee remuneration policies to ensure it is able to continue to attract and retain a talented workforce.

The Group also regularly performs internal business reviews to monitor customer related delivery risks and ensure mitigating actions are put in place if required. These reviews help to ensure high levels of customer satisfaction and retention.

#### *Financial risk management*

The Group uses various financial instruments. These include loans, cash, overdraft facilities and various items such as accounts receivable and accounts payable that arise directly from its operations. The purpose of these financial instruments is to facilitate the Group's operations.

The main risks arising from the Group's financial instruments are currency risk, liquidity risk, interest rate risk and credit risk. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. The Group's policies for managing each of these risks are summarised below.

#### *Currency risk*

The Group trades mainly in United States Dollars, British Pounds Sterling, Euros, Indian Rupees and Israeli New Shekels. The Group's operations have natural hedges due to revenues and costs generally being in the same currency. During the year, the Group closed out its position on its cross currency swap and took out a non-deliverable forward contract in order to better align the cash interest servicing requirement by currency with the forecasted cash generation by currency.

## Quantum Holding Topco Limited

### Strategic Report (continued)

For the year ended 31 December 2022

#### *Liquidity risk*

The Group seeks to manage financial risk by ensuring sufficient liquidity is available in each region to meet local obligations as they fall due and to invest cash assets safely. The Group uses a combination of its acquisition / capex facility of \$129 million, multicurrency revolving credit facility of \$40 million, local debt facilities, intercompany loans and cash on hand to ensure in each region the Group has sufficient liquidity to finance both growth activity and organic working capital requirements.

#### *Interest rate risk*

The Group finances its operations through a mixture of shareholder and third-party borrowings. The Group manages interest rate risk by taking out derivative financial interest rate swaps and caps, denominated in the currency related to the underlying facilities. The derivative financial instruments cover 34% of the drawn facilities as of 31 December 2022 (2021: 23%). As part of the Group's annual financial planning cycle, the Group reviews the proportion of its borrowings that have variable interest rates and assesses whether it wishes to take out interest rate hedges to protect against the risk of future interest rate rises. As at year end the total Group borrowings consisted of 41% fixed rate and 59% fixed plus variable rate (2021: 44% and 56% respectively).

#### *Credit risk*

The Group's principal financial assets are cash and accounts receivable. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by the international credit rating agencies. The principal credit risk arises therefore from its accounts receivable. However, the credit risk is deemed very low due to the nature of the clients and sectors in which the Group companies operate and the services provided. Each trading entity is responsible for managing and analysing the credit risk of new clients before standard payment terms and conditions are offered.

#### **Section 172(1) statement**

During the year, and in accordance with the Companies Act 2006 the Directors have acted in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have had regard to:

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

In particular, with reference to approval of our 5-year business plan in September 2019, we considered the long-term impact of investment and other spending decisions on the company's future results, the interests of employees and other stakeholders, as well as maintaining our reputation for quality provision of software assurance services. Similarly, when evaluating potential acquisitions, the Directors considered the long-term impact and strategic fit of the acquisitions with our existing business and stakeholders.

## **Quantum Holding Topco Limited**

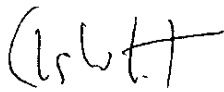
### **Strategic Report (continued)**

For the year ended 31 December 2022

Included in the Directors' Report are further details about the Group's engagement with employees and stakeholders, environmental and social matters.

#### **Approval**

Approved by the Board and signed on its behalf by Chris Wilmot, Director on 19 May 2023.

A handwritten signature in black ink, appearing to read 'C. Wilmot', with a stylized horizontal stroke at the end.

Chris Wilmot  
Director

## **Quantum Holding Topco Limited**

### **Directors' Report**

For the year ended 31 December 2022

The directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements and parent company financial statements for the year ended 31 December 2022.

#### **Directors of the Company**

The directors who served throughout the year and to the date of this report, except as noted were as follows:

Norman Merritt Jr

Christopher Wilmot

Kyle Johnston

Xavier Robert

Rajeev Mehta

Anbu Muppudathi

Patricia Lawicki (appointed 29 March 2022)

#### **Results and Dividends**

The loss after tax for the period amounted to \$58.8m (2021: \$61.3m). The directors declared and paid dividends of \$Nil (2021: \$Nil).

#### **Financial instruments**

The Group finances its activities with a combination of bank loans, cash and short-term deposits, as disclosed in note 24. Facilities are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as accounts receivable and accounts payable, arise directly from the Group's operating activities. Financial instruments give rise to foreign currency, interest rate, credit and liquidity risk. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Information on how these risks arise is set out in the above Strategic Report, as are the objectives, policies and processes for their management.

#### **Research and development**

The research and development of the group concentrates on developing testing tools and suitable quality assurance methods. During the period the group has incurred \$4.4m (2021: \$3.8m) of research and development expenditure, of which \$4.2m (2021: \$3.5m) has been capitalised.

#### **Future developments**

The Group's future developments have been reviewed in the Strategic Report on page 1.

#### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.



## Quantum Holding Topco Limited

### Directors' Report (continued)

For the year ended 31 December 2022

#### Employee consultation and engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and local newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Certain employees are incentivised through participation in an employee share scheme.

The company is also committed to being a responsible employer and our employees are at the heart of what we do in developing and delivering software testing services. We actively manage our peoples' performance and provide training and coaching to ensure their continued development.

#### Statement of engagement with suppliers, customers and others in a business relationship with the company

The company's stakeholders include its suppliers, customers, and lenders. The company values all of its suppliers and has long-term relationships with many of these. Our company strategy aims to achieve organic growth as well as growth-by-acquisition. In order to achieve this, we need to develop and maintain strong customer relationships. We strive to achieve excellent customer satisfaction and seek and act on customer feedback. The company also provides regular reporting to lenders as part of compliance. To achieve our strategy of growth-by-acquisition, we will regularly review our bank facilities and request from lenders increased limits as required.

#### Streamlined energy and carbon reporting

As the principal activity of the company's subsidiaries is that of software quality assurance consultancy there are very few activities engaged in by the company that result in direct and indirect greenhouse gas emissions (GHG). The below amounts are for the Group's UK operations only. The option has been taken to exclude from the report any energy and carbon information relating to a subsidiary which the subsidiary would not itself be obliged to include if reporting on its own account. In the UK the three notable sources of the companies greenhouse gas emissions are (1) electricity and natural gas utilities used in the operation of our three UK office locations, (2) energy usage of laptops, and (3) emissions associated with automobile mileage used for business purposes. Due to COVID social distancing and travel restrictions in 2020 there was a significant reduction in office space usage and company travel and this trend continued into early 2021. As restrictions lifted there was an increase in travel and office usage, however, we generally continue to follow a hybrid work model with more working from home than before the 2020 pandemic, increased usage of technology rather than in person meetings and less business travel. As a result, the GHG emissions during the year continue to be less than pre-pandemic levels. The energy usage and associated greenhouse gas emissions for the year ended are as follows:

Year	2022	2021
UK energy use (kWh)	164,579	128,276
Scope 1 (Direct) GHG emissions (kg)	-	-
Scope 2 (Energy indirect) emissions (kg)	28,332	25,370
Scope 3 (Other indirect) emissions (kg)	41,273	28,551
Intensity ratio (kg GHG/FTE <sup>1</sup> )	146	143

<sup>1</sup> FTE - average number of UK based full time equivalent employees during the year

## Quantum Holding Topco Limited

### Directors' Report (continued)

For the year ended 31 December 2022

Associated greenhouse gases have been calculated using the following methodology:

- kWh energy usage of office space was taken directly from utility bills received throughout the year;
- kWh energy used for laptop power outside of the UK office space was based on an average laptop's power consumption during a work year multiplied by the average number of UK based FTE's during the year;
- kWh energy used for office space utilities and laptops was converted to GHG emissions using the current year published conversion tables; and
- automobile mileage was taken from the total mileage reimbursed to UK employees during the year and converted to kg GHG using the current year published conversion tables.

The Qualitest Group behaves as a responsible business and seeks to have a positive impact on society and the environment. By taking an active approach to consider Environmental, Social and Governance ("ESG") issues in our business operations, we aim to reduce risks and explore new opportunities to serve our customers interests and society at large.

Qualitest recognises that the focus on the societal impact of businesses and performance on wider ESG factors has increased in recent years, with growing interest from a range of stakeholders including investors and clients. We believe that the foundation for effective ESG management is robust and transparent governance and integration of these considerations into the way that we do business. This includes alignment with our overall strategy and embedding relevant matters into our risk management framework and our product and service offering.

The Qualitest Group believes that its ESG Policy and initiatives will provide long-term benefits to its employees, customers, suppliers and partners, which can and will be measured by its KPI's. Additional work such as Carbon Emission Reporting and Carbon Reduction Planning further add to the commitment that Qualitest has made.

The aim of the Qualitest ESG Policy will focus on the following key areas:

- a) Environmental
  - Environmental policy aimed at minimising carbon impact, risks of pollution and waste while enhancing potential recycling opportunities
  - Adherence to environmental compliance
  - Waste management processes implemented across all offices
  - Electronic document management across the organization
  - Third party verified carbon reporting and offset planning
- b) Social
  - Diversity, inclusion and human rights are main focus
  - 39% female employees vs. Tech average of 25%
  - Corporate social responsibilities in place across all regions
  - Charitable giving and engagement with local communities through funding, support and work experience programmes with primary focus on children education (e.g. in India, UK and US)
- c) Governance
  - All key locations are ISO or SOC2 certified
  - Driving ESG codes of practice throughout supplier management process
  - Continuous management oversight of ESG effectiveness

## Quantum Holding Topco Limited

### Directors' Report (continued) For the year ended 31 December 2022

#### Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Going concern

Details regarding the adoption of the going concern basis can be found in the significant accounting policies in the financial statements (note 3.3).

#### Post balance sheet events

Subsequent to the year end, the Group made an acquisition as it looks to expand its global quality assurance capabilities.

In February 2023, the Group acquired 100% of the share capital of Q Analysts, a US-based quality engineering firm, specializing in Next-Gen technologies. The acquisition expands the Group's US geographical footprint with new test-labs in California and Washington State, and facilities in key US locations. It also extends the Group's presence in the UK, Switzerland, India and Madagascar. This acquisition is expected to increase annualized turnover of the Group by approximately \$75 million. As of the date of these financial statements, the Company has not yet completed the initial accounting for the business combination and therefore cannot provide further disclosures under IFRS3 paragraph B64.

In March 2023 the Group increased its senior revolving credit facility by \$20 million from \$40 million to \$60 million.

#### Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

## Quantum Holding Topco Limited

### Directors' Report (continued)

For the year ended 31 December 2022

- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### Directors' confirmations

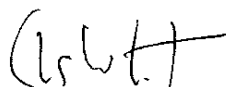
In the case of each director in office at the date the directors' report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP have expressed their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the board and signed on its behalf by:



Chris Wilmot  
Director  
19 May 2023

## Quantum Holding Topco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HOLDING TOPCO LIMITED

For the year ended 31 December 2022

#### Opinion

We have audited the financial statements of Quantum Holding Topco Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Parent Company Balance Sheet, Consolidated Statements of Changes in Equity, Parent Company statements of changes in Equity, Consolidated cash flow Statement and related notes, including the accounting policies in note 1, 2 and 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HOLDING  
TOPCO LIMITED (continued)**

For the year ended 31 December 2022

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management, directors, and employees.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and a request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk that software testing services revenue recognized on a percentage of completion basis is understated through manipulation of the forecast costs to complete; and
- the risk that software testing services revenue recognized on a time and materials basis is understated through recording accrued revenue in the wrong period.

We did not identify any additional fraud risks.

## Quantum Holding Topco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HOLDING TOPCO LIMITED (continued)

For the year ended 31 December 2022

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components and other consolidation adjustments based on risk criteria and comparing the identified entries to supporting documentation. These included:
  - Entries posted to revenue, cash, and borrowings accounts for which the other side of the journal was posted to an unexpected account; and
  - For certain components, entries which reclassify costs and income impacting the classification of items within Income Statement categories.
- Evaluating the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Recalculating the revenue to be recognized under the percentage of completion method based on contractual arrangements, costs incurred during the year and forecast costs to complete; and comparing actual post year end costs to year end forecasts.
- Assessing whether revenue recognized subsequent to the year end was recognized in the correct accounting period.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, employment law, GDPR, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## Quantum Holding Topco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HOLDING TOPCO LIMITED (continued)

For the year ended 31 December 2022

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on pages 8 and 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



**Quantum Holding Topco Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HOLDING  
TOPCO LIMITED (continued)**

For the year ended 31 December 2022

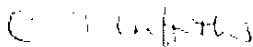
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Caroline Griffiths (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Gateway House  
Chandler's Ford, Eastleigh  
Hampshire SO53 3TG

Date: 23 May 2023

## Quantum Holding Topco Limited

### Consolidated income statement

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	407,220	306,149
Cost of sales		(269,635)	(205,951)
<b>Gross profit</b>		<b>137,585</b>	<b>100,198</b>
Administrative expenses		(135,186)	(99,530)
<b>Operating profit</b>	5	<b>2,399</b>	<b>668</b>
Finance costs	8	(75,089)	(59,251)
Finance income	8	3,431	3,592
<b>Loss before tax</b>		<b>(69,259)</b>	<b>(54,991)</b>
Tax credit/(expense)	9	10,492	(6,355)
<b>Loss for the financial period</b>		<b>(58,767)</b>	<b>(61,346)</b>

The notes on pages 24 to 106 form an integral part of these Financial Statements.

## Quantum Holding Topco Limited

### Consolidated statement of comprehensive income

For the year ended 31 December 2022

	2022 \$'000	2021 \$'000
<b>Loss for the financial period</b>	(58,767)	(61,346)
<b>Items that may be reclassified to the income statement:</b>		
Exchange differences on translation of foreign operations	(21,121)	4,917
<b>Other comprehensive expense for the period net of tax</b>	(21,121)	4,917
<b>Total comprehensive expense for the period</b>	(79,888)	(56,429)

The notes on pages 24 to 106 form an integral part of these Financial Statements.

