

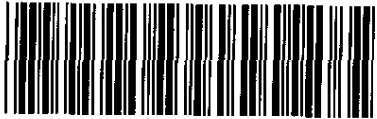
**Castle Top Holding Limited**

**Annual report and financial statements**

**Registered number 12357407**

**For the year ended 31 December 2021**

THU SATURDAY



\*ABEPLØVF\*

A15	15/10/2022	#222
COMPANIES HOUSE		
*ABC3FCPV*		
A20	08/09/2022	#61
COMPANIES HOUSE		

**Company information**

**Directors**

E M Kalawski

M A Sigler

I M S Downie

**Company secretary**

E M Kalawski

**Independent auditor**

PricewaterhouseCoopers LLP

40 Clarendon Rd  
Watford, WD17 1JJ

**Registered office**

100 New Bridge Street  
London, EC4V 6JA

**Contents**

Company information	2
Strategic report	4
Directors' report	9
Statement of directors' responsibilities in respect of the annual report and the financial statements	11
Independent auditors' report	12
Consolidated Statement of Comprehensive Income	15
Consolidated Balance Sheet	16
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the consolidated financial statements	21
Company Balance Sheet	56
Company Statement of Changes in Equity	57
Notes to the company financial statements	58

## Strategic report

The directors present their strategic report and financial statements of Castle Top Holding Limited (the "Company") and its subsidiaries (together, "we", "us" or the "Group") for the year ended 31 December 2021. The comparative period presented relates to the period from the date of incorporation on 10 December 2019 to 31 December 2020.

### *Background and strategy of the business*

The Company was formed for the purpose of completing the acquisition of Cision Ltd. ("Cision") which closed on 31 January 2020. After the acquisition of Cision, the Company and its subsidiaries are a leading global provider of PR software, media distribution, media intelligence and related professional services, according to Burton-Taylor International Consulting LLC, as measured by total revenue. Public relations and communications professionals use our products and services to help manage, execute, and measure their strategic public relations and communications programs. Similar to Bloomberg for finance professionals, LinkedIn for human resources professionals, and Salesforce for sales professionals, we are an industry standard software as a service ("SaaS") solution for public relations ("PR") and marketing professionals and are deeply embedded in industry workflow.

We deliver a sophisticated, easy-to-use platform for communicators to reach relevant media influencers and craft compelling campaigns that impact customer behaviour. With rich monitoring and analytics, Cision Communications Cloud ("C3"), a cloud-based platform that integrates each of our point solutions into a single unified interface, arms brands with the insights they need to link their earned media to strategic business objectives, while aligning it with owned and paid channels. This platform enables companies and brands to build consistent, meaningful and enduring relationships with influencers and buyers in order to amplify their marketplace influence. After the June 2021 acquisition of Runtime Collective Limited ("Brandwatch"), a leading provider of digital consumer intelligence that allows users to analyse and utilise conversations from across the web and social media, Cision's leadership in media intelligence will continue to broaden by integrating the artificial intelligence and machine learning technology of Brandwatch with our existing social business. We have more than 76,000 customers and an expansive global reach, spanning most major international markets around the globe including Canada, China, India, Europe, Middle East and Africa, and Latin America. Our total international sales across all countries outside of the United Kingdom accounted for 85% of our 2021 revenue.

### *Review of the business*

We provide our comprehensive solution principally through subscription contracts which are generally one year or longer, with different tiers of pricing depending on the level of functionality and customer support required. Our SaaS delivery model provides a stable recurring revenue base. In 2021, we generated \$891.5 million of revenue, of which, approximately 90% was generated by customers purchasing services on a subscription or recurring basis. As of 31 December 2021, we had more than 76,000 customers.

Our competitive strengths include:

- An industry standard for PR Professionals

We believe our PR software is known as a go-to global SaaS platform for communications professionals and is deeply embedded in industry workflow. For individuals working in the PR sector, fluency with our platform is viewed by many as a key skill.

- Global Product Reach

Our offering has wide geographic reach within all our vertical markets. We believe that being able to deal with only one provider to deliver earned media solutions across the globe is a key differentiator that has value to clients, in particular large multi-national corporations that manage PR and communications efforts globally.

- Ease of Use and Workflow Capabilities

Our platform is designed with easy-to-use functionality, built-in workflow capabilities, a high degree of flexibility in outputs and a sleek and intuitive user interface to help the communications professional execute their work in the best way possible.

The Group's performance is summarised below for the periods ended 31 December 2021 and 2020:

(in thousands)	2021	2020
Total assets	\$ 3,528,654	\$ 3,320,818
Total liabilities	3,100,600	2,831,256
Total equity	428,054	489,562
Revenue	891,503	671,384
Gross profit	539,045	412,081
Research and development expense	41,495	25,244
Net loss	(123,653)	(176,893)
Other comprehensive (expense)/income	(27,855)	16,455

*Key performance indicators*

The measures of revenue and adjusted earnings before interest, taxes, depreciation, and amortisation ("Adjusted EBITDA") are key performance indicators used by management to set targets and assess performance of the business.

Revenue increased \$220.1 million, or 32.8%, from \$671.4 million for the period ended 31 December 2020 to \$891.5 million for the year ended 31 December 2021. This increase was primarily due to revenue increases from our social and distribution lines of business. Revenue for the year ended 31 December 2021 included \$54.2 million of revenue from Brandwatch after the acquisition on 1 June 2021.

We define Adjusted EBITDA as net loss for the period presented, before depreciation and amortisation, interest expense and income taxes, further adjusted to exclude the following items: (a) acquisition-related costs and expenses; (b) restructuring charges; (c) deferred revenue fair market value adjustment due to purchase accounting; (d) gain from sale of business; (e) sponsor fees and expenses; (f) other income; and (g) gain or loss on foreign currency translation.

The following table outlines the reconciliation from net loss to Adjusted EBITDA for the periods ended 31 December 2021 and 2020:

(in thousands)	2021	2020
Net loss	\$ (123,653)	\$ (176,893)
Depreciation and amortisation	276,611	212,112
Interest expense	129,691	119,295
Income tax	(16,411)	(51,743)
EBITDA	<u>266,238</u>	<u>102,771</u>
Adjustments to EBITDA		
Acquisition fees and expenses	12,312	31,455
Restructuring charges	51,898	46,398
Deferred revenue FMV adjustment	6,318	33,093
Gain from sale of business	(11,516)	-
Sponsor fees and expenses	4,995	4,778
Other income	(3,191)	-
Foreign exchange loss (gain)	(43,410)	47,133
Total adjustments to EBITDA	17,406	162,857
Adjusted EBITDA	<u>\$ 283,644</u>	<u>\$ 265,628</u>

For the periods ended 31 December 2021 and 2020, the adjustments to earnings before interest, taxes, depreciation, and amortisation ("EBITDA") can be described in further detail as (a) costs predominately associated with the acquisitions of Brandwatch on 1 June 2021 and Cision Ltd. on 31 January 2020; (b) charges that are associated with implementing a synergy plan that are typically one-time in nature; (c) the adjustment to revenue from the deferred revenue adjustment recorded from purchase accounting; (d) the sale of the government relations business in Q4 2021; (e) fees and expenses from the Corporate Advisory Services Agreement with Platinum Equity Advisors, LLC dated as of 31 January 2020; (f) non-cash gain realized in Q4 2021 from the remaining deferred consideration balance due to the settlement of the Argus litigation post-acquisition; and (g) realized and unrealised foreign exchange losses and gains.

Adjusted EBITDA increased \$18.0 million, or 6.78%, from \$265.6 million for the period ended 31 December 2020 to \$283.6 million for the year ended 31 December 2021. The proportionate change in Adjusted EBITDA is less than the change in revenue between the two periods due to increased expenses year over year, primarily in research and development and sales and marketing, as a result of the Group's initiatives to expand its market share and increase its revenue for the upcoming years.

