

ABSOLUTE SOFTWARE EMEA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

ABSOLUTE SOFTWARE EMEA LIMITED

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ABSOLUTE SOFTWARE EMEA LIMITED

COMPANY INFORMATION

Directors	J M Le Jeal P J Chess
Company secretary	Zedra Cosec (UK) Limited
Registered number	05802063
Registered office	New Penderel House 4th Floor 283-288 High Holborn London England WC1V 7HP
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

ABSOLUTE SOFTWARE EMEA LIMITED**BALANCE SHEET
AS AT 30 JUNE 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	6	1,253,508	-
Tangible assets	7	43,824	18,590
		<u>1,297,332</u>	<u>18,590</u>
Current assets			
Debtors due after more than 1 year	8	41,260	-
Debtors due within 1 year	8	15,877,588	2,561,705
Cash at bank and in hand		1,469,119	1,039,959
		<u>17,387,967</u>	<u>3,601,664</u>
Creditors: amounts falling due within one year	9	(18,570,025)	(6,838,398)
Net current liabilities		<u>(1,182,058)</u>	<u>(3,236,734)</u>
Total assets less current liabilities		<u>115,274</u>	<u>(3,218,144)</u>
Creditors: amounts falling due after more than one year	10	(2,281,403)	-
Net liabilities		<u><u>(2,166,129)</u></u>	<u><u>(3,218,144)</u></u>

ABSOLUTE SOFTWARE EMEA LIMITED**BALANCE SHEET (CONTINUED)**
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	12	100	100
Other reserves	13	587,941	389,989
Profit and loss account	13	(2,754,170)	(3,608,233)
Total equity		<u>(2,166,129)</u>	<u>(3,218,144)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J M Le Jeal

Director

Date: 22 December 2023

ABSOLUTE SOFTWARE EMEA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	100	353,507	(4,549,145)	(4,195,538)
Comprehensive income for the year				
Profit for the financial year	-	-	940,912	940,912
Share based payments	-	36,482	-	36,482
At 30 June 2021 and 1 July 2021	100	389,989	(3,608,233)	(3,218,144)
Comprehensive income for the year				
Profit for the financial year	-	-	854,063	854,063
Share based payments	-	197,952	-	197,952
At 30 June 2022	100	587,941	(2,754,170)	(2,166,129)

The notes on pages 5 to 17 form part of these financial statements.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

Absolute Software EMEA Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is New Penderel House, 4th Floor, 283-288 High Holborn, London, England, WC1V 7HP.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company acts on the behalf of Absolute Software Corporation, its parent undertaking. The company is therefore dependent on the financial performance and support of its parent from whom the company has received a letter of financial support. Without such support the company would not be a going concern.

As the going concern status of this company is intertwined with that of its parent company, the directors have made enquiries as to the financial position and performance of its parent company. Having considered post year end trading and financial results, cash reserves and forecasts available for the parent company for the period ended 31 December 2023, the directors have a reasonable expectation that the parent company has adequate resources to continue to support the company. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue recognition

The company acts as a limited risk distributor for its parent entity, Absolute Software Corporation, and sells services and products including endpoint management, secure asset tracking, forensic investigation and device recovery. Revenue represents the fair value of consideration received or receivable from clients for services and products provided by the company, net of discounts and VAT. Revenues are recognised when a contractual arrangement is in place, the fee is fixed and determinable, the services and products have been delivered, and collectability is reasonably assured.

As a limited risk distributor, the company has no ongoing performance obligations as such obligations are indemnified by the ultimate parent undertaking, and revenue is recognised in full once the contractual arrangements are in place.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the profit and loss account over its useful economic life of 10 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and dismantling and restoration costs.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 33.3% straight line
Equipment	- 20 - 33.3% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.6 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

Financial instruments (continued)

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

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

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

2.7 Leases: the company as lessee

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term.

2.8 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Pension costs

Defined contribution pension plan

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

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

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Share capital

Ordinary shares are classified as equity.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentational currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'interest receivable and similar income or interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'administrative expenses'.

2.13 Share-based payments

The ultimate parent company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The following is a critical judgment that the directors have made in the process of applying the company's accounting policies and that had a significant effect on the amounts recognised in the financial statements:

Deferred tax asset

The company has estimated tax losses available to carry forward against future trading profits. Consequently, given historic performance of the entity a deferred tax credit and asset has been recognised in these financial statements to reflect the amount expected to crystallise in future periods.

Share based payments

The company participates in an equity settled share based payment arrangement in which share options in its parent company are issued to employees of the company. The entity operates both restricted stock options (RSUs) and performance stock options (PSUs). The fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date.

4. Taxation

The company has estimated significant tax losses available to carry forward against future trading profits.

A deferred tax credit and asset of £270,908 (2021:£299,479) has been recognised in these financial statements, to reflect the expected crystallisation of the aforementioned losses.

5. Employees

The average monthly number of employees, including directors, during the year was 20 (2021 - 18).