## Quantum Holding Topco Limited

### Consolidated balance sheet

As at 31 December 2022

Company number: 12077424

	Note	2022 \$'000	2021 \$'000
<b>Non-current assets</b>			
Goodwill	11	239,604	240,226
Other intangible assets	12	305,563	337,718
Property, plant and equipment	13	10,300	5,582
Right-of-use assets	14	20,308	8,685
Trade and other receivables	16	2,545	1,152
		<hr/>	<hr/>
		578,320	593,363
<b>Current assets</b>			
Trade and other receivables	16	96,373	82,111
Derivative financial assets	24	3,111	-
Cash and cash equivalents	10	44,506	31,431
		<hr/>	<hr/>
		143,990	113,542
<b>Total assets</b>		<hr/>	<hr/>
		722,310	706,905
<b>Current liabilities</b>			
Borrowings	17	38,086	27,926
Trade and other payables	19	51,454	73,814
Derivative financial liabilities	24	869	-
Deferred tax liabilities	18	1,388	-
Lease liabilities	23	6,673	5,241
Provisions	20	3,764	3,256
		<hr/>	<hr/>
		102,234	110,237
<b>Non-current liabilities</b>			
Borrowings	17	739,921	640,748
Trade and other payables	19	4,251	276
Deferred tax liabilities	18	52,513	67,458
Lease liabilities	23	13,829	5,424
Provisions	20	1,071	1,313
		<hr/>	<hr/>
		811,585	715,219
<b>Total liabilities</b>		<hr/>	<hr/>
		913,819	825,456
<b>Net liabilities</b>		<hr/>	<hr/>
		(191,509)	(118,551)

## Quantum Holding Topco Limited

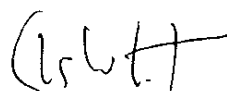
### Consolidated balance sheet (continued)

As at 31 December 2022

	Note	2022 \$'000	2021 \$'000
<b>Equity</b>			
Share capital	21	12	12
Share premium	21	1,189	1,189
Other Reserves	21	10,460	3,530
Accumulated losses:			
At start of period		(123,282)	(67,240)
Total comprehensive expense attributable to owners		(79,888)	(56,042)
<b>Total equity</b>		(191,509)	(118,551)

The accompanying notes on pages 24 to 106 form part of these financial statements.

The financial statements of Quantum Holding Topco Limited (company number: 12077424) were approved by the board of directors and authorised for issue on 19 May 2023. They were signed on its behalf by:



Chris Wilmot  
Director

## Quantum Holding Topco Limited

### Parent company balance sheet

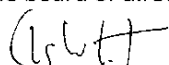
As at 31 December 2022

	Note	2022 \$'000	2021 \$'000
<b>Non-current assets</b>			
Investments in subsidiaries	29	140,541	140,541
Trade and other receivables	16	16,417	6,754
		<u>156,958</u>	<u>147,295</u>
<b>Current assets</b>			
Trade and other receivables	16	67	-
<b>Total assets</b>		<u>157,025</u>	<u>147,295</u>
<b>Current liabilities</b>			
Trade and other payables	19	(246)	-
<b>Non-current liabilities</b>			
Borrowings	17	(193,587)	(175,665)
Trade and other payables	19	(2,821)	-
<b>Total liabilities</b>		<u>(196,654)</u>	<u>(175,665)</u>
<b>Net liabilities</b>		<u>(39,629)</u>	<u>(28,370)</u>
<b>Equity</b>			
Share capital	21	12	12
Share premium	21	1,189	1,189
Other reserves	21	10,460	3,530
Accumulated losses:			
At start of period		(33,101)	(18,319)
Total comprehensive expense attributable to owners	28	(18,189)	(14,782)
<b>Equity attributable to owners of the Company</b>		<u>(39,629)</u>	<u>(28,370)</u>

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes and not to publish a separate statement of comprehensive income.

The accompanying notes on pages 24 to 106 form part of these financial statements.

The financial statements of Quantum Holding Topco Limited (company number: 12077424) were approved by the board of directors and authorised for issue on 19 May 2023. They were signed on its behalf by:



Chris Wilmot  
Director

## Quantum Holding Topco Limited

### Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance as at 1 January 2021</b>	11	1,113	3,395	(67,240)	(62,721)
Loss for the financial period	-	-	-	(61,346)	(61,346)
Recycling to retained earnings	-	-	(387)	387	-
Other comprehensive income for the financial period	-	-	-	4,917	4,917
<b>Total comprehensive expense for the period</b>	-	-	(387)	(56,042)	(56,429)
<b>Transactions with owners:</b>					
Share issue	1	76	-	-	77
Credit relating to share scheme	-	-	522	-	522
<b>Balance as at 31 December 2021</b>	12	1,189	3,530	(123,282)	(118,551)

	Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance as at 1 January 2022</b>	12	1,189	3,530	(123,282)	(118,551)
Loss for the financial period	-	-	-	(58,767)	(58,767)
Other comprehensive income for the financial period	-	-	-	(21,121)	(21,121)
<b>Total comprehensive expense for the period</b>	-	-	-	(79,888)	(79,888)
<b>Transactions with owners:</b>					
Credit relating to share scheme	-	-	6,930	-	6,930
<b>Balance as at 31 December 2022</b>	12	1,189	10,460	(203,170)	(191,509)

The notes on pages 24 to 106 are an integral part of these consolidated financial statements.

## Quantum Holding Topco Limited

### Parent company statement of changes in equity

For the year ended 31 December 2022

	Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance as at 1 January 2021</b>	11	1,113	3,395	(18,319)	(13,800)
Loss for the financial period	-	-	-	(15,169)	(15,169)
Recycling to retained earnings	-	-	(387)	387	-
Other comprehensive expense for the financial period	-	-	-	-	-
<b>Total comprehensive expense for the period</b>	-	-	(387)	(14,782)	(15,169)
<b>Transactions with owners:</b>					
Share issue	1	76	-	-	77
Credit relating to share scheme	-	-	522	-	522
<b>Balance as at 31 December 2021</b>	12	1,189	3,530	(33,101)	(28,370)
	Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance as at 1 January 2022</b>	12	1,189	3,530	(33,101)	(28,370)
Loss for the financial period	-	-	-	(18,189)	(18,189)
<b>Total comprehensive expense for the period</b>	-	-	-	(18,189)	(18,189)
<b>Transactions with owners:</b>					
Credit relating to share scheme	-	-	6,930	-	6,930
<b>Balance as at 31 December 2022</b>	12	1,189	10,460	(51,290)	(39,629)

The notes on pages 24 to 106 are an integral part of these consolidated financial statements.



## Quantum Holding Topco Limited

### Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
<b>Loss for the financial year</b>		(58,767)	(61,346)
Adjustments for:			
Depreciation of property, plant and equipment	13	2,648	1,610
Depreciation of right-of-use assets	14	6,814	4,527
Amortisation of intangible assets	12	37,369	30,391
Amortisation of loan fees	17	2,512	6,425
(Decrease)/increase in provisions	20	(8)	289
Finance costs	8	71,381	49,346
Finance income	8	(320)	-
Income tax (credit)/expense	9	(10,492)	6,355
Unrealised foreign exchange (gains)/losses on derivatives		(2,242)	-
Unrealised (gains)/losses		4,764	2,752
Release of contingent consideration not paid		(4,640)	-
Cash and equity settled share based payments expenses	25	9,475	798
Operating cash flows before movements in working capital		58,494	41,147
(Increase) in receivables		(17,994)	(13,592)
Increase/(decrease) in payables		3,318	(1,893)
Cash provided by operations		43,818	25,662
Income taxes paid		(10,577)	(6,903)
<b>Net cash generated from operating activities</b>		33,241	18,759
<b>Investing activities</b>			
Purchase of property, plant and equipment		(5,327)	(3,114)
Purchase of other intangibles		(5,285)	(5,294)
Acquisition of subsidiaries (net of cash acquired)		(22,936)	(134,516)
Payment of contingent consideration		(21,326)	(14,154)
<b>Net cash used in investing activities</b>		(54,874)	(157,078)

## Quantum Holding Topco Limited

### Consolidated cash flow statement

For the year ended 31 December 2022

#### Financing activities

New bank loans raised net of loan fees	85,803	464,216
Repayment of borrowings and loan notes	(3,862)	(279,913)
Net movement on factoring borrowings	284	5,790
Capitalised loan fees	(954)	(9,214)
Lease payments	(8,819)	(3,516)
Interest paid	(35,627)	(26,005)
<b>Net cash generated from/(used in) financing activities</b>	<b>36,825</b>	<b>151,358</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,192</b>	<b>13,039</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,431</b>	<b>16,945</b>
Effect of foreign exchange rate changes	(2,117)	1,447
<b>Cash and cash equivalents at end of period</b>	<b>44,506</b>	<b>31,431</b>

The notes on pages 24 to 106 are an integral part of these consolidated financial statements.

### Parent Company Cash Flow Statement

For the year ended 31 December 2022

The Company has no bank accounts and consequently no cash flow items to present.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements**

For the year ended 31 December 2022

#### **1. General information**

Quantum Holding Topco Limited (the Company) is a private company limited by shares which is incorporated and domiciled in England in the United Kingdom under the Companies Act. The address of the registered office is given on the Company information page. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 4.

These financial statements are prepared in US Dollars which is the presentational and functional currency of the Company and rounded to the nearest thousand.

#### **2. Change in accounting policy**

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

##### ***Newly adopted accounting policies***

There are no new standards or amendments to existing standards that are effective that have had a material impact on the Group, nor does the Group anticipate any new or revised standards and interpretations that are effective from 1 January 2023 and beyond to have a material impact on its consolidated results or financial position.

#### **3. Significant accounting policies**

##### **3.1. Basis of accounting**

The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: certain financial assets and financial liabilities (including derivatives) measured at fair value and liabilities for cash-settled share-based payments.

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes and not to publish a separate statement of comprehensive income. The profit for the year for the parent company is described in note 28.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

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

- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective accounting standards;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share-based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.23.

The principal accounting policies adopted are set out below.

#### 3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control over an entity exists when the investor is exposed, or possesses rights, to variable return flows from its investment in the holding and/or possesses rights to such return flows and has the ability to influence such returns through its power over the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.2 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The income statement and each component of other comprehensive income for the year are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders (that are present ownership interests) that entitle their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interest's is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in income statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income statement or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments*, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3.3 Going concern**

The Directors confirm that having reviewed the group's and parent company's cash requirements for a period of at least 12 months from the date of signing these financial statements (the 'going concern assessment period'), they have a reasonable expectation that the group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. The Directors have accordingly adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future business performance and global economy has been considered as part of the group's and parent company's adoption of the going concern basis. Management have performed a thorough scenario planning exercise and has reviewed the consolidated income statement, net current liabilities and cash flow forecasts in conjunction with current and future financing availability.

The downside scenario is considered to be a severe but plausible scenario and was based on the base case projections created from the Group's 2023 budget less reduced revenue growth of 7% in 2023 continuing into 2024 and a phased in decrease in gross margin performance of 3% when compared to the base case scenario. Management also considered the impact on profitability and cash flows, along with appropriate remedial actions including the tailoring of the Group's cost base to reflect the lower revenue and profit. The downside scenario planning exercise has shown that the group and parent company are able to operate within their existing banking facilities and the associated covenant requirements, even under these adverse conditions, for the going concern assessment period.

To date the group has performed in line with the base case scenario. Management's latest forecast indicates the group and parent company will continue to perform broadly in line with the base case scenario projection.

#### **3.4 Business combinations**

Acquisitions of subsidiaries and operations which constitute a business are measured using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of business combination is measured at the aggregate fair value (upon the exchange date) of assets transferred, liabilities incurred and equity instruments issued by the Group in consideration of attaining control of the acquired entity. Transaction costs directly related to the business combination, other than those associated with the issue of debt or equity securities, shall be recognised on the income statement when incurred.

Identifiable assets and liabilities of the acquired entity, which meet the conditions for recognition pursuant to IFRS 3 (Revised) "Business combinations", are recognised at fair value thereof upon the acquisition date.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.4 Business combinations (continued)**

Non-controlling interests in the acquired entity are initially measured, upon the business combination date, at their share of fair value of assets, liabilities and contingent liabilities of the acquired entity, excluding their share of goodwill.

Non-controlling interests which do not confer current equity interest, such as option warrants and the equity component of debentures convertible into shares of the acquired entity, are presented at fair value, except for share-based payments of the acquired entity measured upon the business combination date.

Contingent consideration with respect to business combinations, which is not classified as an equity instrument pursuant to provisions of IAS 32 "Financial instruments: Presentation" is measured at fair value at acquisition date, and in subsequent periods as well, with changes to fair value charged to the income statement. If the contingent consideration is classified as an equity instrument, it is not re-measured in subsequent periods.

##### **3.5 Intangible assets: Goodwill**

Goodwill arising from business combinations is measured at the excess acquisition cost over Company share of net fair value of identifiable assets, liabilities and contingent liabilities of the consolidated company recognised upon the acquisition date. How goodwill is measured, in conformity with the aforementioned alternatives, is individually determined upon each business combination.

If total Group rights in net fair value of identified assets, liabilities and contingent liabilities recognised exceeds the cost of business combination – the excess is immediately recognised in the income statement. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost net of accumulated impairment loss.

For the purpose of impairment review, goodwill is assigned to each of the Group's cash-generating units for which a benefit is expected from the business combination synergy. Goodwill is denominated in the functional currency of the cash-generating unit to which it is allocated. Cash-generating units to which goodwill has been assigned are reviewed for impairment annually or more often if signs indicate potential impairment of said unit. If the recoverable amount of the cash-generating unit is lower than its carrying amount, the impairment loss is first assigned to reducing the carrying amount of any goodwill assigned to the cash-generating unit. Thereafter, the balance of impairment loss, if any, is assigned to other assets of the cash-generating unit pro-rata to their carrying amount. An impairment loss in respect of goodwill is not reversed in subsequent periods.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows from each cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.6 Revenue recognition

The Group's principal activities are that of software quality assurance consultancy. Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding discounts and Value Added Tax. Staff costs that the Group claims back from the customer are treated gross as the goods or services giving rise to these costs do not transfer a good or service to the customer but are used or consumed by employees within the Group in fulfilling its performance obligation to the customer. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved. Revenue is recognised when or as the Group satisfies performance obligations. This occurs as follows for the Group's various contract types:

- Time-and-materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs. The Company uses judgement to determine the forecasted resource allocations in estimating total expected inputs.
- Performance-fee contracts are recognised when the right to consideration arises on having met the relevant performance related elements.
- Contingent-fee contracts, over and above any agreed minimum fee, are recognised at the point in time that the contingent event occurs, and the Group has become entitled to the revenue.
- Licence-fee contracts that provide a right to use the Group's intellectual property ('IP'), as it exists at the date the licence is granted, are recognised at the point in time that the licence agreement is entered into and the licensee is able to use and benefit from the licence. Licence-fee contracts that provide a right of access to the Group's IP, as it exists throughout the licence period, are recognised over time on a straight line basis to reflect the pattern in which the benefits of access transfer to the client over the licence period.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost-plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances that give rise to the revision become known.

For time-and-materials, fixed-fee and licence-fee contracts, fees are usually billed on account based on a payment schedule.



## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.6 Revenue recognition (continued)**

For performance-fee and contingent-fee contracts, fees are usually billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Group exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as trade receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due.