After conducting a review of the business considering the factors and key performance indicators described above, the directors are satisfied with the performance of the business for the year ended 31 December 2021.

#### ***Principal risks and uncertainties***

##### ***Highly competitive industry***

We face intense competition from numerous large and small businesses. This competition includes both product and price competition. Increased competition may result in a decline in our market share thereby adversely affecting our operating results. The markets in which we operate are fragmented, competitive and rapidly evolving, and there are limited barriers to entry to certain segments of those markets. We expect the intensity of competition to increase in the future as existing competitors develop their capabilities and as new companies enter our markets. If we are unable to compete effectively, it will be difficult for us to maintain our market share and pricing rates and add and retain customers, and our business, financial condition and results of operations will be seriously harmed.

Increased competition could result in pricing pressure, reduced sales or lower margins. We face intense price competition in all areas of our business. In particular, the cloud-based PR services business, the media intelligence business and the media distribution business are characterized by intense price competition. Our profit margin, and therefore our profitability, is dependent on the rates we are able to charge for our services. We have in the past lowered prices, and may need to do so in the future, to attempt to gain or maintain market share. These strategies have not always been successful and have at times hurt operating performance. Additionally, we have also been, and may once again be, required to adjust pricing to respond to actions by competitors, which could adversely impact operating results. The rates we are able to charge for our services are affected by a number of factors, including competition, volume fluctuations, productivity of employees and processes, the value our customers derive from our services and general economic and political conditions. We are also subject to potential price competition from new competitors and from existing competitors. If we are unable to compete successfully in respect to the pricing of our services and products, our business, financial condition and operating results may be adversely affected.

Our competitors may be able to respond more quickly than we can to new or changing opportunities, technologies, standards or customer requirements or devote greater resources to the promotion and sale of their products and services than we can. To the extent our competitors have an existing relationship with a potential customer, that customer may be unwilling to switch vendors due to existing time and financial commitments with our competitors.

We also expect that new competitors will enter the cloud-based PR services and distribution market with competing products. Many of these potential competitors have established or may establish business, financial or strategic relationships among themselves or with existing or potential customers, alliance partners or other third parties or may combine and consolidate to become more formidable competitors with better resources. It is possible that these new competitors could rapidly acquire significant market share.

If we are unable to compete successfully in this environment, our business, financial condition and operating results will be adversely affected.

##### ***Attracting and retaining qualified employees***

Our success depends upon the continued services of our senior management and other key personnel who have substantial experience in the PR software and services industry and the markets in which we offer our services. In addition, our success depends in large part upon the reputation within the industry of our senior managers. Further, in order for us to continue to successfully compete and grow, we must attract, recruit, develop and retain personnel, including key executives of organizations we acquire, who will provide us with expertise across the entire spectrum of our intellectual capital needs. Our success also depends on the skill and experience of our sales force, which we must continuously work to maintain. While we have a number of key personnel who have substantial experience with our operations, we must also develop our personnel to provide succession plans capable of maintaining the continuity of our operations. The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors.

Failure to retain or attract key personnel could impede our ability to grow and could result in our inability to operate our business profitably. In addition, contractual obligations related to confidentiality, assignment of intellectual property rights, and non-solicitation may be ineffective or unenforceable and departing employees may share our

proprietary information with competitors in ways that could adversely impact us, or seek to solicit customers or recruit our key personnel to competing businesses.

*Inherent risk of conducting business internationally*

The operations of our non-United States ("US") business are subject to the risk inherent in international operations. Our expansion into lower cost locations may increase operational risk. Some of these economies may be subject to greater political, economic and social uncertainties than countries with more developed institutional structures. Political, economic or social events or developments in one or more of these countries could adversely affect our operations and financial results.

*The impact of COVID-19 and Ukraine Crisis*

The global spread and unprecedented impact of the novel coronavirus ("COVID-19") pandemic is complex and rapidly evolving and resulted in significant disruption to our business. Many of our clients in the travel, entertainment, manufacturing and hospitality industries have been negatively impacted. As a result, the demand for our services and solutions was reduced and had a material impact on our business, results of operations, and cash flows for the year ending December 31, 2020. As our clients started recovering and pivoting from the disruption in 2020, we have experienced steady growth in our business and increased demand for our services and solutions for the year ending December 31, 2021. Moreover, we continued to see slower growth in certain operating expenses due to our conscious decision to invest in the certain functions of our business. As the COVID-19 pandemic may continue to directly or indirectly impact our business, results of operations, cash flows, and financial condition, we may experience an adverse impact on certain parts of our business as a result of governmental restrictions and other measures. Under these circumstances, there may be developments that require us to further adjust our operations.

Recently, the Russia-Ukraine conflict has caused, and continues to intensify, significant geopolitical tensions in Europe and across the globe. The resulting sanctions are expected to have significant impacts on the economic conditions of the targeted countries and markets. Any severe or prolonged slowdown in the global economy may materially and adversely affect our business, results of operations and financial condition.

*Section 172 statement*

The directors acknowledge Section 172(1) of the Companies Act 2006 and their duty to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to:

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

Stakeholder engagement and considering our stakeholders in principal decisions is central in our success as a company. Key stakeholders are identified as those stakeholder groups fundamentally impacted by the performance and decisions of the Group, and those which have a significant impact on the long-term success of the Group. Our key stakeholder groups identified are our clients and customers, our employees, our community and environment and our shareholders.

The Group and its directors have considered the interests of key stakeholders through fostering the Group's business relationships and actively engaging with them. We are committed to tenaciously working on behalf of our clients, and we drive growth for our customers. We look to recruit, develop and inspire a diverse mix of talented people that reflect the communities and clients we serve, and we actively build and sustain an inclusive culture through education, collaboration and accountability. We engage with our shareholders regularly throughout the year, including conducting quarterly earnings presentations and preparing annual financial statements.

The Group and its directors' focus on clients, employees and culture ensures the Group maintains a reputation for high standards of business conduct, and the need to act fairly between members of the Group. Further details about the Group's key stakeholders can be found in the Strategic Report and Directors' Report.

**By Order of the Board**



Mary Ann Sigler  
Director

**Date: 8 September 2022**



## **Directors' report**

The directors present their report and audited consolidated financial statements of Castle Top Holding Limited (the "Company") and its subsidiaries (together, "we", "us" or the "Group") for the year ended 31 December 2021.

## **General information**

The Company was incorporated on 10 December 2019 as a private limited company in the United Kingdom with registered office in England and Wales. The Company is the parent and ultimate controlling party of the Group.

## **Results**

The Group incurred a consolidated comprehensive loss of \$152 million during the period under review. No dividend has been paid or proposed during the period.

## **Going concern**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of its banking facilities for at least a period of twelve months from the date of approval of these financial statements. A portion of the Group's outstanding debt includes contractual terms requiring partial repayment in September 2023. However, the Group can negotiate to renew the term of the loan for increments up to or greater than 12 months. Historically, the Group has exercised this renewal option and expects to continue extending repayment on a recurring basis. The Group believes it has the ability and intent to renew the terms of the loan in the future to extend repayment past 12 months on reaching agreement with both parties. However, if there is no renewal of the term, the Group has sufficient access to liquidity to repay the full amount of the short-term debt. Therefore, the Group does not consider the short-term nature of the outstanding debt a risk to its ability to continue as a going concern.

The accompanying consolidated financial statements have therefore been prepared assuming that the Group will continue as a going concern for at least a period of twelve months from the date of approval of these consolidated financial statements. This basis of accounting contemplates the recovery of the Group's assets and the satisfaction of liabilities in the normal course of business.