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. Intangible assets

	Goodwill £
Cost	
Additions	1,256,030
At 30 June 2022	<u>1,256,030</u>
Amortisation	
Charge for the year	2,522
At 30 June 2022	<u>2,522</u>
Net book value	
At 30 June 2022	<u><u>1,253,508</u></u>
At 30 June 2021	<u><u>-</u></u>

The goodwill arose on acquisition of the trade and assets of Net Metion Wireless (UK) Limited on 22 June 2022. Goodwill arising on acquisition was £1,256,030. The asset is carried £1,253,508 and has a remaining amortisation period of 10 years.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. Tangible fixed assets

	Leasehold improvements £	Equipment £	Total £
Cost			
At 1 July 2021	56,925	146,936	203,861
Additions	-	36,391	36,391
Disposals	(56,925)	-	(56,925)
At 30 June 2022	-	183,327	183,327
Depreciation			
At 1 July 2021	56,925	128,346	185,271
Charge for the year	-	11,157	11,157
Disposals	(56,925)	-	(56,925)
At 30 June 2022	-	139,503	139,503
Net book value			
At 30 June 2022	-	43,824	43,824
At 30 June 2021	-	18,590	18,590

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8. Debtors

	2022 £	2021 £
Due after more than one year		
Accrued Income	41,260	-
	<u>41,260</u>	<u>-</u>
Due within one year		
Trade debtors	7,921,130	2,115,466
Amounts owed by group undertakings	6,360,548	44,358
Other debtors	98,214	65,656
Prepayments	50,261	36,746
Accrued Income	1,176,527	-
Deferred taxation	270,908	299,479
	<u>15,918,848</u>	<u>2,561,705</u>

Amounts owed by group undertakings are interest free, have no fixed repayment date and are repayable on demand.

9. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	134,521	71,251
Amounts owed to group undertakings	17,756,150	6,408,715
Corporation tax	-	19,575
Other taxation and social security	1,099	4,014
Other creditors	93,155	81,868
Accruals and deferred income	585,100	252,975
	<u>18,570,025</u>	<u>6,838,398</u>

Amounts owed to group undertakings are interest free, have no fixed repayment date and are repayable on demand.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<u>2,281,403</u>	<u>-</u>

During the period as part of the acquisition of Net Motion Wireless (UK) Limited, the company submitted two promissory notes (1 and 2) for consideration. These notes accrue interest at a rate of 2% per annum and are repayable in full on or around 22 June 2027. There are no securities or charges in relation to these notes and are included in other creditors above.

11. Deferred taxation

	2022 £	2021 £
At beginning of year	299,479	170,203
Charged to profit or loss	(28,571)	129,276
At end of year	<u>270,908</u>	<u>299,479</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>270,908</u>	<u>299,479</u>

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021: 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Reserves

Other reserves

Other reserves comprise amounts recognised in the financial statements in respect of share based payments.

Profit & loss account

The profit and loss account comprises the cumulative profits for all periods to date which have been retained by the company.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14. Business combinations

Acquisition of Net Motion Wireless (UK) Limited

On 22 June 2022, Absolute Software EMEA Limited acquired the trade and assets of Net Motion Wireless (UK) Limited from its ultimate parent entity Absolute Software Corporation. The company was previously purchased as part of the NetMotion Software, Inc acquisition by Absolute Software Corporation on 1 July 2021.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	7,866	-	7,866
	<u>7,866</u>	<u>-</u>	<u>7,866</u>
Current Assets			
Debtors	1,045,804	-	1,045,804
Cash at bank and in hand	71,675	-	71,675
	<u>1,125,345</u>	<u>-</u>	<u>1,125,345</u>
Total Assets	1,125,345	-	1,125,345
Creditors			
Due within one year	69,218	-	69,218
	<u>1,194,563</u>	<u>-</u>	<u>1,194,563</u>
Total identifiable net assets			
Goodwill			1,256,030
			<u>2,450,593</u>
Total purchase consideration			2,450,593
Consideration			
			£
Promissory note 1			1,319,826
Deferred consideration (additional promissory note 2)			1,130,767
			<u>2,450,593</u>
Total purchase consideration			2,450,593

The goodwill arising on acquisition is attributable to the deferred consideration (additional promissory note 2) which was in excess of the net assets of Net Motion Wireless (UK) Limited with the expected useful economic life of 10 years.

Both promissory notes (1 and 2) accrue interest at a rate of 2% per annum and are repayable in full on or around 22 June 2027. There are no securities or charges in relation to these notes.

ABSOLUTE SOFTWARE EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15. Commitments under operating leases

At 30 June 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	77,943	98,101
Later than 1 year and not later than 5 years	-	77,942
	<u>77,943</u>	<u>176,043</u>

16. Related party transactions

The company has taken advantage of the exemption contained in FRS102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

17. Post balance sheet events

Subsequent to the year end, on 27 July 2023 Crosspoint Capital Partners, LP completed the acquisition of Absolute Software Corporation and became the ultimate parent entity. In connection with the acquisition by Crosspoint, all outstanding share-based awards were cancelled and converted to cash awards as well as the cancellation of the promissory notes.

18. Ultimate parent undertaking

The only group for which consolidated financial statements are drawn up is headed by Absolute Software Corporation whose registered office is Suite 1400, Four Bentall Centre, 1055 Dunsmuir Street, PO Box 49211, Vancouver, British Columbia, Canada V7X 1K8.

Subsequent to the year end, on 27 July 2023 Crosspoint Capital Partners, LP, whose registered office is 2500 Sand Hill Road Suite 300 Menlo Park, CA 94025, completed the acquisition of Absolute Software Corporation and became the ultimate parent entity.

19. Auditor's information

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Adam Wildbore (senior statutory auditor).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.