The Group's standard payment terms require settlement of invoices within 60 days of receipt. The Group does not adjust the transaction prices for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

In recognising revenue under IFRS 15, Management have followed the five-step model and considered identification of the contract with a customer; identification of performance obligations of each contract; transaction price; allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

##### **3.7 Government grants**

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received, and the group has complied with all attached conditions. Grants received where the group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. The Group has elected to present grants as a reduction to the related expense line.

##### **3.8 Finance income and expenses**

Financing income comprise interest receivable, interest income on lease receivables and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Financing expenses include interest payable, finance charges on shares classified as liabilities and finance charges on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.9 Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a lessee*

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. For these leases, the Group recognises the payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the asset are consumed.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

##### **Lease liability**

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- payments of penalties for terminating the lease unless the Group is reasonably certain not to terminate early; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case liability is remeasured by discounting the revised lease payments using a revised discount rate.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.9 Leases (continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value in which case the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

##### ***Right-of-use assets***

The right-of-use assets is initially measured at cost, which comprises the initial measurement of the corresponding lease liability, adjusted for lease payments made at or before the commencement date and any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight line basis over the shorter period of lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.9 Leases (continued)**

At each balance sheet date, the Group reviews the carrying amounts of its right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement, the Group has not applied this practical expedient.

*As a lessor*

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see note 23). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.9 Leases (continued)**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

*Lease acquired in a business combination*

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognised.

**3.10 Foreign currencies**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the financial period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to income statement on disposal or partial disposal of the net investment.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.10 Foreign currencies (continued)**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated to the Group's presentational currency, US Dollar, at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the Foreign Currency Translation Reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

##### **3.11 Taxation**

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

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date, in the countries where the company and its subsidiaries operate and generate taxable income.

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate on the basis of amounts expected to be paid to the tax authorities.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.11 Taxation (continued)**

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to

items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **3.12 Property, plant and equipment**

Property, plant and equipment items are recognised at cost, net of accumulated depreciation and net of accumulated impairment losses. Cost includes the acquisition cost of the asset, as well as cost which is directly attributable to getting the asset to the location and state required for its operation in the manner intended by management.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.12 Property, plant and equipment (continued)

###### *Depreciation of property, plant and equipment*

Depreciation is calculated systematically, using the straight-line method over the expected useful life of the asset, starting on the date on which the asset is ready for its intended use, accounting for the expected residual value at the end of its useful life.

The useful life and depreciation rates are as follows:

	Useful life	Depreciation rates
Leasehold Improvements	6 - 7 years	15%
Computer Equipment	3 years	33%
Office furniture and equipment	14 - 15 years	7%

The residual value, depreciation method and useful life of the asset are reviewed by Company management on a regular basis.

Gains or losses generated from sale or obsolescence of an asset is determined by the difference between proceeds from its sale and its carrying amount upon the date of sale or obsolescence and is recognised in the income statement.

###### *Impairment*

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

###### *Subsequent expenditure*

The replacement cost of part of an asset, which may be reliably estimated, is recognised as an increase to the carrying amount when incurred, if the future economic benefits attributed to this item are expected to accrue to the entity. The costs of the day-to-day maintenance are recognised on the income statement as incurred.



**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.13 Other intangible assets**

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives from the date they are available for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

**Trademarks**

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

**Client relationships**

Following a business combination, the Group identifies any significant customer relationships or partnerships which will drive future revenues. The initial value of these assets is determined using an income valuation approach and subsequently amortised over their estimated useful economic life.

**Software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Directly attributable costs in the creation of software products are capitalised. These costs will include software development employee costs and an appropriate portion of relevant overheads.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.13 Other Intangible assets (continued)

###### Developed technology

Development costs that are directly attributable to the design, creation and testing of identifiable and unique assets controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Development costs recognised as assets are amortised, starting once the asset is complete, over their estimated useful lives.

###### Impairment of intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.13 Other Intangible assets (continued)

###### Other intangible amortisation policy

Other intangible assets are amortised over their estimated useful lives:

	Useful life
Client relationships	10 – 17.5 years
Trademarks	10 years
Developed technology	2 – 10 years
Software	3 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

In these financial statements the Group has amortised other intangible assets over their estimated useful economic lives as follows:

	Useful life
Client relationships	10 – 17.5 years
Developed technology	2 – 10 years

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.14 Financial instruments**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through income statement are recognised immediately in income statement. A trade receivable without a significant financing component is initially measured at the transaction price.

***Financial assets***

Financial assets are classified into the following specified categories: financial assets at fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. The classification depends on the purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**a) Financial assets at amortised cost**

A financial asset is measured at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b) Financial assets at fair value through other comprehensive income**

A financial asset is measured at FVOCI if both of the following criteria are met:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit and loss**

- All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.14 Financial instruments (continued)

###### *Cash and cash equivalents*

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

###### *Subsequent measurement and gains and losses*

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments. Interest paid is classified under financing activities in the cash flow statement.

###### *Intra-group financial instruments*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company accounts for them as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.14 Financial instruments (continued)**

***Impairment***

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. No trade receivables or contract assets have significant financing components.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.14 Financial instruments (continued)**

*Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in income statement.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the income statement. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

*Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

*Equity instruments*

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.14 Financial instruments (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's contractual obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different and a new financial liability is recognised based on the modified terms is recognised at fair value. It is assumed that the cash flows are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the cashflows are different by less than 10%, a qualitative assessment is then performed.

##### *Derivative financial instruments*

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately as the group has not designated any derivatives as hedging instruments.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.15 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received if the entity settled the obligation, and the amount of the receivable can be measured reliably.

##### 3.16 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are recognised if there is a present obligation and fair value can be measured reliably at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 as a provision and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 3. The Group has no contingent liabilities as at 31 December 2022 (2021: Nil).

##### 3.17 Employee Benefits

###### *Defined contribution schemes*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group operates defined contribution retirement benefit schemes for all qualifying employees as required by local legislation. The assets of the schemes are held separately from those of the group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

###### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.17 Employee Benefits (continued)

###### *Israel and India severance scheme*

Labour laws in Israel and the Severance Pay Act, 1963 require the Company to pay severance to employees upon termination or retirement (see note 20).

In India, the Company are enrolled in a long service award and gratuity scheme where the Company will pay out a severance amount to employees upon termination and retirement (see note 20).

##### 3.18 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### 3.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 3.20 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

##### 3.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense using the effective interest method.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**3. Significant accounting policies (continued)**

**3.22 Share based payments**

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in subsidiary. If the amount recharged exceeds the increase in the cost of investment the excess is recognised as a dividend. When the cost of investment in subsidiary has been reduced to nil, the excess is recognised as a dividend/creditor.

Transactions of the group-sponsored ESOP trust are included in the group financial statements. Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### 3.23 Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the group's accounting policies*

The following are the critical judgements, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **Cash-generating units**

Management has allocated goodwill to a single group of five cash generating units. This allocation basis has been adopted as it represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and does not exceed the size of an operating segment under the definition of IFRS 8. The five CGUs are based on the group's geographic areas of USA, UK, Israel, Germany and India. Acquisitions in the year which were in pre-existing geographic operating regions were immediately integrated into the Group's centralized business model and reporting structure.

In 2021, the Group acquired new legal entities and assets across several geographies. Some acquisitions were located in pre-existing geographic operating regions and as such were immediately integrated into the Group's centralized business model and reporting structure. However, two of the acquisitions were in new geographic locations where integration to the Group's operating model was not able to be fully implemented before year end. As such, for 2021, management considered those two acquisitions as separate cash generating units to which goodwill was allocated. In 2022 these business units were fully integrated and accordingly their goodwill was allocated into the one group of five cash generating units as noted above.

##### **Vesting period**

Management must make assumptions for the non-market vesting conditions attached to the equity and cash settled share-based payment plans both on grant date and at the reporting date. The assumed vesting period for share-based payments of 2 years from 31 December 2022 is based on management's judgement on when an 'exit event' is likely to occur, which is the sale of business that will trigger a fully vested value of the shares.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.23 Critical accounting estimates and judgements (continued)**

###### **Revenue recognition**

A portion of the group revenue is generated based on a percentage completion method on a fixed fee milestone contract. The progress of these contracts is discussed on a monthly basis with clients. The group relies on operational managers to discuss progress with both the Group's project managers and client project management and agree when a performance obligation has been met and when it is appropriate to recognise the revenue for the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

###### **Uncertain tax positions and transfer pricing judgements**

The Group operates in a number of tax jurisdictions and the Group has implemented various transfer pricing arrangements across its subsidiaries. The group seeks assistance from tax experts when developing the transfer pricing arrangements, however, there remains a risk arising from the interpretation of complex tax regulations, resulting in an uncertain tax position. The group recognises tax liabilities based on reasonable estimates and judgements.

###### ***Critical estimates and assumptions in applying the group's accounting policies***

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

###### **Acquisition accounting**

Accounting for acquisitions requires a fair value exercise to assess the assets and liabilities acquired, including any separately identifiable intangible assets. The process of determining fair values require management to make estimates which are complex, subjective and uncertain by nature. The most significant of these assets are customer relationships which are valued using discounted projected customer cashflows and are subject to significant estimation uncertainty. The most significant estimation used as an input in these valuations was customer attrition rates.

###### **Impairment – goodwill and other intangibles**

The group determines whether goodwill and other intangible assts are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group has performed sensitivity analysis based on the growth assumptions used to support the carrying value of Goodwill at the balance sheet date. See note 11 for more details.

## **Quantum Holding Topco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2022

#### **3. Significant accounting policies (continued)**

##### **3.23 Critical accounting estimates and judgements (continued)**

###### **Share based payments**

The Group has estimated the fair value of the shares issued to employees and cash bonus payable based on the price of the Group's equity instruments based on a Monte Carlo model. The key inputs into the valuation model, including equity value and volatility are subjective and uncertain by nature. Further details of share based payments are disclosed in note 25.

###### **Contingent consideration**

Any deferred contingent consideration is recognised at fair value at the acquisition date. Contingent consideration is based off relevant entities meeting targets as set out per the Share Purchase Agreement or Business Purchase Agreement. These targets are based on future business performance which are subjected to significant estimation uncertainty. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised in either the profit or loss account or in other comprehensive income, in accordance with IFRS 3.

###### **Capitalisation of development expenditure**

The Group capitalises internal costs of developed technology where the Directors are satisfied as to the technical, commercial and financial viability of the individual projects. Estimation uncertainty exist when determining whether a project is suitable for capitalisation and in determining useful economic life.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 4. Revenue

All revenues are arising from contracts with customers (2021: all)

##### i. Disaggregation of revenue

	2022 \$'000	2021 \$'000
An analysis of the group's revenue is as follows:		
<b>Continuing operations</b>		
Software testing services (100% over time)	407,220	306,149

There is an immaterial balance relating to point in time revenue.

##### Geographical analysis of revenue by origin:

	2022 \$'000	2021 \$'000
<b>Country:</b>		
USA	155,649	114,383
UK	54,629	47,560
Germany	23,165	10,465
Israel	124,176	103,719
India	49,601	29,801
Other	-	221
	407,220	306,149

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 4. Revenue (continued)

##### ii. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	2022 \$'000	2021 \$'000
Trade receivables	16	72,723	58,217
Expected credit losses	16	(777)	(768)
Contract assets	16	18,192	16,589
Contract liabilities	19	(1,199)	-
		<u>88,939</u>	<u>74,038</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for time and materials contracts. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for milestone contracts and fixed-fee contracts. The expected settlement date of contract assets and liabilities is within 3 months.

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was \$16.6 million (2021: \$5.5 million).

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	2022 \$'000	2021 \$'000
<b>Contract assets</b>		
Transfers from contract assets recognised at the beginning of the period to receivables	16,589	5,487
<b>Contract liabilities</b>		
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(573)
	<u>-</u>	<u>(573)</u>



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 5. Operating expense

Operating expense:

	2022 \$'000	2021 \$'000
Depreciation of property, plant and equipment (note 13)	2,648	1,610
Amortisation of intangible assets (note 12)	37,369	30,391
Depreciation of right-of-use assets (note 14)	6,814	4,527
Unrealised and realised FX loss	5,400	2,752
Research and development expense	250	274
Expected credit losses	48	18

#### 6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2022 \$'000	2021 \$'000
Fees payable to the company's auditor for the audit of these financial statements	738	565
Audit of financial statements of subsidiaries of the company	112	90
<i>Total audit fees</i>	<u>850</u>	<u>655</u>
Non-audit services		
- Corporate finance services - India	70	105
- Corporate finance services - Israel	-	80
- Corporate finance services - Germany	-	338
- Tax advisory services - India	-	186
- Other advisory - India	2	295
- Other assurance services	12	-
<i>Total non-audit fees</i>	<u>84</u>	<u>1,004</u>

Amounts paid to the company's auditor and its associates in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 7. Staff costs

The Company does not directly employ any staff. The average number of employees for the group (including executive directors) was:

	2022	2021
Senior Management	11	20
Software testers	5,545	4,065
Sales and administration	576	379
	<hr/>	<hr/>
	6,132	4,464

	2022 \$'000	2021 \$'000
Wages and salaries	248,472	183,567
Social security costs	17,483	13,640
Contributions to defined contribution plans	13,522	10,615
Share based payments	9,503	798
Other employment benefits	8,355	6,397
	<hr/>	<hr/>
Total	297,335	215,017

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**8. Finance income and costs**

**Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued interest on priority shares	17,922	15,607
Bank loan interest	34,923	24,050
Accrued interest on loan notes	11,593	11,279
Amortisation of loan issue costs	2,512	6,425
Interest expense on lease liabilities	699	600
Bank facility fees	495	275
Unwinding of discount	156	210
Loss on financial instruments at fair value through profit and loss	4,523	805
Realised and unrealised foreign exchange loss on bank loans	2,266	-
<b>Total finance costs</b>	<b>75,089</b>	<b>59,251</b>

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance income</b>		
Interest received	320	24
Gain on financial instruments at fair value through profit and loss	3,111	-
Realised and unrealised foreign exchange gain on bank loans	-	3,568
<b>Total finance income</b>	<b>3,431</b>	<b>3,592</b>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 9. Tax

	2022 \$'000	2021 \$'000
Current tax expense:		
Current year	9,666	12,654
Adjustment in respect of prior periods	(6,673)	5,668
	<u>2,993</u>	<u>18,322</u>
Deferred tax (credit)/expense:		
Deferred tax (credit)/charge (see note 18)	(11,913)	(12,284)
Changes in tax rates	29	-
Adjustments for prior years	(1,601)	317
	<u>(13,485)</u>	<u>(11,967)</u>
Tax (credit)/charge for the year	<u>(10,492)</u>	<u>6,355</u>
Reconciliation of effective tax rate:		
	2022 \$'000	2021 \$'000
Loss before tax	69,259	54,991
Tax at the UK corporation tax rate of 19% (2021: 19%)	13,161	10,448
Adjustment in respect of prior years	8274	(5,985)
Tax effect of expenses that are not deductible in determining taxable profit	(2,749)	(6,296)
Income not taxable	-	83
Effect of rate changes	1,001	(9,856)
Losses not recognised	(8,466)	-
Recognition of previously unrecognised deferred tax asset	-	5,779
Effect of different tax rates of subsidiaries operating in other jurisdictions	(729)	(528)
Tax credit/(charge) for the year	<u>10,492</u>	<u>(6,355)</u>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 9. Tax (continued)

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This increased the company's future current tax charge accordingly. The deferred tax asset/liability as at 31 December 2022 and 31 December 2021 have been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

#### 10. Cash and cash equivalents

##### Group

	2022 \$'000	2021 \$'000
Cash and cash equivalents	44,506	31,431

The Group had no short-term deposits as at 31 December 2022 (2021: none). Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's credit risk on cash and cash equivalents is limited because the counterparties are well established banks with high credit ratings.