## **Future developments and subsequent events**

We intend to continue to drive growth and enhance our market position by acquiring new customers, increasing revenue from existing customers, continuing to develop innovative products and features, expanding into new geographies and market segments, and selectively pursuing strategic acquisitions.

On 31 March 2022, Crimson Hexagon, Inc., an affiliate of the Group, acquired Paladin Software LLC ("Paladin"), an influencer marketing software company, for a total purchase consideration of \$11.5 million. This acquisition enhances the Group's social media offerings and will enable the Group to have end-to-end influencer marketing functionality.

On 31 March 2022, Cision Group Limited and Filter Acquisition Pty Ltd, affiliates of the Group, completed the acquisition of Stroom Pty Ltd ("Stroom") for a total purchase consideration of \$29.1 million. Stroom is a real-time media intelligence company delivering media, monitoring, data, and insights to corporate and government organizations in the Australian market. This acquisition allows the Group to expand its footprint in Australia with an established market leader.

Further details about subsequent events after the balance sheet date can be found in Note 22 to the consolidated financial statements.

## **Research and development**

The Group carries out research and development activities primarily related to design and development of cloud-based software and developing new products and solutions for its customers. For the year ended 31 December 2021, the total expenditure for research and development excluding amortisation was \$75.6 million, comprising \$41.5 million in the Consolidated Statement of Comprehensive Income and \$34.1 million capitalised software development costs. For the year ended 31 December 2020, the total expenditure for research and development excluding amortisation was \$57.8 million, comprising \$25.2 million in the Consolidated Statement of Comprehensive Income and \$32.6 million capitalised software development costs.

***Directors of the Company***

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

E M Kalawski

M A Sigler

I M S Downie

***Directors' indemnities and insurance***

The directors benefited from the indemnity provisions contained in the Company's Articles of Association, as well as qualifying third-party indemnity provisions in place during the financial period at the date of this report. In addition, the Company has arranged and maintained throughout the period liability insurance for the benefit of the Company, its directors and its officers.

***Employees***

We acknowledge that diversity and equality is critical to the Group's ongoing success. We are committed to creating an environment where we embrace differences and empower employees to contribute their best work by being their authentic selves.

The Group is an equal opportunities employer and continues to give full and fair consideration to applications for employment by disabled persons, bearing in mind their aptitudes and abilities. In the event of an employee becoming disabled while working for the Group, all efforts are made to enable that employee to continue, where practicable, in their current role.

***Statement on engagement with suppliers, customers and others in a business relationship with the Company***

The required disclosure on engagement with suppliers, customers and other stakeholders can be found in the Section 172(1) Statement in the Directors' Strategic Report.

***Financial instruments***

Information about the financial instruments held by the Group is provided in Note 2.6 and Note 17 to the consolidated financial statements.

***Political contributions***

During the year ended 31 December 2021, no political contributions were made by the Company or the Group.

***Environment***

Where possible, the Group takes actions to minimise any adverse impact of its operations on the environment.

***Statement of disclosure of information to the auditor***

At the time of approving the Directors' Report, the directors confirm that:

- as far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all of the steps that ought to be taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

***Appointment of auditor***

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and have been reappointed.

***By Order of the Board***



Mary Ann Sigler  
Director

**Date: 8 September 2022**

**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 financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice which are the United Kingdom Accounting Standards, comprising Financial Reporting Standard ("FRS") 101 "Reduced Disclosure Framework", and applicable law.

Under company law, 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 the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**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 the Company's auditors 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 the Company's auditors are aware of that information.

**By Order of the Board**



Mary Ann Stigler  
Director

**Date: 8 September 2022**

# Independent auditors' report to the members of Castle Top Holding Limited

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Castle Top Holding Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheet as at 31 December 2021; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and those charged with governance around any instances of non-compliance with laws and regulations; and
- testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
8 September 2022

**Consolidated Statement of Comprehensive Income**  
*For the year ended 31 December 2021*

<i>(in thousands)</i>	<i>Note</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Revenue	5	\$ 891,503	\$ 671,384
Cost of revenue		<u>352,458</u>	<u>259,303</u>
Gross profit		<u>539,045</u>	<u>412,081</u>
Operating costs and expenses			
Sales and marketing		169,113	117,288
Research and development		41,495	25,244
General and administrative		200,424	190,733
Impairment loss		6,225	-
Amortisation of intangible assets	11	<u>190,057</u>	<u>143,973</u>
Total operating costs and expenses		<u>607,314</u>	<u>477,238</u>
Operating loss		<u>(68,269)</u>	<u>(65,157)</u>
Non operating income (expense):			
Foreign exchange gain/(loss)		43,410	(47,133)
Interest and other income, net	8	2,970	2,949
Gain on sale of business		11,516	-
Interest expense	8	<u>(129,691)</u>	<u>(119,295)</u>
Total non operating expense, net		<u>(71,795)</u>	<u>(163,479)</u>
Loss before income taxes		<u>(140,064)</u>	<u>(228,636)</u>
Benefit from income taxes	9	<u>16,411</u>	<u>51,743</u>
Net loss		<u>(123,653)</u>	<u>(176,893)</u>
Other comprehensive (expense)/income - foreign currency translation adjustments		<u>(27,855)</u>	<u>16,455</u>
Total comprehensive loss		<u>(151,508)</u>	<u>(160,438)</u>
Comprehensive loss is attributable to:			
Owners of the parent		(93,043)	(103,168)
Non-controlling interests		<u>(58,465)</u>	<u>(57,270)</u>
		<u>\$ (151,508)</u>	<u>\$ (160,438)</u>

The amounts above relate to continuing operations. The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Balance Sheet**

**As at 31 December 2021**

<i>(in thousands)</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Non-current assets</b>			
ROU assets	18	\$ 42,091	\$ 56,929
Property and equipment, net	10	67,422	61,745
Other intangible assets, net	11	1,034,327	1,145,119
Goodwill	11	2,009,363	1,716,738
Investments accounted under equity method	12	4,744	3,971
Deferred tax assets	9	4,219	1,850
Other assets		16,935	16,444
<b>Current assets</b>			
Prepaid expenses and other current assets		49,612	35,908
Accounts receivable, net	13	191,238	137,821
Cash and cash equivalents		108,703	144,293
<b>Total assets</b>		<b>3,528,654</b>	<b>3,320,818</b>
<b>Non-current liabilities</b>			
Long-term debt, net of current portion	14	2,441,902	2,166,245
Lease liabilities, net of current portion	18	39,249	51,727
Contract liabilities, net of current portion	5	888	890
Deferred tax liabilities	9	185,107	199,123
Other liabilities		12,216	11,429
<b>Current liabilities</b>			
Current portion of long-term debt	14	18,121	66,915
Accounts payable	15	24,147	15,921
Accrued compensation and benefits		52,890	35,108
Current portion of contract liabilities	5	199,686	167,456
Lease liabilities	18	14,633	16,590
Other accrued expenses		111,761	99,852
<b>Total liabilities</b>		<b>3,100,600</b>	<b>2,831,256</b>
<b>Equity</b>			
Share Capital			
(10,000,000,000 ordinary stock for par value			
\$0.0000013, 2 preference shares for par value			
\$0.0000013; authorised, issued and			
outstanding at 31 December 2020)		13	13
Share premium		417,962	417,962
Accumulated deficit		(189,704)	(113,749)
Accumulated other comprehensive			
(expense)/income		(6,506)	10,581
Equity attributable to owners of the parent		221,765	314,807
Non-controlling interests		206,289	174,755
<b>Total equity</b>		<b>428,054</b>	<b>489,562</b>
<b>Total liabilities and equity</b>		<b>\$ 3,528,654</b>	<b>\$ 3,320,818</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



These financial statements were approved by the board of directors and were signed on its behalf by:



Mary Ann Sigler  
Director

Company registered number: 12357407

Date: 8 September 2022

**Consolidated Statement of Changes in Equity**  
*For the year ended 31 December 2021*

*(in thousands, except  
share amounts)*

	Share Capital		Share Premium	Accumulated Other Comprehensive Income/(Expense)	Accumulated Deficit	Non-controlling Interests	Total Equity
	Shares	\$					
Balances at Inception	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributed	10,000,000,002	13	417,962	-	-	-	417,975
Non-controlling interests	-	-	-	-	-	232,025	232,025
Net loss for the period	-	-	-	-	(113,749)	(63,144)	(176,893)
Other comprehensive income	-	-	-	10,581	-	5,874	16,455
Balances at 31 December 2020	10,000,000,002	\$ 13	\$ 417,962	\$ 10,581	\$ (113,749)	\$ 174,755	\$ 489,562
Capital contributed	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	90,000	90,000
Net loss for the period	-	-	-	-	(75,955)	(47,698)	(123,653)
Other comprehensive expense	-	-	-	(17,087)	-	(10,768)	(27,855)
Balances at 31 December 2021	10,000,000,002	\$ 13	\$ 417,962	\$ (6,506)	\$ (189,704)	\$ 206,289	\$ 428,054

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2021**

<i>(in thousands)</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (123,653)	\$ (176,893)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortisation	276,611	212,112
Amortisation of ROU assets	15,464	13,469
Non-cash interest charges and amortisation of debt discount and deferred financing cost	15,948	13,386
Provision for doubtful accounts	7,224	15,734
Income tax benefit	16,411	(51,743)
Unrealised foreign currency (gains)/losses	(44,827)	47,327
Finance costs	129,691	119,295
Gain on sale of business	(11,516)	-
Impairment of long lived assets	6,225	-
Changes in operating assets and liabilities, net of effects of acquisitions and disposal:		
Accounts receivable	(49,389)	12,599
Prepaid expenses and other current assets	(7,727)	8,213
Other assets	(2,433)	(4,071)
Accounts payable	2,358	2,790
Accrued compensation and benefits	17,311	6,829
Other accrued expenses	(61,617)	(23,484)
Deferred revenue	14,440	10,630
Other liabilities and net change in finance leases	397	(16,523)
Interest paid	(109,985)	(90,361)
Income taxes paid	(15,262)	(11,120)
Net cash provided by operating activities	<u>75,671</u>	<u>88,189</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(5,631)	(7,676)
Software development costs	(34,115)	(28,199)
Acquisitions of businesses, net of cash and restricted cash acquired of \$10,711 and \$114,529	(352,429)	(2,699,953)
Proceeds from disposal of business	38,683	-
Net cash used in investing activities	<u>(353,492)</u>	<u>(2,735,828)</u>
<b>Cash flows from financing activities</b>		
Proceeds from term credit facility, net of debt discount of \$12,538 and \$51,625	282,462	1,699,595
Repayments of term credit facility	(17,703)	(11,924)
Proceeds from senior notes, net of discount of \$3,750	-	296,250
Debt issuance costs	(3,507)	(35,499)
Proceeds from related party loans	-	300,000
Payments on related party loans	-	(300,000)
Cash paid for principal portion of finance leases	(17,620)	(11,875)
Proceeds from Subline Debt	-	500,000
Repayment from Subline Debt	-	(300,000)
Proceeds from issuance of equity	-	650,000
Net cash provided by financing activities	<u>243,632</u>	<u>2,786,547</u>

Castle Top Holding Limited  
Annual report and financial statements  
31 December 2021

Effect of exchange rate changes on cash and cash equivalents	<u>(1,401)</u>	<u>5,385</u>
(Decrease)/Increase in cash and cash equivalents	\$ (35,590)	\$ 144,293
<b>Cash and cash equivalents</b>		
Beginning of period	<u>144,293</u>	<u>-</u>
End of period	<u>108,703</u>	<u>144,293</u>
<b>Supplemental disclosure of cash flows information</b>		
<b>Supplemental noncash information</b>		
Additions to property, equipment and purchased software through accounts payable and accrued expenses	4,703	4,401

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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

### **1 General information**

Castle Top Holding Limited ("the Company" or sometimes referred to as "we" or "our"), a private limited company domiciled in the United Kingdom and registered office in England and Wales, was formed on 10 December 2019 ("Inception") for the purpose of completing the acquisition of Cision Ltd. ("Cision") which closed on 31 January 2020. The registered number is 12357407 and the registered address is 100 New Bridge Street, London, United Kingdom, EC4V 6JA. These financial statements present all activities and results of operations of the year ended 31 December 2021 and for the period from Inception to 31 December 2020.

The primary operations of the Company commenced after the acquisition of Cision Ltd. on 31 January 2020. We are a leading provider of cloud-based software, media intelligence and distribution services, and other related professional services to the marketing and public relations industry. Communications professionals use the Group's products and services to identify and connect with media influencers, manage industry relationships, create and distribute content, monitor media coverage, perform advanced analytics and measure the effectiveness of their campaigns. The Group has primary offices in Chicago, Illinois, Beltsville, Maryland, Boston, Massachusetts, Ann Arbor, Michigan, New York, New York, Cleveland, Ohio, Austin, Texas, and Albuquerque, New Mexico with additional offices in the United States, as well as Australia, Brazil, Bulgaria, Canada, China, Denmark, Dubai, France, Germany, Hong Kong, Hungary, India, Malaysia, Mexico, Portugal, Singapore, South Korea, Sweden, Taiwan, the United Kingdom and Vietnam.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

### **2 Significant accounting policies**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3 Critical accounting judgements and key sources of estimation uncertainty.

#### **2.1 Basis of preparation**

The Group financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 56 to 58.

The financial statements are prepared on the historical cost basis except for certain assets and liabilities measured at fair value as described in the following accounting policy notes.

#### **2.2 Adoption of new and revised Standards**

The Group has adopted the following IFRSs in these financial statements:

- Amendments to IFRS 9 Financial Instruments: Interest Rate Benchmark Reform Phase 2

#### **2.3 Going concern**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities, as disclosed in Note 14 Debt, for at least a period of twelve months from the date of approval of these financial statements. A portion of the Group's outstanding debt includes contractual terms requiring partial repayment in September 2023. However, the Group can negotiate to renew the term of the loan for increments up to or greater than 12 months. Historically, the Group has exercised this renewal option and expects to continue extending repayment on a recurring basis. The Group believes it has the ability and intent to renew the terms of the loan in the future to extend repayment past 12 months on reaching agreement with both parties. However, if there is no renewal of the term, the Group has sufficient access to liquidity to repay the full amount of the short-term debt. Therefore, the Group does not consider the short-term nature of the outstanding debt a risk to its ability to continue as a going concern.

The accompanying consolidated financial statements have therefore been prepared assuming that the Group will continue as a going concern for at least a period of twelve months from the date of approval of these consolidated

financial statements. This basis of accounting contemplates the recovery of the Group's assets and the satisfaction of liabilities in the normal course of business.

## **2.4 Basis of consolidation**

### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### ***Associates and joint ventures***

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

The Group's investment in an unconsolidated affiliate over which the Group has significant influence was accounted for under the equity method of accounting. The investment was acquired by Cision and the purchase price of the acquired entity was allocated to the investee based on its fair value as of the acquisition date. The Group records its share of the undistributed income or loss from this investment, which, to date, have been immaterial.

### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

### ***Non-controlling interests***

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group. Non-controlling interests in subsidiaries are identified separately in the Consolidated Balance Sheet, separately from the Group's equity therein.