##### Company

The Company had no cash and cash equivalents as at 31 December 2022 (2021: \$nil).

#### 11. Goodwill

2021 Cost	\$'000
At 1 January 2021	148,320
Recognised on acquisition of subsidiaries during the period	91,642
Effect of movements in foreign exchange	264
At 31 December 2021	240,226
<b>Carrying amount</b>	
At 31 December 2021	240,226

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 11. Goodwill (continued)

<b>2022</b>	<b>\$'000</b>
<b>Cost</b>	
At 1 January 2022	240,226
Recognised on acquisition of subsidiaries during the period	17,304
Effect of movements in foreign exchange	(17,926)
At 31 December 2022	239,604
<b>Carrying amount</b>	
At 31 December 2022	239,604

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill represents the value attributed to the assembled workforces acquired and consideration in excess of valued assets. The current year's goodwill addition arose from the acquisition completed in the period (see note 22 for details).

For the current year's impairment analysis, the goodwill arising from the acquisitions were allocated to one group of five cash generating units (CGUs). The five CGUs are based on the group's geographic areas of USA, UK, Israel, Europe and India. Management have determined that this composition of CGUs reflects longer-term trends towards independent cash inflows in separate geographic areas. The total carrying amount of goodwill attributed to the group of CGUs is \$239.6m as at 31 December 2022.

For 2021 goodwill arising from three of the five acquisitions completed in 2021 were combined with the opening goodwill balance into a CGU group ('Qualitest Business Unit'). The total carrying amount of goodwill attributed to that group was \$163.0m as at 31 December 2021. The company analysed two of the 2021 acquisitions separately from the others as those businesses were reported on and monitored separately (Telexiom AG CGU and 'QAISPL'). This separation is primarily due to managements wish to ensure sufficient visibility and focus on these entities in their first year of ownership; these entities were fully integrated with the remainder of the group in 2022. The carrying amount of goodwill attributed to these as at 31 December 2021 was \$77.3m.

Goodwill is tested for impairment by quantitatively comparing the fair values of the cash generating units to their carrying amount. The estimated fair values were calculated by using an income approach supported by the value in use discounted cash flow model. This valuation approach considered a number of factors that include, but are not limited to, prospective financial information, growth rates, terminal value, and discount rates. These inputs require management to make certain assumptions and estimates around industry economic factors and future profitability of the business.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 11. Goodwill (continued)

The cash-flow projections used in the valuation model are based on the Company's one year budget created and approved by management. This budgeted performance has been extrapolated to project performance in future years 2 through 5. These projections were developed by management and include assumptions on average growth rates experienced by the Group, capital spending trends, industry economic factors, the expected future profitability of the business, and investment in working capital to support anticipated revenue growth. The selected discount rate considers the risk and nature of the respective reporting units' cash flows and the rates of return market participants would require to invest their capital.

The key assumptions used in our discounted cash flow models are as follows:

	2022	2021	
Assumption	CGU Group	Qualitest Business Unit	QAISPL
Revenue growth rate for years 1-5	16% - 23%	12% - 17%	5% - 8%
Terminal value growth rate for years 6+	2%	2%	2%
Pre-tax discount rate	9% - 18%	11%	16%

Our analysis resulted in significant headroom on both a combined and individual cash generating unit level. The headroom on an aggregated level was \$898m over the \$640m carrying value of the business unit held on the consolidated balance sheet as of year end 2022.

After completing the annual impairment review of the Group's goodwill at year end 2022, management has concluded that goodwill was not impaired.

The Company has no goodwill held as at 31 December 2022 (2021: Nil).

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**12. Other intangible assets**

<b>Group</b>	<b>Client relationships \$'000</b>	<b>Trademarks \$'000</b>	<b>Developed technology \$'000</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>2021</b>					
<b>Cost</b>					
At 1 January 2021	229,728	41,737	22,230	8,364	302,059
Acquisitions	86,777	-	-	-	86,777
Additions (internally developed)	-	-	3,544	-	3,544
Additions (externally purchased)	-	-	-	1,750	1,750
Effect of movements in foreign exchange	1,450	-	166	-	1,616
At 31 December 2021	317,955	41,737	25,940	10,114	395,746
<b>Accumulated amortisation</b>					
At 1 January 2021	18,288	5,217	2,967	3,231	29,703
Charge for the period	19,611	4,174	3,374	3,232	30,391
Effect of movements in foreign exchange	(236)	-	(1,830)	-	(2,066)
At 31 December 2021	37,663	9,391	4,511	6,463	58,028
<b>Carrying amount</b>					
At 31 December 2021	280,292	32,346	21,429	3,651	337,718



**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**12. Other intangible assets (continued)**

<i>Group</i>	<b>Client relationships \$'000</b>	<b>Trademarks \$'000</b>	<b>Developed technology \$'000</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>2022</b>					
<b>Cost</b>					
At 1 January 2022	317,955	41,737	25,940	10,114	395,746
Acquisitions	20,573	-	-	-	20,573
Additions (internally developed)	-	-	4,317	968	5,285
Effect of movements in foreign exchange	(21,779)	-	(1,321)	(351)	(23,451)
At 31 December 2022	316,749	41,737	28,936	10,731	398,153
<b>Accumulated amortisation</b>					
At 1 January 2022	37,663	9,391	4,511	6,463	58,028
Charge for the period	23,829	4,174	6,681	2,685	37,369
Effect of movements in foreign exchange	(2,385)	-	(263)	(159)	(2,807)
At 31 December 2022	59,107	13,565	10,929	8,989	92,590
<b>Carrying amount</b>					
At 31 December 2022	257,642	28,172	18,007	1,742	305,563

*Amortisation and impairment charge*

The amortisation and impairment charge is recognised in administrative expenses in the income statement.

*Carrying value of intangibles*

The carrying amount of Client relationships, which have arisen from the following acquisitions, comprises \$170.8m (2021: \$199.0m) in respect of the Jupiter Topco Group, \$10.6m (2021: \$11.6m) in respect of Olenick, \$3.8m (2021: \$4.4m) in respect of Comply Limited, \$24.4m (2021: \$28.8m) in respect of Telexiom AG, \$3.9m (2021: \$4.4m) in respect of QA Infotech Inc., \$25.4m (2021: \$32.1m) in respect of QA Infotech Software Services Private Limited and \$18.7m in respect of Zen Quality Assurance Private Limited. These have a weighted average remaining economic life of 11.8 years (2021: 12.7 years).

The carrying amount of Trademarks comprises \$28.2m (2021: \$32.3m) which arose from the acquisition of the of Jupiter Topco Group. These have a weighted average remaining economic life of 6.8 years (2021: 7.8 years).

The carrying amount of Developed technology comprises \$12.7m (2021: \$17.5m) which arose from the acquisition of the Jupiter Topco Group and \$5.3m (2021: \$3.9m) of internally generated developed technology. These have weighted average remaining lives of 5.2 years (2021: 6.6 years).

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 12. Other intangible assets (continued)

The carrying amount of Software comprises \$1.7m (2021: \$2.2m) which arose from the acquisition of Jupiter Topco Group and \$Nil (2021: \$1.5m) from the acquisition of AlgoTrace Limited. These have weighted average remaining lives of 2.0 years (2021: 1.5 years).

##### Company

The company had no intangible assets as at 31 December 2022 (2021: \$nil).

#### 13. Property, plant and equipment

2021	Computer equipment \$'000	Leasehold improvements \$'000	Office equipment \$'000	Total \$'000
<b>Cost:</b>				
At 1 January 2021	1,763	1,489	760	4,012
Acquisitions	467	160	410	1,037
Additions	2,789	132	193	3,114
At 31 December 2021	5,019	1,781	1,363	8,163
<b>Accumulated depreciation:</b>				
At 1 January 2021	412	303	256	971
Charge for the period	958	302	350	1,610
At 31 December 2021	1,370	605	606	2,581
<b>Carrying amount</b>				
At 31 December 2021	3,649	1,176	757	5,582

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**13. Property, plant and equipment (continued)**

<b>2022</b>	<b>Computer equipment \$'000</b>	<b>Leasehold improvements \$'000</b>	<b>Office equipment \$'000</b>	<b>Total \$'000</b>
<b>Cost:</b>				
At 1 January 2022	5,019	1,781	1,363	8,163
Acquisitions	518	-	2,152	2,670
Additions	3,006	1,705	616	5,327
Effect of movements in foreign exchange	(732)	(131)	(342)	(1,205)
At 31 December 2022	<u>7,811</u>	<u>3,355</u>	<u>3,789</u>	<u>14,955</u>
<b>Accumulated depreciation:</b>				
At 1 January 2022	1,370	605	606	2,581
Charge for the period	1,681	231	736	2,648
Effect of movements in foreign exchange	(318)	(99)	(157)	(574)
At 31 December 2022	<u>2,733</u>	<u>737</u>	<u>1,185</u>	<u>4,655</u>
<b>Carrying amount</b>				
At 31 December 2022	<u>5,078</u>	<u>2,618</u>	<u>2,604</u>	<u>10,300</u>

**14. Right of use assets**

<b>2021</b>	<b>Property leases \$'000</b>	<b>Vehicle leases \$'000</b>	<b>Total \$'000</b>
<b>Cost:</b>			
At 1 January 2021	10,914	1,206	12,120
Acquisitions	3,782	912	4,694
Additions	406	931	1,337
At 31 December 2021	<u>15,102</u>	<u>3,049</u>	<u>18,151</u>
<b>Accumulated depreciation:</b>			
At 1 January 2021	4,455	484	4,939
Charge for the period	3,661	866	4,527
At 31 December 2021	<u>8,116</u>	<u>1,350</u>	<u>9,466</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>6,986</u>	<u>1,699</u>	<u>8,685</u>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 14. Right of use assets (continued)

2022	Property leases \$'000	Vehicle leases \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2022	15,102	3,049	18,151
Acquisitions	6,626	-	6,626
Additions	7,157	1,646	8,803
Remeasurement adjustments	2,210	(125)	2,085
At 31 December 2022	31,095	4,570	35,665
<b>Accumulated depreciation:</b>			
At 1 January 2022	8,116	1,350	9,466
Charge for the period	5,447	1,367	6,814
Remeasurement adjustments	(918)	(5)	(923)
At 31 December 2022	12,645	2,712	15,357
<b>Carrying amount</b>			
At 31 December 2022	18,450	1,858	20,308

Right of use assets relate to property leases held by the Group. The interest charge on the lease liabilities of \$701k (2021: \$600k) has been included in finance costs (note 8) and the depreciation charge of \$6,814k (2021: \$4,527k) in the year is included within administrative expenses (note 5).

#### 15. Subsidiaries

The group consists of a parent company, Quantum Holding Topco Limited (company), incorporated in the UK, and a number of subsidiaries held directly and indirectly by Quantum Holding Topco Limited, which operate and are incorporated around the world. The company's separate financial statements included in this report lists details of the interests in subsidiaries.

There are no significant restrictions on the ability of the group to access or use assets and settle liabilities.

Quantum Holding Topco Limited has investments in the following subsidiary undertakings:

Subsidiary undertaking name	Place of incorporation	Principal activity	Registered office address	Class and percentage of shares held 31 December 2022	Class and percentage of shares held 31 December 2021
Quantum Holding Finco Limited*	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100%* ordinary	100%* ordinary
Quantum Holding Midco 1 Limited**	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Quantum Holding Midco 2 Limited**	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Quantum Holdco US Bidco Corp**	US	Holding	1 Post Rd. 3 <sup>rd</sup> floor, Fairfield, Connecticut, 06824, USA	100% ordinary	100% ordinary

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 15. Subsidiaries (continued)

Subsidiary undertaking name	Place of incorporation	Principal activity	Registered office address	Class and percentage of shares held 31 December 2022	Class and percentage of shares held 31 December 2021
Quantum Holding UK Bidco Limited**	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Jupiter Topco Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Jupiter Midco 1 Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Jupiter Midco 2 Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Jupiter Holdco Limited	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Exterior Group Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Exterior Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Qualitest Group UK Limited	UK	Trading	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Jupiter Bidco Ltd	Israel	Holding	Deniv Park, 21d Yagla, Kapayim St, Petach-Tikva, 49130, Israel	100% ordinary	100% ordinary
Ibase Operations Corp**	US	Trading	Greentree Drive, Suite 101, Dover, Delaware 19904 USA	100% ordinary	100% ordinary
QualiTest Ltd	Israel	Trading	Deniv Park, 21d Yagla, Kapayim St, Petach-Tikva, 49130, Israel	100% ordinary	100% ordinary
QualiTest Partnership Ltd	Israel	Trading	Deniv Park, 21d Yagla, Kapayim St, Petach-Tikva, 49130, Israel	100% ordinary	100% ordinary
Electronic Nation LLC**	US	Dormant	1 Post Rd. 3 <sup>rd</sup> floor, Fairfield, Connecticut, 06824, USA	100% ordinary	100% ordinary
Ibase of Fairfield LLC**	US	Trading	1 Post Rd. 3 <sup>rd</sup> floor, Fairfield, Connecticut, 06824, USA	100% ordinary	100% ordinary
TCL Group Limited	UK	Holding	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Qualitest Software Testing Limited	UK	Trading	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Qualitest Software Testing India Private Ltd	India	Trading	Level 15, Concorde Tower, UB City, 1 Vittal Mallya Road, Bengaluru, 560001, India.	100% ordinary	100% ordinary

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**15. Subsidiaries (continued)**