## **2.5 Foreign currency**

The reporting currency for the period presented is the United States ("US") dollar. The functional currency for the Group's foreign operating subsidiaries is their local currency. The functional currency of the Group and substantially all of its non-operating subsidiaries is the US dollar. The financial statements of these operating subsidiaries are translated into US dollars using exchange rates in effect at each balance sheet date for assets and liabilities and average exchange rates during the period for revenues and expenses. The resulting translation adjustments are included in accumulated other comprehensive loss, a separate component in the statement of changes in equity. Gains or losses, whether realised or unrealised due to transactions in foreign currencies and the remeasurement of certain intercompany balances, are included in the consolidated statements of net loss and total comprehensive loss.

## **2.6 Financial instruments**

### **(i) Financial assets**

Trade receivables are recorded when the customer has been billed or the right to consideration is unconditional and are initially measured at the transaction price, which is generally equivalent to fair value plus directly related transaction costs. Trade receivables are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables to measure expected credit losses. These estimates are made by analysing the status of significant past-due receivables and by establishing provisions for estimated losses by analysing current and historical bad debt trends. Actual collection experience has not varied significantly from prior estimates. The allowance for credit losses at 31 December 2021 and 2020 was \$19.6 million and \$15.7 million, respectively.

#### *Cash and cash equivalents*

The Group considers all highly liquid investments with original maturity dates of three months or less at the time of purchase to be cash equivalents. For the year ended 31 December 2021 the Group did not carry any investments with original maturity dates of longer than three months.

#### **(ii) Financial liabilities**

The Group's financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### *Deferred financing costs and debt discounts*

The Group amortises costs to obtain financing over the term of the underlying obligation using either the effective interest method or the straight-line method, as appropriate. Debt discounts and deferred financing costs are netted from the carrying value of the debt and amortised over the term of the debt using the effective interest method. Deferred financing fees related to the Group's revolving debt facilities are included within other assets in the consolidated balance sheet. The amortisation of deferred financing costs and debt discounts is included in interest expense in the accompanying consolidated statement of comprehensive income.

#### **2.7 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: three to five years for computer and office equipment and five to seven years for furniture and fixtures. Assets acquired under leasehold improvements are amortised using the straight-line method over the shorter of the estimated useful lives of the assets or the terms of the leases. Repairs and maintenance costs are charged to expense as incurred. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are eliminated from the financial statements and any resulting gain or loss is recorded in the results of operations.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### *Internally developed software*

The Group incurs software development costs related to its internally developed software. Qualifying costs incurred during the development phase are capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. These costs primarily consist of internal labour and third-party development costs and are amortised using the straight-line method over the estimated useful life of the software, which is generally two years. Capitalised software development and database costs are stated at cost less accumulated amortisation and less accumulated impairment losses.

All other research and development costs are expensed as incurred. Costs to maintain and update the information database are expensed within cost of revenues as these expenses are incurred.

#### **2.8 Business combinations**

The Group's business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group has completed acquisitions of businesses that have resulted in the recording of goodwill and identifiable definite-lived intangible assets. The Group recognises all of the assets acquired and liabilities assumed at their fair values on the acquisition date. The Group uses significant estimates and assumptions, including fair value estimates, as of the acquisition date using the income and cost approaches (or a combination thereof). Fair values are determined based on Level 3 inputs, including estimated future cash flows, discount rates, royalty rates, growth rates, sales projections, customer retention rates and terminal values, all of which require significant management judgment. The Group refines these estimates that are provisional, as necessary, during the measurement period. The measurement period is the period after the acquisition date, not to exceed one year, in which new information may be gathered about facts and circumstances that existed as of the acquisition date to adjust the provisional amounts recognised. Adjustments to assets and liabilities within the measurement period are recorded with a corresponding offset to goodwill. All other adjustments, including those after the conclusion of the measurement period, are recorded to the consolidated statement of comprehensive income.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred separately from the acquisition and generally are included in general and administrative expenses in the consolidated statement of comprehensive income.

## **2.9 Intangible assets and goodwill**

### **Goodwill**

Goodwill represents the excess of the cost of an acquired entity over the net fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised, but rather is assessed for impairment at least annually. The Group performs its annual impairment assessment in October, or whenever events or circumstances indicate impairment may have occurred. The Group performs its annual goodwill impairment assessment based on the recoverable amount, the higher of fair value less costs of disposal and value in use, compared to the carrying amount of each of the Group's Cash Generating Units ("CGU").

### **Other intangible assets**

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets consist of customer relationships, trade names and purchased technology acquired in business combinations. Intangible assets are amortised using the accelerated method, which approximates the pattern of the economic benefit of the asset, over their estimated useful lives ranging from two to fifteen years.

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

## **2.10 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount of an asset or its CGU is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss recognised in respect of goodwill is never subsequently reversed. 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **2.11 Employee benefits**

The Group sponsors defined-contribution, profit-sharing and other benefit plans in the US, Canada, the United Kingdom and France. Contributions to defined contribution pension plans are recognised as an expense as incurred.

The Group maintains defined benefit pension plans whereby pension expense is determined based on a number of actuarial assumptions, which are reviewed on an annual basis. The defined benefit plans are closed to new participants. The actuarial assumptions used include discount rate, expected rate of return on plan assets, rate of salary increases and other factors. The overfunded and unfunded status of the plans are recognised as long-term assets or long-term liabilities, respectively, in the consolidated balance sheet. 31 December 2021 is the measurement date for the defined benefit pension plans.

### **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.

## **2.12 Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## **2.13 Revenue**

The Group accounts for revenue contracts with customers by applying the requirements of IFRS 15, Revenue from Contracts with Customers, which includes the following steps:

- Identification of the contract, or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of the revenue when, or as, the Group satisfies a performance obligation.

The Group derives its revenue from access to its cloud-based technology platform and related media management and analysis services sold on a subscription basis. Revenue is also derived from the distribution of press releases on both a subscription basis and separately from non-subscription arrangements. Dependent on the nature of the distribution contract with the customer, the Group recognises revenue on subscription basis over the contract term of the subscription (recognising revenue over time), or on a per-transaction basis when the press releases are made available to the public (recognising revenue at a point in time).

Subscription services include access to the Group's software platform and associated hosting services, content and content updates, customer support and media management and analysis services. Subscription services are recognised ratably over the contractual period that the services are delivered, beginning on the date in which such service is made available to the customer. Subscription agreements are typically one year in length and are non-cancellable, though customers have the right to terminate their agreements if the Group materially breaches its obligations under the agreement. Software subscription agreements do not provide customers the right to take possession of the software at any time. The Group does not charge customers an upfront fee for use of the platform and implementation activities are insignificant and not subject to a separate fee. In certain cases, the Group charges annual membership fees which are recognised ratably over the one-year membership period.

The Group accounts for a contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified and payment terms can be identified, the contract has commercial substance and it is probable that the Group will collect substantially all of the consideration. Revenue is recognised when, or as, performance obligations are satisfied by transferring control of the promised service to a customer. The transaction price for subscription arrangements and services is generally fixed at contract inception. The Group's standard payment terms are generally net 30 days. For transaction-based services, which predominantly comprise press release distributions, customers are invoiced in the month the release is made available to the public.

In the event that a customer arrangement contains multiple services, the Group determines whether such goods or services are distinct performance obligations that should be accounted for separately in the arrangement. When arrangements contain multiple performance obligations, further evaluation is usually not required given such performance obligations are generally recognised over time using the same measure of progress and thus, are accounted for as a single performance obligation. Otherwise, when allocating the transaction price in the arrangement, the Group uses the estimated standalone selling price of each distinct performance obligation. In order to estimate the standalone selling prices, the Group relies on the price charged for stand-alone sales, expected cost plus margin and adjusted market assessment approaches. Revenue is then recognised over the pattern of performance as each obligation is satisfied as discussed above.

The transaction price for the Group's subscription arrangements and professional services is generally fixed at contract inception.

### ***Transaction Price Allocated to the Remaining Performance Obligations***

Transaction price allocated to remaining performance obligations represents contract revenue that has not yet been recognised. The Group has elected the practical expedient to not disclose the transaction price allocated to

remaining performance obligations that are part of a contract that has an original expected duration of one year or less.

#### *Contract Balances*

Trade receivables are recorded when the customer has been billed or the right to consideration is unconditional. Contract balances consists of payments received from or billings to customers in advance of revenue recognition. Contract liabilities to be recognised in the succeeding twelve-month period is included in current contract liabilities with the remaining amounts included in non-current contract liabilities. Invoices issued in advance of the fulfilment of a deliverable or the start of the customers' subscription term are not material.

#### *Sales Commissions*

In accordance with IFRS 15, the Group capitalises incremental costs incurred to obtain a contract when such costs would have not been incurred if the contract had not been obtained. The Group has elected to expense costs incurred when the amortisation period would be one year or less. Initial sales commissions for subscription contracts are deferred and amortised on a straight-line basis over a period of benefit that the Group estimates to be three years. The Group determines the period of benefit by taking into consideration the average technology life and average customer life. Amortisation of deferred sales commissions is included as a component of sales and marketing expenses in the Group's consolidated statements of comprehensive income.

### **2.14 Expenses**

#### *Advertising costs*

The Group expenses advertising costs as incurred.

#### *Financing income and expenses*

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

Financing income comprise 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.

### **2.15 Comprehensive loss**

Comprehensive loss includes the Group's net loss and foreign currency translation adjustments. There are no other material components of comprehensive loss for the periods ended 31 December 2021 and 2020.

### **2.16 Taxation**

Income taxes are determined utilising the asset and liability method whereby deferred tax assets and liabilities are recognised for deductible or taxable temporary differences between the respective reported amounts and tax bases of assets and liabilities, as well as for operating loss and tax-credit carry forwards.

The Group's estimates related to liabilities for uncertain income tax treatment require it to consider whether it is probable that the tax authority will accept the entity's tax treatment included or planned to be included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information. If the tax authority is likely to accept the entity's tax treatment, then the current and deferred taxes are measured consistently with the tax treatment in the income tax filing. However, if the tax authority is unlikely to accept the tax treatment then the effect of the tax uncertainty is reflected in determining the related taxable profit (tax loss), tax basis, unused tax losses, unused tax credits and tax rates. To do this, the group uses either the most likely amount or the expected value method based on which one best predicts the resolution of the uncertainty.

Tax on the profit or loss for the period 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. For income tax arising on dividends, the related tax is recognised in the income statement, statement of comprehensive income, or in equity consistently with the transactions that generated the distributable profits.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Group's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

#### **2.17 Leases**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 lease Right-of-Use ("ROU") assets and lease liabilities in the consolidated balance sheet. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognised at commencement date based on the present value of lease payments over the lease term. The Group uses an incremental borrowing rate based on the estimated rate of interest for collateralised borrowing over a similar term of the lease payments at commencement date. The ROU asset also includes any lease payments made and excludes lease incentives. The Group's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option (or no exercise the option to terminate).

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is measured at amortised cost using the effective interest method.

The Group has elected not to recognise ROU assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *As a lessor*

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 ROU asset arising from the head lease, not with reference to the underlying asset.

##### *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 ROU asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect any favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated ROU 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.

#### **2.18 Financial risk management**

The Company's exposure to financial risks is managed as part of the Group. Full details about the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in Note 17 to the consolidated financial statements.

### **2.19 Adopted IFRS not yet applied**

The following Adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
- Amendments to References to the Conceptual Framework in IFRS 3
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements
- Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract

### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with accounting principles requires management to make certain estimates and assumptions. The estimates and associated assumptions are based on management's knowledge, historical experience and other factors that are considered to be relevant.

#### **3.1 Critical judgements in applying the Group's accounting policies**

##### **Business combinations**

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of critical judgement. This assessment requires the use of judgement when assessing whether an acquisition includes inputs and a significant process that together significantly contribute to the ability to create outputs. In addition, IFRS 3 Business Combinations also propose a screening test that determines that a set of activities and assets is not considered a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. This screening test involves the use of judgement. Changes in the judgement used in determining if an acquisition meets the definition of a business could impact the amounts recorded in the consolidated financial statements at the time of the acquisition.

##### **Income taxes**

The Group operates in a number of tax jurisdictions and is, therefore, required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future operating results. The Group estimates deferred income taxes based on the difference between the tax base of an asset or liability under the applicable tax laws and its carrying amount in its consolidated financial statements. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the consolidated financial statements. The calculation of income taxes requires the use of judgment and estimates. The determination of the recoverability of deferred tax assets is dependent on assumptions and judgments regarding future market conditions, production rates and intercompany sales, which can materially impact estimated future taxable income. If these judgements and estimates prove to be inaccurate, future earnings may be materially impacted.

##### **Determining lease term**

Some of the Group's leases include extension and termination options, and the Group exercises judgement in determining lease term by considering the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

#### **3.2 Key sources of estimation uncertainty**

On an on-going basis, the Group evaluates its estimates, including, but not limited to, those related to the allowance for doubtful accounts, software development costs, useful lives of property, equipment and internal use

software, intangible assets and goodwill, and income taxes. The Group bases its estimates on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities as well as the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

As of 31 December 2021, the impact of the outbreak of COVID-19 continues to create significant uncertainty and disruption in the global economy and financial markets. It is reasonably possible that these uncertainties could materially impact the Group's estimates related to, but not limited to, revenue recognition, allowance for doubtful accounts, and impairments on goodwill and intangible assets. As a result, many of the Group's estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. The estimates may change as new events occur and additional information emerges, and such changes are recognised or disclosed in the consolidated financial statements.

#### **Measurement of the expected credit losses**

The measurement of the Expected Credit Losses ("ECL") for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 2.6.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Every change in the ECL rates by +/- 1% for trade receivables of ages less 30 days, 31-60 days, 61-90 days and greater than 90 days would have an approximately \$0.4 million, \$0.2 million, \$0.1 million, and \$0.6 million impact on the loss allowance on trade receivables as of 31 December 2021.

#### **Measurement of intangible assets acquired**

The Group uses its best estimates and assumptions to accurately assign fair value to the intangible assets acquired at the acquisition date. The estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of these intangible assets, as well as the sensitivity of the respective fair values to the underlying significant assumptions. The discounted cash flow method, income-based approach is used to measure the fair value of these intangible assets. The significant estimates and assumptions used are in respect to (i) the useful lives of the intangible assets; (ii) projected cash flows attributable to the intangible assets; and (iii) the discount rates to be applied to the estimated future cash flows.

#### **Impairment of goodwill and intangible assets**

The Group determines whether goodwill and intangible assets are impaired on an annual basis, or whenever there is an indication that the asset may be impaired. This requires the estimation of the recoverable amounts, the higher of fair value less costs of disposal and value in use of the cash generating units to which the goodwill and intangible assets are allocated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

#### **4 Business combinations and disposals**

##### ***Sale of Government Relations Net Assets***

On 30 November 2021, the Group sold the net assets of its government relations business for approximately \$39.4 million in cash consideration, of which \$38.7 million was received at closing. The remaining \$0.7 million is included as an other receivable in the consolidated balance sheet at 31 December 2021. The transaction reduced goodwill by \$21.4 million, reduced intangible assets by \$6.7 million, and resulted in a gain of approximately \$11.5 million which was recorded as non operating income in the consolidated statements of operations and comprehensive loss. The Group was required to provide certain transition services through May 2022.