Subsidiary undertaking name	Place of incorporation	Principal activity	Registered office address	Class and percentage of shares held 31 December 2022	Class and percentage of shares held 31 December 2021
Qualitest UK 4 Limited	UK	In liquidation	1 Appold Street, London, England, EC2A 2UT	100% ordinary	100% ordinary
Qualitest DC Ro S.R.L	Romania	Trading	Bucuresti Sectorul 1, Strada Diaconu Coresi, Nr. 53, Romania	100% ordinary	100% ordinary
Q-TEST PORTUGAL SOFTWARE, UNIPESSOAL LDA	Portugal	Trading	Lagoas Park, Building One, 2740-265, Porto Salvo, Portugal	100% ordinary	100% ordinary
QT SOFTWARE TESTING MEXICO	Mexico	Trading	Av. Paseo de la Reforma No. 295, Int. Piso 8, Colonia Cuauhtémoc, Alcaldia Cuauhtémoc, C.P. 06500, Mexico City	100% ordinary	100% ordinary
Algotrace Ltd	Israel	Trading	Deniv Park, 21d Yagla, Kapayim St, Petach-Tikva, 49130, Israel	100% ordinary	100% ordinary
Qualitest Infotech Private Limited	India	Trading	250 Aggarwal Plaza, Plot No-08,LSC-1 S/F Mixed Housing Sector, Kondli Gharoli, MayurVihar Phase-III New Delhi East Delhi DL 110096 India	100% ordinary	100% ordinary
Qualitest India Private Limited	India	Trading	250 Aggarwal Plaza, Plot No-08,LSC-1 S/F Mixed Housing Sector, Kondli Gharoli, MayurVihar Phase-III New Delhi East Delhi DL 110096 India	100% ordinary	100% ordinary
Qualitest Germany GmbH	Germany	Trading	Spichernstraße 6 B, 50672, Köln, Germany	100% ordinary	100% ordinary
Qualitest Germany Holding GmbH	Germany	Holding	Spichernstraße 6 B, 50672, Köln, Germany	100% ordinary	100% ordinary
QA Infotech Software Services Private Limited	India	Trading	250 Aggarwal Plaza, Plot No-08,LSC-1 S/F Mixed Housing Sector, Kondli Gharoli, MayurVihar Phase-III New Delhi East Delhi DL 110096 India	100% ordinary	100% ordinary
QA Infotech Inc. **	US	Trading	32985 Hamilton Court, Suite 121, Farmington Hills, MI 48331, USA	100% ordinary	100% ordinary
Olenick Global Limited	UK	Trading	26 Linenhall Street, Belfast, BT2 8BG	100% ordinary	100% ordinary

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 15. Subsidiaries (continued)

Subsidiary undertaking name	Place of incorporation	Principal activity	Registered office address	Class and percentage of shares held 31 December 2022	Class and percentage of shares held 31 December 2021
Olenick Global S.A.	Argentina	Trading	577 Paraguay Street, Floor 9, Office B, Buenos Aires City, Argentina	100% ordinary	100% ordinary
Comply Limited	Israel	Trading	6 Haprachim Street, Kfar Malal, 45920, Israel	100% ordinary	100% ordinary
ZenQ Quality Assurance Private Ltd	India	Trading	01st, 02nd 03rd Floor, Atria Building, Plot NO.17, Survey no. 64/2, Software Units Layout, Madhapur, Hyderabad 500081 Telangana State, India.	100% ordinary	-
Zen Quality Assurance Ltd	Canada	Trading	1383 West 8th Avenue Vancouver BC V6H3W4, Canada	100% ordinary	-
ZenQ LLC	US	Trading	4100, Spring Valley Road, Suite. 910, Dallas, TX 75244, USA	100% ordinary	-
Qualitest Group Switzerland AG	Switzerland	Trading	Bahnhofstrasse 21, 6300 Zug, Switzerland	100% ordinary	-
Qualitest Technologies Pvt Ltd	India	Holding	Regus, SL Jubilee, 3rd Flr, Plot No., 1202&1215A, Road no. 36, Jubilee Hills,, Hyderabad, Hyderabad, Telangana, India, 500033	100% ordinary	-

\*Held directly by the Company.

\*\*Guarantors in cross group guarantee through SFA.

#### Subsidiary companies' audit exemption

The Company has provided the following subsidiaries with a parental guarantee in accordance with section 479C of the Companies Act. As such, advantage has been taken by the audit exemption available for the following subsidiary companies conferred by section 479A of the Companies Act relating to the audit of individual financial statements:

Subsidiary undertaking name	Registration number
Quantum Holding Finco Limited	12077487
Quantum Holding Midco 2 Limited	12077691
Quantum Holding UK Bidco Limited	12077725
Jupiter Holdco Limited	10238811
Qualitest Group UK Limited	04394772
TCL Group Limited	05882567
Qualitest Software Testing Limited	03929849
Olenick Global Limited	NI611669

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 16. Trade and other receivables

	2022 \$'000	2021 \$'000
Trade receivables	72,723	58,217
Expected credit losses	(777)	(768)
	<hr/> 71,946	<hr/> 57,449
Contract assets	18,192	16,589
Other receivables	572	2,752
Prepayments	5,373	5,059
Lease receivables	290	262
	<hr/> 96,373	<hr/> 82,111
Total current		
Other receivables	2,091	432
Lease receivables	454	720
	<hr/> 2,545	<hr/> 1,152
Total non-current		

Contract assets increased from \$16,589k to \$18,192k, this includes \$658k (2021: \$1,131k) of contract asset acquired from business combinations as at the acquisition date.

The specified credit terms for Group customers are typically 60 days.

Out of total trade receivables as at 31 December 2022 \$23,377k (2021: \$21,317k) was overdue but not recognised as a loss allowance in profit or loss for expected credit losses. Management regularly reviews receivables and assesses recoverability. The above loss allowance has been deemed adequate.

The Group has contracted, through its subsidiary, trade receivables factoring transactions with a bank, whereby the Group sells part of its trade receivables, in order to increase liquidity in the group. As at 31 December 2022 the balance factored under this facility was \$11,467k (2021: \$10,494k). As the facility is non-recourse the amount is not within the receivables balance.

All non-current receivables are due within five years from the end of the reporting period.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the historical credit losses experienced. The current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Group have assessed that there is no material adjustment to loss allowance required, to reflect the lifetime expected loss. The maximum exposure to credit risk at the end of the period is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value.



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 16. Trade and other receivables (continued)

##### Parent Company only

	2022 \$'000	2021 \$'000
Amounts owed by group undertakings	13,609	4,207
Intercompany loan notes receivable	2,808	2,547
Prepayments and other debtors	67	-
	<hr/> 16,484	<hr/> 6,754
Non-current	16,417	6,754
Current	<hr/> 67	<hr/> -

The amounts owed by group undertakings bear no interest and are repayable on demand, however do not expect to be recalled within 12 months and therefore have been classified as non-current. The loan notes receivable bear interest at 10% per annum and are repayable in October 2029.

#### 17. Borrowings

	2022 \$'000	2021 \$'000
<b>Unsecured borrowing at amortised cost</b>		
Priority shares	193,587	175,665
Related party loan notes	130,010	118,416
<b>Secured borrowing at amortised cost</b>		
Bank loans	454,410	374,593
<b>Total borrowings</b>	<hr/> 778,007	<hr/> 668,674
Amount due for settlement within 12 months	38,086	27,926
Amount due for settlement after 12 months	739,921	640,748

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**17. Borrowings (continued)**

Analysis of borrowings by currency: 2021	Sterling \$'000	Euro \$'000	Israeli New Shekels \$'000	US Dollars \$'000	Total \$'000
Priority shares	-	-	-	175,665	175,665
Loan notes	-	-	-	118,416	118,416
Bank loans	25,645	63,638	8,901	283,775	381,959
Arrangement fees	-	-	-	(7,366)	(7,366)
	<u>25,645</u>	<u>63,638</u>	<u>8,901</u>	<u>570,490</u>	<u>668,674</u>

Analysis of borrowings by currency: 2022	Sterling \$'000	Euro \$'000	Israeli New Shekels \$'000	US Dollars \$'000	Total \$'000
Priority shares	-	-	-	193,587	193,587
Loan notes	-	-	-	130,010	130,010
Bank loans	22,976	60,175	8,479	368,588	460,218
Arrangement fees	-	-	-	(5,808)	(5,808)
	<u>22,976</u>	<u>60,175</u>	<u>8,479</u>	<u>686,377</u>	<u>778,007</u>

	Nominal interest rate	Year of maturity	Face Value 2022 \$'000	Carrying amount 2022 \$'000	Face Value 2021 \$'000	Carrying amount 2021 \$'000
Priority shares	10%	2028	142,162	193,587	142,162	175,665
Loan notes	10%	2029	95,258	130,010	86,085	118,416
Bank loans	9.8%	2028	460,218	460,218	381,959	381,959
Arrangement fees		2028	(5,808)	(5,808)	(7,366)	(7,366)
			<u>691,830</u>	<u>778,007</u>	<u>602,840</u>	<u>668,674</u>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 17. Borrowings (continued)

In 2021, the Group has successfully refinanced its principal bank facilities that existed at 31 December 2020 which included a secured loan of GBP 13m (Facility B1), a secured loan of ILS 74.7m (Facility B1), a secured loan of USD 123m (Facility B2), a secured loan of \$30m denominated in USD (Acquisition/Capex facility 1), a secured loan of \$80m denominated in USD (Acquisition/Capex facility 2) and a secured loan of \$20m denominated in USD (Revolving facility).

The debt cost in relation to these closed facilities have been written off as part of the refinance as it was considered a substantial modification with the old loan being derecognised and the new loan being recognised along with the related debt costs. A new arrangement fee of \$9,214k has been included at the date of refinance and will be amortised over the 4 year expected term of the new financing facility. The bank loans balance above is shown net of arrangement fees as at 31 December 2022 of \$5,807k (2021: \$7,366k).

The group's principal bank loans are comprised of 5 different facilities:

- 1) A secured loan of USD 211m (Facility B1)
- 2) A secured loan of GBP 19m (Facility B2)
- 3) A secured loan of USD 31m (Facility B3)
- 4) A secured loan of \$349m denominated in USD (Acquisition/Capex facility 1)
- 5) A secured loan of \$40m denominated in USD (Revolving facility)

All of the above loans form part of a Senior Funding Agreement and are secured by a floating charge over certain of the group's assets.

The weighted average interest rates were as follows:

	2022	2021
	%	%
Bank loans	9.8	5.9

In 2021, the Group had the following interest rate and currency swaps:

- USD 46,000,000 - Pay: 1.7280% / Receive: USD 6M LIBOR - IR Swap - Maturity Date: 31-December-2022
- Cross-Currency Swap - Pay ILS 6.320% / Receive USD 6M Libor + 625bps - Maturity Date: 31-December-2022
- Cross-Currency Swap - Pay ILS 6.365% / Receive USD 6M Libor + 625bps - Maturity Date: 31-December-2022

In 2022, the Group had the following derivative financial instruments:

- Foreign exchange forward contracts:

Type	Pay	Receive	Trade date	Maturity date
FX forward	USD 7.8m	INR 640m	30 May 2022	31 March 2023
FX forward	USD 8.2m	INR 664m	30 May 2022	30 June 2023
FX forward	USD 8.2m	INR 670m	30 May 2022	29 September 2023

- Interest rate cap: USD154m USD 3-month strike 2.5%: Trade date: 30 June 2022. Maturity date: 30 September 2023.

In the year the derivative financial instruments made a net loss of \$1,412k (2021: loss \$847k).

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 17. Borrowings (continued)

##### *Revolving credit facility*

The Group has available drawings under the Revolving Credit Facility of \$40.0m (2021: \$40.0m), of which \$30.5m (2021: \$18.5m) was drawn down and remained in place as at the period end.

##### *Changes in liabilities from financing activities*

	Loans and borrowings 2022 \$'000	Lease liabilities 2022 \$'000	Loans and borrowings 2021 \$'000	Lease liabilities 2021 \$'000
<b>Balance at 1 January</b>	668,674	10,665	457,629	7,550
<b><i>Changes from financing cash flows</i></b>				
Proceeds from loans and borrowings	85,803	-	464,216	-
Repayment of borrowings	(3,862)	-	(279,913)	-
Net movement on factoring borrowings	-	-	5,790	-
Payment of lease liabilities	-	(8,819)	-	(3,516)
Transaction costs related to loans and borrowings	(954)	-	(9,214)	-
Interest paid	(35,627)	(701)	(26,005)	-
<b>Total changes from financing cash flows</b>	<b>45,360</b>	<b>(9,520)</b>	<b>154,874</b>	<b>(3,516)</b>
Changes arising from obtaining or losing control of subsidiaries or other businesses	-	6,626	-	4,694
The effect of changes in foreign exchange rates	(7,334)	219	(3,567)	-
<b><i>Other changes</i></b>				
New leases	-	11,811	-	1,337
Amortisation of capitalised borrowing costs	2,512	-	6,425	-
Issuance of priority shares in business combination	-	-	997	-
Interest expense	68,795	701	52,316	600
<b>Total other changes</b>	<b>71,307</b>	<b>12,512</b>	<b>59,738</b>	<b>1,937</b>
<b>Balance at 31 December</b>	<b>778,007</b>	<b>20,502</b>	<b>668,674</b>	<b>10,665</b>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 17. Borrowings (continued)

##### Parent Company only

	2022 \$'000	2021 \$'000
Priority shares	142,162	142,162
Accrued interest	51,425	33,503
	<hr/> 193,587	<hr/> 175,665
Non-current	193,587	175,665

Priority shares are equity instruments that have been classified as debt. Interest is payable on these shares at a rate of 10% per annum. These shares do not carry voting rights. In an Exit or Default Event all the Priority shares in issue will be immediately redeemable including any accrued and/or unpaid dividend. Repayment of the priority shares to the owners and the related accrued interest is prioritised over the payments to other equity shareholders.

The priority shares are the same priority shares as described for the group above, please see above for further details for the terms relating to the priority shares.

##### *Changes in liabilities from financing activities*

	Loans and borrowings 2022 \$'000	Loans and borrowings 2021 \$'000
<b>Balance at 1 January</b>	175,665	158,901
<b><i>Other changes</i></b>		
Interest expense	17,922	15,767
Issuance of priority shares in business combination	-	997
<b>Total other changes</b>	<hr/> 17,922	<hr/> 16,764
<b>Balance at 31 December</b>	<hr/> 193,587	<hr/> 175,665

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**18. Deferred tax**

The following are the deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

**Deferred tax**

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed assets	-	-	(55)	(76)	(55)	(76)
Employee benefits	550	883	-	-	550	883
Temporary trading differences	807	260	-	-	807	260
Losses	13,493	7,615	-	-	13,493	7,615
Interest	5,999	7,987	-	-	5,999	7,987
Intangibles created on consolidation	-	-	(74,906)	(84,194)	(74,906)	(84,194)
Other	210	67	-	-	210	67
	<u>21,059</u>	<u>16,812</u>	<u>(74,961)</u>	<u>(84,270)</u>	<u>(53,902)</u>	<u>(67,458)</u>

	<b>1 January</b>	<b>Recognised in</b>	<b>Acquired in</b>	<b>31 December</b>
	<b>2021</b>	<b>income</b>	<b>business</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>combinations</b>	<b>\$'000</b>
Fixed assets	(161)	85	-	(76)
Employee benefits	-	883	-	883
Temporary trading differences	(1,837)	2,097	-	260
Losses	1,837	5,778	-	7,615
Interest	(574)	8,561	-	7,987
Intangibles created on consolidation	(56,510)	(5,445)	(22,239)	(84,194)
Other	59	8	-	67
	<u>(57,186)</u>	<u>11,967</u>	<u>(22,239)</u>	<u>(67,458)</u>

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**18. Deferred tax (continued)**

	1 January 2022 \$'000	Recognised in income \$'000	Acquired in business combinations \$'000	Exchange differences recognised in OCI \$'000	31 December 2022 \$'000
Fixed assets	(76)	21	-	-	(55)
Employee benefits	883	(333)	-	-	550
Temporary trading differences	260	547	-	-	807
Losses	7,615	5,878	-	-	13,493
Interest	7,987	(1,988)	-	-	5,999
Intangibles created on consolidation	(84,194)	9,216	(6,165)	6,237	(74,906)
Other	67	143	-	-	210
	<u>(67,458)</u>	<u>13,484</u>	<u>(6,165)</u>	<u>6,237</u>	<u>(53,902)</u>

No deferred tax asset is recognised on temporary differences of \$nil (2021: \$0.2m) relating to the unremitted earnings of overseas subsidiaries as the Group is not able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

In India, after 8 years any tax losses will expire and will no longer be used to reduce taxable income, excluding unabsorbed depreciation.

There is \$11.1m unprovided deferred tax asset (2021: \$nil), representing \$44.6m (2021: \$nil) of unrecognised deductible temporary differences, unused tax losses and unused tax credits.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 19. Trade and other payables

<b>Current</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Employees and other payroll liabilities	15,845	16,366
Accrued expenses	16,640	14,202
Other payables	2,743	4,133
Trade payables	6,235	5,580
Contract liabilities	1,199	-
Contingent consideration	6,504	23,530
Deferred consideration	558	-
Corporation tax	1,730	10,003
<b>Total current</b>	<b>51,454</b>	<b>73,814</b>
<b>Non-current</b>		
Deferred consideration	1,430	-
Liability for share based payment	2,821	276
<b>Total non-current</b>	<b>4,251</b>	<b>276</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

#### Parent Company only

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	246	-
Liability for share based payment	2,821	-
	<b>3,067</b>	<b>-</b>
Current	246	-
Non-current	2,821	-

On 18 September 2020, Intertrust Employee Benefit Trustee Limited in its capacity as sole trustee of the Quantum Employee Benefit Trust ("Borrower") entered into a loan facility agreement with Ibase Operations Corp. ("Lender"). The Lender agreed to make available to the Borrower the maximum amount available under the facility agreement of \$200,000.



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 19. Trade and other payables (continued)

On 9 April 2021, subject to the terms of the loan facility agreement, the Lender agreed to increase the maximum amount available to the Borrower under the facility from \$200,000 to \$2,000,000.

The Borrower may apply the loan only for the following purposes:

- acquiring shares to be held by the Borrower (or a nominee appointed by the Borrower) under the terms of the Trust instrument; and/or
- paying any stamp duty and other expenses in relation to the acquisition of shares.

Each Loan will accrue interest at a rate of 0.41% per cent. per annum, accruing daily and compounding on the last day of each Interest Period while a Loan is outstanding. Interest is payable in arrears on the date of repayment of that Loan. All repayments and payments to be made by the Borrower to the Lender under or in respect of the Facility shall be made in US Dollars.

Borrower's liability under this loan facility agreement shall be limited to the value of the unencumbered assets of the Trust in the possession of or under the control of the Borrower from time to time.

Borrower's liability under this loan facility agreement shall be limited to the value of the unencumbered assets of the Trust in the possession of or under the control of the Borrower from time to time. A limited recourse of £749,000 is applicable should the Lender demands payment as at 31 December 2022 (2021: £3,000).

#### 20. Provisions

<b>2021</b>	<b>Severance \$'000</b>	<b>Dilapidations \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
1 January 2021	2,154	533	637	3,324
Acquisitions	956	-	-	956
Charged to income statement	146	-	143	289
<b>31 December 2021</b>	<b>3,256</b>	<b>533</b>	<b>780</b>	<b>4,569</b>
Classified as current	3,256	-	-	3,256
Classified as non-current	-	533	780	1,313
<b>Total</b>	<b>3,256</b>	<b>533</b>	<b>780</b>	<b>4,569</b>
<b>2022</b>	<b>Severance \$'000</b>	<b>Dilapidations \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
1 January 2022	3,256	533	780	4,569
Acquisitions	771	-	-	771
Utilised	(263)	-	(242)	(505)
<b>31 December 2022</b>	<b>3,764</b>	<b>533</b>	<b>538</b>	<b>4,835</b>
Classified as current	3,764	-	-	3,764
Classified as non-current	-	533	538	1,071
<b>Total</b>	<b>3,764</b>	<b>533</b>	<b>538</b>	<b>4,835</b>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 20. Provisions (continued)

The provision for severance pay is a statutory requirement in Israel and India and has been calculated using actuarial estimates provided by a qualified actuary. The present value of the defined benefit liability and the related cost of current and past service were measured using the projected unit credit method.

The provision for dilapidations is in respect of property lease that contain requirements for the premises to be returned in their original state on the conclusion of the lease terms.

The 'other' provisions relate to existing legal disputes within the Group. See note 3.15 for details on accounting policies with respect to provisions.

These provisions are estimates because actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the future liability will be accounted for when such determination is made.

#### 21. Capital and reserves

##### Share Capital

	2022 Number	2022 \$	2021 Number	2021 \$
<b>Allotted, called up and fully paid:</b>				
Shares classified in shareholders' funds:				
A Ordinary shares of \$0.01 each (one vote per share)	763,241	7,632	763,241	7,632
B Ordinary shares of \$0.01 each (one vote per share)	51,892	519	47,478	475
C1 Ordinary shares of \$0.01 each (no voting rights)	200,000	2,000	208,373	2,084
D Ordinary shares of \$0.01 each (no voting rights)	200,000	2,000	222,444	2,224
Share premium	-	1,188,871	-	1,188,607
<b>Total shares classified in shareholders' funds</b>	<b>1,215,133</b>	<b>1,201,022</b>	<b>1,241,536</b>	<b>1,201,022</b>
Shares classified as liabilities:				
Priority shares of \$0.0001 each (no voting rights)*	142,161,746	14,216	142,161,746	14,216
<b>Total shares classified as liabilities</b>	<b>142,161,746</b>	<b>14,216</b>	<b>142,161,746</b>	<b>14,216</b>

\*In addition to the priority share capital, share premium associated with the issue of the priority shares of \$142.1m is also classified as liabilities.

All the above share classes, other than priority shares, allow the holding to participate in dividends.

On return of capital, firstly the holders of the priority shares will be paid full amount of capital paid up on the priority shares and the holders of the loan notes will be paid the principal outstanding on the notes. Secondly, the holders of the priority shares will be paid the priority amount and the holders of the loans notes will be paid accrued interest. Thirdly, any remaining value will be paid on a pari passu basis between the holders of A, B and C1 ordinary shares provided that:

- (i) where the investors have received an investor return of more than 3 but equal to or less than 4, an amount equal to the first ratchet percentage of the remaining value shall be paid to the holders of the D ordinary shares and such payment to the holders of D ordinary shares shall dilute the amount of the remaining value due to the holders of A and B ordinary shares on a pari passu basis; and

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 21. Capital and reserves (continued)

- (ii) where the investors have received an investor return of more than 4, an amount equal to the second ratchet percentage of the remaining value shall be paid to the holders of the D ordinary shares and such payment to the holders of D ordinary shares shall dilute the amount of the remaining value due to the holders of A and B ordinary shares on a pari passu basis.

During the year the Company issued 4,414 B ordinary shares and a net cancellation of 8,373 C1 ordinary shares and 22,444 D ordinary shares. All shares were issued/cancelled as part of the share based payment scheme (see note 25). In 2021 the Company issued 3,256 B ordinary shares and 996,948 priority shares as part of the Olenick acquisition consideration (see note 22). The Company issued 56,064 C1 ordinary Shares and 58,943 D ordinary shares as part of the share based payment scheme (see note 25). All shares will be settled in cash.

##### *Translation reserve*

The translation reserve comprises all foreign exchange differences arising since September 2019, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary. The translation reserve is a component of retained earnings on the consolidated statement of changes in equity.

##### *ESOP own shares*

The ESOP own shares comprises the costs of shares in Quantum Holding Topco Limited held by the ESOP trust, to the extent that they have not become realised losses and netted with balances owed to the Intertrust Employee Benefit Trustee Limited. When they become realised losses, they are transferred to retained earnings. At 31 December 2022, the ESOP trust held 58,569 and 44,676 of the Quantum Holding Topco Limited's C1 and D shares respectively (2021: C1 shares: 83,116 and D shares: 83,722).

##### *Other Reserve*

	2022 \$'000	2021 \$'000
Other reserve	10,851	3,530

The other reserve balance comprises of accumulated share based payment charges.

#### 22. Acquisitions

##### **Acquisition of Zen Quality Assurance Private Limited and ZenQ LLC**

On 17 June 2022, the Group acquired 100% of the share capital of Zen Quality Assurance Private Limited, a private limited company incorporated and domiciled in India and ZenQ LLC a private limited company incorporated and domiciled in Dallas, United States of America. Both companies specialise in software development and testing services, software maintenance services, technical support and outsourcing services. The Group acquired the companies because they contributed a workforce with enhanced next-gen quality assurance capabilities. The disclosures below have been aggregated for both companies acquired as ZenQ LLC was not a material acquisition.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

##### *Assets acquired and liabilities assumed*

The fair values of the identifiable assets and liabilities of Zen Quality Assurance Private Limited and ZenQ LLC as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	20,573
Property, plant and equipment	2,670	2,670
Right-of-use assets	-	6,626
Other non-current assets	333	333
Bank and cash balances	6,989	6,989
Trade receivables	1,135	1,135
Other receivables	2,260	2,260
	<hr/>	<hr/>
	13,387	40,586
	<hr/>	<hr/>
<b>Liabilities</b>		
Lease liabilities	-	(6,626)
Trade payables	(1,334)	(1,334)
Other current payables	(1,846)	(1,846)
Provision	(771)	(771)
Deferred taxation	-	(6,460)
	<hr/>	<hr/>
	(3,951)	(17,037)
	<hr/>	<hr/>
<b>Total identifiable net assets at fair value</b>	9,436	23,549
Goodwill arising on acquisition – Assembled & Trained Workforce		17,055
	<hr/>	<hr/>
<b>Purchase consideration transferred</b>		40,604
		<hr/>

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of \$17.1 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria or recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, the two companies contributed \$9.4 million of revenue and \$3.0 million to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$16.4 million and profit before tax from continuing operations for the Group would have been \$6.2 million.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	29,689
Contingent and deferred consideration liability	10,915
	<hr/>
	40,604
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(704)
Cash consideration transferred (included in cash flows from investing activities)	(29,689)
Net cash and cash equivalent acquired with the subsidiary (included in cash flows from investing activities)	6,989
	<hr/>
Net cash flow on acquisition	(23,404)
	<hr/>

Transaction costs of \$704k were expensed and are included in administrative expenses.

As part of the purchase agreement with the previous owners of Zen Quality Assurance Private Limited, a contingent and deferred consideration has been agreed. These will be additional cash payments to the previous owners and employees of the company. The deferred payments to employees are not a material component of the purchase consideration and so are not discussed further.

The Group agreed earn-out arrangements based on the financial performance of the acquired entity over a period of time. The contingent consideration arrangement primarily relates to two earn out payments. The first payment requires the acquired entity to satisfy revenue and EBITDA targets as set out in the Purchase Agreement. The second payment requires the acquired entity to satisfy revenue and gross margin targets as set out in the Purchase Agreement. The value of these earn-out payments will be impacted by how much actual revenue, gross margin and EBITDA have achieved these criteria.

As at the acquisition date, the fair value of the contingent and deferred consideration was estimated to be \$10.9m million. As of June 2022, the first earn out criteria was satisfied and payment was made to the previous owners.

As at 31 December 2022, the key performance indicators for Zen Quality Assurance Private Limited show that it is highly probable that the targets for the second earn out payment will be achieved.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

In 2022 a further \$249k was paid as additional purchase consideration to the former owners of Comply Limited. This consideration was not provided in the 2021 financial statements and in 2022 has been treated as an addition to acquired goodwill. The following disclosures have been amended where required.

During 2021 the following acquisitions were completed.

#### Acquisition of Olenick & Associate, Inc, Olenick Global Limited and Olenick Global S.A

On 16 April 2021, the Group acquired the trade and assets of Olenick & Associate, Inc, 100% UK shares of Olenick Global Limited and 100% share capital of Olenick Global S.A., an Argentina corporation; all specialising in the business of providing software quality engineering services. The acquisition enhances the Group's deep Quality Assurance expertise in the utilities space and expands its footprint in Chicago, Buenos Aires and Northern Ireland.

#### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Olenick & Associate, Inc, Olenick Global Limited and Olenick Global S.A as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	12,300
Right-of-use assets	-	1,013
Trade receivable	6,045	6,045
Contract assets	1,100	1,100
Other receivables	400	400
	<hr/> 7,545	<hr/> 20,858
<b>Liabilities</b>		
Lease liabilities	-	(1,013)
Trade and other payables	(435)	(435)
	<hr/> (435)	<hr/> (1,448)
<b>Total identifiable net assets at fair value</b>	<hr/> 7,110	<hr/> 19,410
Goodwill arising on acquisition – Assembled & Trained Workforce		2,790
		<hr/> 22,200
<b>Purchase consideration transferred</b>		<hr/> 22,200

The goodwill of \$2.8 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

From the date of acquisition, Olenick Global Limited, Olenick Global S.A and the trade and asset acquired from Olenick & Associate, Inc, contributed \$28.6m of revenue and \$6.7m to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$40m and profit before tax from continuing operations for the Group would have been \$8.0m.

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	17,400
Shares issued by parent company, at fair value	1,000
Contingent consideration liability	3,800
	<hr/>
	22,200
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(538)
Cash consideration transferred (included in cash flows from investing activities)	(17,400)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	-
	<hr/>
Net cash flow on acquisition	(17,938)
	<hr/>

The Group's parent, Quantum Holding Topco Limited a non-listed company, issued B shares as part of the consideration for the 100% interest in Olenick & Associate Inc., Olenick Global Limited and Olenick Global S.A. The fair value estimate of these shares is based on a \$1m receivable that the seller settle for 996,948 priority shares and 3,296 B shares. The fair value of the consideration given was therefore \$1.0 million.