##### ***Acquisition of Brandwatch***

On 1 June 2021, Castle Intermediate Holding II Limited, an affiliate of the Company, completed the acquisition of Runtime Collective Limited ("Brandwatch"). The purchase price was \$453.1 million and consisted of \$363.1 million in cash consideration, and the issuance of shares of common stock of Castle Intermediate Holding II Limited valued at \$90.0 million. The issuance of common stock is disclosed under Non-controlling interests in the Consolidated Balance Sheet. The Group took out an incremental term loan of \$295.0 million in connection with the closing of the Brandwatch acquisition and paid the remaining cash consideration with cash on hand. Castle Intermediate Holding II Limited contributed Brandwatch to Castle Intermediate Holding V Limited, an affiliate of the Company, which recorded a capital contribution for \$90.0 million. At the date of acquisition, Brandwatch had over 500 employees with offices in the United Kingdom, France, Spain, Germany, Singapore, Australia, and the United States.

Brandwatch is a leading provider of digital consumer intelligence, allowing users to analyse and utilize conversations from across the web and social media. This acquisition broadened Cision's leadership in media intelligence by integrating the AI and machine learning technology of Brandwatch with our existing social business.

The Group incurred acquisition-related transaction costs of \$8.3 million, which are included in general and administrative expense in the 31 December 2021, consolidated statements of operations and comprehensive loss. The acquisition was accounted for under the purchase method of accounting. The operating results are included in the accompanying consolidated financial statements from 1 June 2021. The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on fair values as of the acquisition date.

The following table summarises the preliminary allocation of the purchase price by the Group to the fair value of the assets and liabilities. During the year ended 31 December 2021, the Group made measurement period adjustments to the initial purchase price allocation that resulted in a decrease in accounts receivable of \$0.5 million, a decrease in prepaid and other current assets of \$2.1 million, an increase of intangible assets of \$2.5 million, an increase in goodwill of \$5.1 million, an increase in accrued liabilities of \$0.8 million, an increase in deferred revenue of \$0.3 million, and an increase in deferred taxes of \$3.8 million. The amounts related to intangible assets shown below are preliminary and subject to adjustment as additional information is obtained about the facts and circumstances that existed at the date of acquisition. The identifiable intangible assets include the trade name, customer relationships and purchased technology and are being amortised over four to fifteen years on an accelerated basis.

<i>(in thousands)</i>	<u>Purchase Price Allocation</u>
Cash, cash equivalents and restricted cash	\$ 10,711
Accounts receivable	14,161
Prepaid and other assets	6,978
Property, equipment and software	1,935
ROU assets	7,001
Other intangible assets:	
Trade name	4,940
Customer relationships	96,791
Purchased technology	51,881
Goodwill	335,497
Total assets acquired	<u>529,895</u>
Accounts payable and accrued liabilities	(26,853)
Contract liabilities	(24,087)
Deferred tax liabilities	(18,814)
Lease liabilities	(7,002)
Total Liabilities Assumed	<u>(76,756)</u>
Net assets acquired	<u>\$ 453,139</u>

Goodwill will not be deductible for tax purposes. The excess of the purchase price over the total net identifiable assets has been recorded as goodwill which is attributable primarily to synergies expected from the expanded technology and service capabilities from the integrated business as well as the value of the assembled workforce in accordance with generally accepted accounting principles.

#### **Acquisition of Cision**

On 31 January 2020, 100% of the voting interests of Cision Ltd. were acquired for \$10.00 per share and the repayment of all existing debt. The preliminary purchase price was approximately \$2,817.1 million, consisting of approximately \$2,795.3 million in cash consideration, \$1.8 million held in escrow to be released in April 2020 and \$20.0 million in deferred cash consideration. The \$20.0 million deferred cash consideration is comprised of \$18.5 million in change of control restricted stock units which were paid in February 2020 and \$1.5 million restricted stock units which converted to a deferred cash plan to be paid out in cash consideration based on the original awards vesting schedule.

Total acquisition related costs incurred during the period ended 31 December 2020 were \$29.3 million. The acquisition costs are included in general and administrative expense in the consolidated statement of comprehensive income. The acquisition was accounted for under the purchase method of accounting. The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on estimated fair values as of the acquisition date.

The following table summarises the allocation of the purchase price by the Group to the fair value of the assets and liabilities. The identifiable intangible assets include the trade name, customer relationships and purchased technology and are being amortised over two to fifteen years on an accelerated basis.

<i>(in thousands)</i>	<u>Purchase Price Allocation</u>	
Cash, cash equivalents and restricted cash	\$	114,529
Accounts receivable		161,863
Prepaid and other assets		50,938
Property, equipment and software		35,187
ROU assets		66,011
Other intangible assets:		
Trade name		424,400
Customer relationships		680,825
Purchased technology		216,250
Goodwill		1,698,411
Total assets acquired		<u>3,448,414</u>
Accounts payable and accrued liabilities		(165,381)
Contract liabilities		(159,877)
Deferred tax liabilities		(233,912)
Lease liabilities		(72,189)
Total Liabilities Assumed		<u>(631,359)</u>
Net assets acquired	\$	<u>2,817,055</u>

## 5 Revenue from contracts with customers

### (i) Disaggregation of revenue

On 1 June 2021, the Group completed the acquisition of Brandwatch. As a result of the acquisition, the Group reassessed its disaggregation of revenue and determined the social media business would be further disaggregated from geographic region. Refer to Note 11 for further details of the reorganisation. For the year ended 31 December 2021, the Group disaggregated revenue from contracts with external customers into the following reporting units: Americas, Europe, Middle East and Africa ("EMEA"), Asia-Pacific ("APAC"), and Social. Revenue from India is included within the EMEA region to reflect the India business that is closely tied to the United Kingdom business.

The disaggregation of revenue presented below for the year ended December 31, 2021 and period ended 31 December 2020 has been updated to reflect the reassessed reporting units.

<i>(in thousands)</i>	<u>2021</u>		<u>2020</u>	
Americas	\$	538,251	\$	444,778
EMEA		204,458		161,414
APAC		43,794		30,626
Social		105,000		34,566
Total	\$	<u>891,503</u>	\$	<u>671,384</u>

### (i) Contract balances

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

<i>(in thousands)</i>	<u>2021</u>		<u>2020</u>	
Receivables	\$	181,904	\$	133,990
Contract assets		9,334		3,831
Contract liabilities		200,574		168,346



The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when billed to the customer. The contract liabilities primarily relate to the advance consideration received from customers.

The Group acquired contract liabilities balance of \$24.1 million in the business combination with Brandwatch. The Group recognised \$167.5 million of revenue during the year ended 31 December 2021 that was included in the contract liabilities balance at the beginning of the period. Refer to the policy for recognising contract balances in Note 2.13 Revenue.

**(ii) Contract costs**

As of 31 December 2021 and 2020, the asset balance for costs to obtain a contract was \$15.4 million and \$7.3 million, respectively, of which \$9.9 million and \$4.6 million, respectively, is expected to be amortised in the next twelve months. Commissions recognised during the year ended 31 December 2021 and 2020 were \$48.8 million and \$24.7 million, respectively.