Transaction costs of \$537,638 were expensed and are included in administrative expenses.

#### *Contingent consideration*

As part of the purchase agreement with the previous owner of Olenick & Associate, Inc, Olenick Global Limited and Olenick Global S.A, a contingent consideration has been agreed. There will be additional cash payments to the previous owners:

The Group agreed earn-out arrangements based on the financial performance of the acquired entities over a period of time. The contingent consideration arrangement relates to one earn out payment and requires the acquired entities to satisfy both Revenue and EBITDA targets as set out per the Purchase Agreement. The value of the earn out payment will be impacted by how much actual revenue and EBITDA have exceeded these criteria.

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$3.8 million. As at 31 December 2021, the key performance indicators of Olenick & Associate, Inc, Olenick Global Limited and Olenick Global S.A show that it is highly probable that the target will be achieved.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

##### Acquisition of Comply Limited

On 25 March 2021, the Group acquired 100% of the share capital of Comply Limited, a company registered in Israel and specialising in the business of providing quality assurance and testing services specifically in Pharma and Digital Health. The Group acquired Comply Limited because it significantly expands the Group's footprint in providing high quality assurance for health and pharma businesses.

In 2022 a further \$249k was paid as additional purchase consideration to the former owners of Comply Limited. This consideration was not provided in the 2021 financial statements and in 2022 has been treated as an addition to acquired goodwill. The following disclosures have been amended where required.

##### *Assets acquired and liabilities assumed*

The fair values of the identifiable assets and liabilities of Comply Limited as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	4,892
Property, plant and equipment	92	92
Right-of-use assets	-	133
Bank and cash balances	154	154
Trade receivable	3,815	3,815
Contract assets	31	31
	<hr/> 4,092	<hr/> 9,117
<b>Liabilities</b>		
Lease liabilities	-	(133)
Overdraft	(2,338)	(2,338)
Trade and other payables	(1,430)	(1,430)
Deferred taxation	-	(1,126)
	<hr/> (3,768)	<hr/> (5,027)
<b>Total identifiable net assets at fair value</b>	<hr/> 324	<hr/> 4,090
Goodwill arising on acquisition		1,325
Additional goodwill recognised in 2022		249
		<hr/>
<b>Purchase consideration transferred</b>		
In 2021	5,415	
In 2022	249	
	<hr/>	<hr/> 5,664



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

The goodwill of \$1.0 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Comply Limited contributed \$6.0 million of revenue and \$0.7 million to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$7.8 million and profit before tax from continuing operations for the Group would have been \$1.4 million.

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	
In 2021	5,415
In 2021	249
	<hr/>
	5,664
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(216)
Cash consideration transferred (included in cash flows from investing activities) in 2021	(5,415)
Cash consideration transferred (included in cash flows from investing activities) in 2022	(249)
Net cash and cash equivalent acquired with the subsidiary (included in cash flows from investing activities)	(2,184)
	<hr/>
Net cash flow on acquisition	(8,064)
	<hr/>
Net cash flow on acquisition	
In 2021	(7,815)
In 2022	(249)
	<hr/>
	(8,064)
	<hr/>

Transaction costs of \$215,977 were expensed and are included in administrative expenses.

The Purchase Agreement for the acquisition of Comply Limited contained earn-out clauses that has been assessed to be a post-combination remuneration arrangement. This has been accounted for under IAS 19 Employee Benefits as Short-term employee benefits and disclosed as part of employee benefit for the year.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

##### Acquisition of Telexiom AG

On 1 August 2021, the Group acquired 100% of the share capital of Telexiom AG, a stock corporation incorporated under German law and specialising in the business of providing all-inclusive IT services with core competencies in testing and test automation, software development, IT security and IT management. The Group acquired Telexiom AG because it significantly extends the Group's geographic footprint in the DACH market and provide expanded capabilities in digital engineering in cybersecurity.

##### *Assets acquired and liabilities assumed*

The fair values of the identifiable assets and liabilities of Telexiom AG as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	29,438
Property, plant and equipment	237	237
Right-of-use assets	-	1,120
Bank and cash balances	831	831
Trade receivable	5,104	5,104
Other receivables	119	119
	<hr/>	<hr/>
	6,291	36,849
	<hr/>	<hr/>
<b>Liabilities</b>		
Lease liabilities	-	(1,120)
Bank Loan	(950)	(950)
Trade and other payables	(2,617)	(2,617)
Corporation tax liability	(594)	(594)
Deferred taxation	-	(9,726)
	<hr/>	<hr/>
	(4,161)	(15,007)
	<hr/>	<hr/>
<b>Total identifiable net assets at fair value</b>	2,130	21,842
Goodwill arising on acquisition		12,225
		<hr/>
<b>Purchase consideration transferred</b>		34,067
		<hr/>

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of \$7.5 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria or recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

From the date of acquisition, Telexiom AG contributed \$10.4 million of revenue and \$0.2 million to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$28.3 million and profit before tax from continuing operations for the Group would have been \$4.0 million.

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	28,963
Contingent consideration liability	5,104
	<hr/>
	34,067
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,141)
Cash consideration transferred (included in cash flows from investing activities)	(28,963)
Net cash and cash equivalent acquired with the subsidiary (included in cash flows from investing activities)	831
	<hr/>
Net cash flow on acquisition	(29,273)
	<hr/>

Transaction costs of \$1,140,927 were expensed and are included in administrative expenses.

#### *Contingent consideration*

As part of the purchase agreement with the previous owner of Telexiom AG, a contingent consideration has been agreed. These will be additional cash payments to the previous owners:

The Group agreed earn-out arrangements based on the financial performance of the acquired entity over a period of time. The contingent consideration arrangement relates to two earn out payments. The first payment requires the acquired entity to satisfy an EBITDA target as set out per the Purchase Agreement. The second payment requires the acquired entity to satisfy a Revenue target as set out per the Purchase Agreement. The value of these earn out payments will be impacted by how much actual revenue and EBITDA have exceeded these criteria.

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$5.1 million.

As at 31 December 2021, the key performance indicators of Telexiom AG show that it is highly probable that the target will be achieved.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

##### Acquisition of QA Infotech Software Services Private Limited

On 18 February 2021, the Group acquired 100% of the share capital of QA Software Services Private Limited, a private limited company incorporated and domiciled in India and specialising in software development and testing services, software maintenance services, technical support and outsourcing services. The Group acquired QA Software Services Private Limited because it significantly extends the Group's geographic footprint in the India market.

##### *Assets acquired and liabilities assumed*

The fair values of the identifiable assets and liabilities of QA Infotech Software Services Private Limited as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	35,387
Property, plant and equipment	708	708
Right-of-use assets	-	2,428
Bank and cash balances	3,285	3,285
Trade receivable	4,440	4,440
Other receivables	2,860	2,860
Prepayment	2,623	2,623
	<hr/> 13,916	<hr/> 51,731
<b>Liabilities</b>		
Lease liabilities	-	(2,428)
Trade and other payables	(5,559)	(5,559)
Provision	(956)	(956)
Deferred taxation	-	(10,487)
	<hr/> (6,515)	<hr/> (19,430)
<b>Total identifiable net assets at fair value</b>	<hr/> 7,402	<hr/> 32,301
Goodwill arising on acquisition		66,761
<b>Purchase consideration transferred</b>		<hr/> 99,062

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

The goodwill of \$66.8 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria or recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, QA Software Services Private Limited contributed \$26.9 million of revenue and \$12.1 million to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$30.0 million and profit before tax from continuing operations for the Group would have been \$13.8 million.

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	83,690
Contingent consideration liability	15,372
	<hr/>
	99,062
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(433)
Cash consideration transferred (included in cash flows from investing activities)	(83,690)
Net cash and cash equivalent acquired with the subsidiary (included in cash flows from investing activities)	3,285
	<hr/>
Net cash flow on acquisition	(80,838)
	<hr/>

Transaction costs of \$765k were expensed and are included in administrative expenses.

As part of the purchase agreement with the previous owner of QA Software Services Private Limited, a contingent consideration has been agreed. These will be additional cash payments to the previous owners:

The Group agreed earn-out arrangements based on the financial performance of the acquired entity over a period of time. The contingent consideration arrangement relates to two earn out payments. The first payment requires the acquired entity to satisfy an EBITDA target as set out per the Purchase Agreement. The second payment requires the acquired entity to satisfy a Revenue target as set out per the Purchase Agreement. The value of these earn out payments will be impacted by how much actual revenue and EBITDA have exceeded these criteria.

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$15.4 million. As of July 2021, the first earn out criteria was satisfied and payment was made to the previous owners.

As at 31 December 2021, the key performance indicators QA Software Services Private Limited show that it is highly probable that the target for the second earn out payment will be achieved.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

##### Acquisition of QA Infotech Inc.

On 18 February 2021, the Group acquired 100% of the share capital of QA Infotech Inc., a stock corporation incorporated under the laws of state of Michigan and specialising in software development and testing services, software maintenance services, technical support and outsourcing services. The Group acquired QA Infotech Inc. because of its association with QA Software Services Private Limited and its existing client relationships.

##### *Assets acquired and liabilities assumed*

The fair values of the identifiable assets and liabilities of QA Infotech Inc as at the date of acquisition were:

<b>Assets</b>	<b>Book Value \$'000</b>	<b>Fair Value \$'000</b>
Intangible assets – Customer Relationships	-	4,760
Trade receivable	1,830	1,830
Bank and cash balances	920	920
Other receivables	10	10
	<hr/>	<hr/>
	2,760	7,520
	<hr/>	<hr/>
<b>Liabilities</b>		
Trade and other payables	(1,949)	(1,949)
Deferred taxation	-	(1,000)
	<hr/>	<hr/>
	(1,949)	(2,949)
	<hr/>	<hr/>
<b>Total identifiable net assets at fair value</b>	811	4,571
Goodwill arising on acquisition		8,541
		<hr/>
<b>Purchase consideration transferred</b>		13,112
		<hr/>

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of \$8.9 million comprises the fair value of expected synergies arising from acquisition. Due to the contractual terms imposed on acquisition, the assembled and trained workforce is not separable. Therefore, it does not meet the criteria or recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, QA Infotech Inc. contributed \$9.4 million of revenue and \$0.5 million to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$9.8 million and profit before tax from continuing operations for the Group would have been \$1.4 million.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 22. Acquisitions (continued)

<b>Purchase consideration</b>	<b>\$'000</b>
Cash consideration	1,900
Contingent consideration liability	11,212
	<hr/>
	13,112
	<hr/>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(433)
Cash consideration transferred (included in cash flows from investing activities)	(1,900)
Net cash and cash equivalent acquired with the subsidiary (included in cash flows from investing activities)	920
	<hr/>
Net cash flow on acquisition	(1,413)
	<hr/>

Transaction costs of \$101k were expensed and are included in administrative expenses.

#### *Contingent consideration*

As part of the purchase agreement with the previous owner of QA Infotech Inc., a contingent consideration has been agreed. These will be additional cash payments to the previous owners:

The Group agreed earn-out arrangements based on the financial performance of the acquired entity over a period of time. The contingent consideration arrangement relates to two earn out payments. The first payment requires the acquired entity to satisfy an EBITDA target as set out per the Purchase Agreement. The second payment requires the acquired entity to satisfy a Revenue target as set out per the Purchase Agreement. The value of these earn out payments will be impacted by how much actual revenue and EBITDA have exceeded these criteria.

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$11.2 million. As of July 2021, the first earn out criteria was satisfied and payment was made to the previous owners.

As at 31 December 2021, the key performance indicators of QA Infotech Inc. show that it is highly probable that the target will be achieved for the second earn out payment.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 23. Lease liability and receivable

##### Lease liability

The following table sets out a maturity analysis of lease payments to be paid, showing the undiscounted lease payments to be paid after the reporting date:

	2022 \$'000	2021 \$'000
Carrying amount of liability due within 1 year	6,673	5,241
Carrying amount of liability due after 1 year	13,829	5,424
<b>Total Carrying amount of liability</b>	<b>20,502</b>	<b>10,665</b>
Due within 1 year	7,613	5,588
Due between 2 - 5 years	14,908	7,388
Due after 5 years	-	-
<b>Total undiscounted lease liability</b>	<b>22,521</b>	<b>12,976</b>

On the acquisition of Zen Quality Assurance Private Limited and ZenQ LLC in 2022, the Group acquired right-of-use assets of \$6,626k and a corresponding lease liability of \$6,626k. The lease liability is unwound in line with contractual rental payments, with an imputed interest rate of 4.2%. In 2021 with the acquisitions of Comply, Olenick, Telexiom, QA Infotech Software Services and QA Infotech, the Group acquired right-of-use assets of \$4,694k and a corresponding lease liability of \$4,694k. The lease liability is unwound in line with contractual rental payments, with an imputed interest rate of 2.8%.

##### Lease receivable

There are 2 leases where the Group is a lessor and these are in relation to offices. The Group classifies these as finance leases, because they transfer substantially all the risks and rewards from ownership of an asset.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	2022 \$'000	2021 \$'000
Total Carrying amount of receivable:		
Due within 1 year	302	291
Due between 2 - 5 years	462	753
Due after 5 years	-	-
<b>Total lease receivable</b>	<b>764</b>	<b>1,044</b>
Unearned finance income	(20)	(62)
<b>Net investment in the leases</b>	<b>744</b>	<b>982</b>



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 24. Financial Instruments

##### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 17 after deducting cash and bank balances), leases, and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

##### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

	2022 \$'000	2021 \$'000
<b>Financial assets</b>		
Cash and bank balances	44,506	31,431
Trade receivables	71,946	57,449
Contract assets	18,192	16,589
Other receivables	572	2,399
Lease receivables	744	982
Derivative financial instruments	3,111	-
<b>Total financial assets</b>	<b>139,071</b>	<b>108,850</b>
<b>Financial liabilities</b>		
Priority shares	193,587	175,665
Loan notes	130,010	118,416
Bank loans*	460,218	381,959
Employees and other payroll liabilities	15,845	16,366
Accrued expenses	16,640	14,202
Other payables	2,743	4,133
Trade payables	6,235	5,580
Contract liabilities	1,199	-
Lease liabilities	20,502	10,665
Contingent and deferred consideration	8,492	23,530
Derivative financial instruments	869	-
<b>Total financial liabilities</b>	<b>856,340</b>	<b>750,516</b>

\*Throughout this note, the bank loans (denominated in USD) are stated before deduction of the loan arrangement fees of \$5,808k (2021: \$7,366k).

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 24. Financial Instruments (continued)

##### Fair value of financial instrument

The Group holds derivative financial instruments at fair value through profit or loss including cross currency forward transactions and an interest rate cap. All instruments are classified as Level 2 of the Fair Value Hierarchy. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable.

Earn outs on businesses acquired is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. There were no transfers between levels for recurring fair value measurements during the year.

##### Financial risk management objectives

The Group Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk, price risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using natural hedges against these risk exposures.

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below).

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will not impact its risk management and hedge accounting.

##### Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. During 2022, the group has entered into a number of USD and INR cross currency forwards in order to hedge the risk of adverse movements in the USD and INR foreign exchange rates. The Group has denominated its borrowings in currencies which match with the currencies it trades in to create a "natural hedge".

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 24. Financial Instruments (continued)

##### *Sensitivity to movements in foreign exchange rates*

For the year ended 31 December 2022, after taking into account the effect of foreign exchange forward contracts, a movement of the US dollar by 1/10<sup>th</sup> of a Shekel and 1 Indian Rupee in average exchange rates would have decreased profit before income tax by \$170k and \$25k respectively (2021: \$350k and \$50k).

After taking into account the effect of foreign exchange forward contracts, if a 10% strengthening or weakening of the US dollar had taken place on 31 December it would have increased/(decreased) profit before income tax and (decreased)/increased equity for the year by the amounts shown below. The impact of this translation is much greater on equity than it is on profit before income tax since equity is translated using the closing exchange rates at the year end and profit before income tax is translated using the average exchange rates for the year. As a result, the value of equity is more sensitive than the value of profit before income tax to a movement in exchange rates on 31 December and the resulting movement in profit before income tax is due solely to the translation effect on monetary items. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000
2022	400	(500)	4,300	(5,300)
2021	900	(1,200)	6,300	(7,700)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date and exposure to foreign currency risk is as follows:

2021	Assets \$'000	Liabilities \$'000
Israeli New Shekel	19,670	21,823
Indian Rupee	8,122	2,867
US Dollars*	56,266	621,935
British Pound	9,785	31,422
Euro	13,647	71,582
Other	1,360	887
<b>Total</b>	<b>108,850</b>	<b>750,516</b>

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 24. Financial Instruments (continued)

2022	Assets \$'000	Liabilities \$'000
Israeli New Shekel	20,584	22,179
Indian Rupee	12,110	18,080
US Dollars*	81,898	713,803
British Pound	15,213	30,258
Euro	5,983	68,589
Other	3,283	3,431
<b>Total</b>	<b>139,071</b>	<b>856,340</b>

#### Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The Group closely monitors the impact of changing interest rates on the bank covenant and during 2022 has entered into an interest rate cap derivative in order to hedge the risk of adverse movements in interest rates.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's receivables from customers. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any other counterparty did not exceed ten per cent of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk at the end of the reporting period is \$90.1m (2021: \$74.0m) with respect to accounts receivable and contract assets.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the Group has used historical bad debts and current specific provisions in place as an indicator for the level of valuation risk the receivables balances are exposed to.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**24. Financial Instruments (continued)**

**Liquidity risk management**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

**Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. As disclosed in the note 17 the Group uses swap facilities to fix the rate of interest on its borrowings with lenders. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

Quantum Holding Topco Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

24. Financial Instruments (continued)

2021	Weighted average effective interest rate	Less than 1 year	2 – 5 years	5+ years	Total
	%	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>					
Trade payables	-	5,580	-	-	5,580
Lease liabilities	2.8	5,241	5,424	-	10,665
Other payables	-	4,133	-	-	4,133
Accrued expenses	-	14,202	-	-	14,202
Employees and other payroll liabilities	-	16,366	-	-	16,366
Contingent consideration	-	23,530	-	-	23,530
Priority shares	10.0	-	-	175,665	175,665
Variable interest rate instruments**	5.9	-	-	354,033	354,033
Fixed interest rate instruments	10.0	-	-	118,416	118,416
Short term bank loans	5.9	27,926	-	-	27,926
	7.73	96,978	5,424	648,114	750,516
<b>Derivative financial liabilities</b>					
Cross currency forward contracts	-	-	-	-	-

**Quantum Holding Topco Limited**

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**24. Financial Instruments (continued)**

2022	Weighted average effective interest rate	Less than 1 year	2 – 5 years	5+ years	Total
	%	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>					
Trade payables	-	6,235	-	-	6,235
Lease liabilities	4.2	6,673	13,829	-	20,502
Other payables	-	2,743	-	-	2,743
Accrued expenses	-	16,640	-	-	16,640
Employees and other payroll liabilities	-	15,845	-	-	15,845
Contract liabilities	-	1,199	-	-	1,199
Contingent and deferred consideration	-	7,062	1,430	-	8,492
Priority shares	10.0	-	-	193,587	193,587
Variable interest rate instruments*	9.8	38,086	-	422,132	460,218
Fixed interest rate instruments	10.0	-	-	130,010	130,010
	9.2	94,483	15,259	745,729	855,471
<b>Derivative financial liabilities</b>					
Cross currency forward contracts	-	869	-	-	869

The amounts included above for variable interest rate instruments for financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date. The Group has access to financing facilities as described below, of which \$206m (2021: \$58m) were unused at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

**Financing facilities**

	2022 \$m	2021 \$m
Secured bank loan facilities with maturity dates through to 2028 and which may be extended by mutual agreement:		
- amount used*	448	382
- amount unused	206	58
	654	440

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 25. Share based payments

During the period the group operated a share incentive scheme comprising B, C and D Ordinary Shares in Quantum Holding Topco Limited. Under IFRS 2, the share-based payments granted must be measured on a "fair value" basis as at the grant date of the awards and the relevant charge entered into the income statement. The group also operates a cash settled (phantom) share scheme which is measured at fair value at the reporting date and subsequently revalued.

As at 31 December 2022 19,710 (2021: 12,384) phantom shares were in issue. The fair value of these shares have been assessed at \$10,643k (2021: \$3,307k) using a Monte Carlo simulation model based on a 2 year (2021: 4 year) remaining vesting period from the balance sheet date and an assumption that only 70% will vest. Within administrative expenses in the income statement there is a charge of \$2,545k (2021: \$276k) which represents the fair value of the scheme being charged straight-line over the remaining vesting period. For the purposes of accounting treatment the shares are considered to be cash settled. Quantum Holding Topco Limited is recharging its subsidiaries for the services they have received therefore there is an asset within amounts owed by group undertakings. Accumulated debtors owing to the company for phantom shares issued are \$2,821k (2021: \$276k). The Group and Company also hold a liability as at 31 December 2022 for phantom shares issued to employees of \$2,821k (2021: \$276k).

As at 31 December 2022 4,414 (2021: nil) B Shares, 141,431 (2021: 125,257) C shares and 155,324 (2021: 138,722) D shares were in issue. Within administrative expenses in the income statement there is a charge of \$6,931 (2021: \$521k), net of forfeitures, which represents the fair value of the schemes being charged straight-line over the remaining vesting period of 2 years from 31 December 2022. For the purposes of accounting treatment the shares are considered to be equity settled. Quantum Holding Topco Limited is recharging its subsidiaries for the services they have received therefore there is an asset within amounts owed by group undertakings. Accumulated debtors owing to the company for C shares issued are \$8,604 (2021: \$3,193). Accumulated debtors owing to the company for D shares issued are \$1,906k (2021: \$726k). Accumulated debtors owing to the company for B shares issued are \$341k (2021: nil).

Management performed a sensitivity on the current year share-based payment charge by adjusting the enterprise value assumption used in the Monte Carlo simulation model. Management noted that a 30 percent decrease in the enterprise value would have decreased the total current year's charge to \$8,105 (2021: a credit of \$432k), net of forfeitures. Alternately, a 15% (2021: 40%) increase in the enterprise value would increase the total current year's charge to \$10,797k (2021: \$1,420k), net of forfeitures. This analysis assumes that all other variables remain consistent.



## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 25. Share based payments (continued)

The terms and conditions of the grants in 2022 are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life
Equity settled award to employees granted by parent during the year (B, C and D Shares)	Equity	4,414 B Shares 19,710 C Shares 20,947 D Shares	None	Indefinite
Cash settled award to employees granted by parent during the year (Phantom Shares)	Cash	10,385	None	Indefinite

The terms and conditions of the grants in 2021 are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life
Equity settled award to employees granted by parent during the year (C and D Shares)	Equity	42,038 C Shares 44,971 D Shares	None	Indefinite
Cash settled award to employees granted by parent during the year (Phantom Shares)	Cash	12,384	None	Indefinite

There were grants of these shares within the period, therefore we have included a range in the measurement inputs and assumptions as follows:

2022	C Shares	D Shares
Vesting period	2-3 years from grant	2-3 years from grant
Assumed Risk-free rate	1.01% - 4.73%	1.01% - 4.73%
Dividend Yield	0.00%	0.00%
Volatility	29.2% - 37.0%	29.2% - 37.0%
Fair value of shares	\$8,901k	\$2,034k
Vesting assumption	70%	70%
Granted in period	19,710	20,947
Charge for granted in period	\$1,546k	\$339k

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 25. Share based payments (continued)

2022	B Shares	Phantom Shares
Vesting period	3 years from grant	2-3 years from grant
Assumed Risk-free rate	1.01% - 1.67%	1.01% - 4.73%
Dividend Yield	0.00%	0.00%
Volatility	29.2% - 34.8%	29.2% - 37.0%
Fair value of shares	\$1,150k	\$5,422k
Vesting assumption	70%	70%
Granted in period	4,414	10,385
Charge for granted in period	\$340k	\$609k

#### 2021

	C Shares	D Shares	Phantom Shares
Vesting period	4 years from grant	4 years from grant	4 years from grant
Assumed Risk-free rate	0.11% - 1.26%	0.11% - 1.26%	0.11% - 1.26%
Dividend Yield	0.00%	0.00%	0.00%
Volatility	27.2% - 32.9%	27.2% - 32.9%	27.2% - 32.9%
Fair value of shares	\$9,413k	\$1,978k	\$3,307k
Vesting assumption	70%	70%	70%
Granted in period	42,038	44,971	12,384
Charge for granted in period	\$370	\$152k	\$276k

The expected volatility is based on historical volatility of listed comparator companies.

#### 26. Related party transactions

##### Group

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its related parties are disclosed below. In accordance with FRS 101, the Company has taken an exemption in the preparation of these financial statements based on the requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 26. Related party transactions (continued)

*Group (continued)*

##### Aggregate directors' remuneration

The Company does not directly remunerate directors and the services of certain Directors are incidental to their role and therefore there are no amounts for remuneration included in the table below. The total amounts payable by the group for directors' remuneration for services provided by the directors of the parent company to the company and subsidiaries in the financial period were as follows:

	2022 \$'000	2021 \$'000
Salaries, fees, bonuses and benefits in kind	1,347	1,378
Pension contributions	9	9
	<hr/>	<hr/>
	1,356	1,387

There are three directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes (2021: four).

During the year the highest paid Director received remuneration totalling \$717k (2021: \$403k). One director was a member of a money purchase scheme. Contributions into the scheme totalled \$9k (2021: \$9k).

##### Remuneration of key management personnel

	2022 \$'000	2021 \$'000
Salaries, fees, bonuses and benefits in kind including social security costs	1,145	1,378
Pension contributions	9	9
Share based payments	2,504	1,412
	<hr/>	<hr/>
	3,658	2,799

##### Other related party transactions

During the period the group made foreign currency purchases to the value of \$4.5m (2021: \$14.8m) from MoneyCorp which shares the same ultimate parent company and ultimate controlling party as the group. The transactions were conducted on normal arm's length commercial terms and there are no outstanding creditors as at the year end (2021: nil).

In April 2021 Extramed ceased to be a related party as it was sold to a third party undertaking. In 2021, the group made sales of \$0.2m to Extramed which shared the same ultimate parent company and ultimate controlling party as the group. The transactions were conducted on normal arm's length commercial terms. There were no outstanding debtors as at the 2021 year end date.

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 26. Related party transactions (continued)

*Group (continued)*

##### Other related party transactions (continued)

On the Consolidated Balance Sheet there are priority shares, loan notes, and accrued interest owed to Bridgepoint Group Plc, the ultimate parent company and ultimate controlling party of the group. As at 31 December 2022 the group holds \$113.3m (2021: \$113.3m) in priority shares and \$80.0m (2021: \$80.0m) in related party loans owed to Bridgepoint Group Plc. As at 31 December 2022 accrued interest on priority shares and loan notes amounted to \$70.4m (2021: \$45.2m). During the year, the total interest expense related to priority shares and loan notes is \$24.0m (2021: \$21.7m).

##### *Company*

On the Company Balance Sheet there are priority shares and accrued interest owed to Bridgepoint Group Plc, the ultimate parent company and ultimate controlling party of the group. As at 31 December 2022 the group holds \$113.3m (2021: \$113.3m) in priority shares owed to Bridgepoint Group Plc. As at 31 December 2022 accrued interest on priority shares amounted to \$41.2m (2021: \$27.2m). During the year, the total interest expense related to priority shares is \$14.0m (2021: \$12.8m).

#### 27. Controlling party

The Company's ultimate parent company and ultimate controlling party is Bridgepoint Group Plc, a company incorporated in England.

These financial statements are the smallest and largest group, which include the Company, for which group financial statements are prepared.

#### 28. Company result for the period

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own income statement nor cashflow for the period. The company reported a loss of \$18.2m for the year ended 31 December 2022 (2021 loss: \$14.8m).

The auditor's remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements.

The Directors of the company are paid by fellow group companies and their remuneration is included in note 26 to the consolidated financial statements. No recharge is made to the company (2021: \$nil). The company has no employees (2021: nil).

## Quantum Holding Topco Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 29. Investment in subsidiaries

	2022 \$'000	2021 \$'000
<b>Cost</b>		
At 1 January	140,541	139,541
Investment in period	-	1,000
	<hr/>	<hr/>
<b>Carrying amount</b>		
At 31 December	140,541	140,541
	<hr/>	<hr/>

The investment relates to 100% of the share capital of Quantum Holding Topco Limited's sole directly held subsidiary Quantum Holding Finco Limited.

The investments in subsidiaries have been assessed for recoverability using the same underlying assumptions for the goodwill and intangibles impairment review, concluding that no impairment is required.

#### 30. Post balance sheet events

Subsequent to the year end, the Group made an acquisition as it looks to expand its global quality assurance capabilities.

In February 2023, the Group acquired 100% of the share capital of Q Analysts, a US-based quality engineering firm, specializing in Next-Gen technologies. The acquisition expands the Group's US geographical footprint with new test-labs in California and Washington State, and facilities in key US locations. It also extends the Group's presence in the UK, Switzerland, India and Madagascar. This acquisition is expected to increase annualized turnover of the Group by approximately \$75 million. As of the date of these financial statements, the Company has not yet completed the initial accounting for the business combination and therefore cannot provide further disclosures under IFRS3 paragraph B64.

In March 2023 the Group increased its senior revolving credit facility by \$20 million from \$40 million to \$60 million.