**6 Auditors' remuneration**

(in thousands)

	2021	2020
Audit of these financial statements	\$ 2,025	\$ 1,946
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	280	361
Taxation compliance services	1,116	1,056
Other tax advisory services	747	1,118
Foreign statutory fees	410	-
Audit-related assurance services, with respect to business transactions	2,255	-
Other assurance services	-	6
All other services	-	281
	<u>\$ 6,833</u>	<u>\$ 4,768</u>

**7 Staff numbers and costs**

The monthly average number of persons employed by the Group in the periods ended 31 December 2021 and 2020, analysed by category, was as follows:

	2021	2020
Executive & Admin	31	17
Finance	228	231
Human resources	91	73
Information Technology	132	207
Legal	125	11
Marketing	69	85
Operations	2,673	2,155
Product & Technology	577	373
Sales & CX	1,499	1,379
Total	<u>5,425</u>	<u>4,531</u>

The aggregate payroll costs during the period were as follows:

(in thousands)

	2021	2020
Wages and salaries	\$ 150,176	\$ 188,992
Social security costs	19,135	22,433
Contributions to defined contribution plans	3,493	3,498
Expenses related to defined benefit plans	2,289	2,039
	<u>\$ 175,093</u>	<u>\$ 216,962</u>

## 8 Finance income and expense

For the periods ended 31 December 2021 and 2020, the Group incurred total interest expense of \$129.7 million and \$119.3 million, and recognised interest income of \$0.2 million and \$0.2 million respectively.

## 9 Income taxes

For the periods ended 31 December 2021 and 2020, the provision for income taxes consisted of the following:

<i>(in thousands)</i>	<b>2021</b>	<b>2020</b>
<b>Recognised in the income statement</b>		
Current tax expense/(benefit)		
Current period	\$ 16,990	\$ (15,105)
Current tax expense/(benefit)	<u>16,990</u>	<u>(15,105)</u>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(26,246)	(37,893)
Change in tax rate	(2,928)	1,255
Recognition of previously unrecognised tax losses	(4,227)	-
Deferred tax benefit	<u>(33,401)</u>	<u>(36,638)</u>
Total provision for income taxes recognised in income statement	\$ <u>(16,411)</u>	\$ <u>(51,743)</u>

### Income tax recognised in other comprehensive income

<i>(in thousands)</i>	<b>2021</b>	<b>2020</b>
Pension	\$ (505)	\$ -
Total tax recognised in other comprehensive income	<u>(505)</u>	<u>-</u>

The Company is a United Kingdom entity with a 19% statutory tax rate with subsidiaries in various jurisdictions including the US, Canada, France, Germany, Denmark, and China. The Company's effective tax rate differed from the United Kingdom statutory rate as a result of the different foreign statutory rates in each of its subsidiaries, certain non-deductible expenses, including transaction costs and Global Intangible Low-Taxed Income ("GILTI"), and gain from the asset sale of the government relations business. In addition, differences were caused from US state income taxes, losses and deductible temporary differences for which no deferred tax asset was recognised and the release of uncertain tax positions. An increase in the United Kingdom corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the March 2020 Budget and substantively enacted on 24 May 2021. This will increase the future rate at which the Company pays the applicable United Kingdom tax accordingly.

The differences between the total tax benefit for the periods ended 31 December 2021 and 2020 and the amount calculated by applying the standard rate of United Kingdom corporation tax to the loss before tax is as follows:

<i>(in thousands)</i>	<b>2021</b>	<b>2020</b>
Loss for the period	\$ (123,653)	\$ (176,893)
Total tax benefit	<u>(16,411)</u>	<u>(51,743)</u>
Loss excluding taxation	<u>(140,064)</u>	<u>(228,636)</u>
Tax using the United Kingdom corporation tax rate of 19%	(26,612)	(43,441)
Effect of tax rates in foreign jurisdictions	(1,358)	(8,826)
Non-deductible expenses	7,034	3,548
Uncertain income tax treatments	(2,095)	(9,012)
Losses and deductible temporary differences for which no deferred tax asset was recognised	15,377	6,262
Recognition of previously unrecognised tax losses	(4,227)	-
Other	(4,530)	(274)
Total tax benefit	\$ <u>(16,411)</u>	\$ <u>(51,743)</u>

The Group's deferred tax components consisted of the following at 31 December 2021:

<i>(in thousands)</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Intangible assets	\$ -	\$ (242,275)	\$ (242,275)
Property and equipment	1,067	-	1,067
Capitalised software development costs	-	(6,829)	(6,829)
ROU Asset	-	(6,160)	(6,160)
Transaction Costs	1,427	-	1,427
Deferred Revenue	4,106	-	4,106
Deferred interest	13,990	-	13,990
Allowance for doubtful accounts	5,177	-	5,177
Accrued Expenses	6,777	-	6,777
Operating Lease Liability	7,229	-	7,229
Unrealised Gain/Loss	1,255	-	1,255
Tax Credits	3,338	-	3,338
Tax value of loss carry-forwards	31,317	-	31,317
Other	2,469	(3,776)	(1,307)
 Tax assets / (liabilities)	 78,152	 (259,040)	 (180,888)
Net of tax (liabilities)/assets	(73,933)	73,933	-
Net tax assets / (liabilities)	\$ 4,219	\$ (185,107)	\$ (180,888)

The Group's movement in deferred taxes during the year ended 31 December 2021 is as follows:

<i>(in thousands)</i>	<u>1 January 2021</u>	<u>FX</u>	<u>Recognised in income</u>	<u>Purchase Accounting</u>	<u>31 December 2021</u>
Intangible assets	\$ (280,123)	\$ 7,802	\$ 67,409	\$ (37,363)	\$ (242,275)
Property, plant and equipment	(1,206)	(389)	1,101	1,561	1,067
Capitalised software development costs	(4,799)	213	(2,243)	-	(6,829)
ROU Asset	(7,704)	42	1,502	-	(6,160)
Transaction Costs	1,554	(3)	(124)	-	1,427
Deferred Revenue	4,007	94	1,657	(1,652)	4,106
Deferred interest	7,547	160	6,105	178	13,990
Allowance for doubtful accounts	4,261	(860)	1,693	83	5,177
Accrued Expenses	3,537	(447)	3,042	645	6,777
Operating Lease Liability	9,040	(159)	(1,837)	185	7,229
Unrealised Gain/Loss	14,125	(275)	(12,612)	17	1,255
Tax Credits	5,340	(55)	(1,947)	-	3,338
Tax value of loss carry forwards	48,434	(3,822)	(30,827)	17,532	31,317
Other	(1,286)	(503)	482	-	(1,307)
	\$ (197,273)	\$ 1,798	\$ 33,401	\$ (18,814)	\$ (180,888)

The Group's deferred tax components consisted of the following at 31 December 2020:

(in thousands)	Assets	Liabilities	Net
Intangible assets	\$ -	\$ (280,123)	\$ (280,123)
Property and equipment	-	(1,206)	(1,206)
Capitalised software development costs	-	(4,799)	(4,799)
ROU Asset	-	(7,704)	(7,704)
Transaction Costs	1,554	-	1,554
Deferred Revenue	4,007	-	4,007
Deferred interest	7,547	-	7,547
Allowance for doubtful accounts	4,261	-	4,261
Accrued Expenses	3,537	-	3,537
Operating Lease Liability	9,040	-	9,040
Unrealised Gain/Loss	14,125	-	14,125
Tax Credits	5,340	-	5,340
Tax value of loss carry-forwards	48,434	-	48,434
Other	3,355	(4,641)	(1,286)
	<u>101,200</u>	<u>(298,473)</u>	<u>(197,273)</u>
Tax assets/(liabilities)	101,200	(298,473)	(197,273)
Net of tax (liabilities)/assets	(99,350)	99,350	-
Net tax assets/(liabilities)	<u>\$ 1,850</u>	<u>\$ (199,123)</u>	<u>\$ (197,273)</u>

The Group's movement in deferred taxes during the period ended 31 December 2020 is as follows:

(in thousands)	Acquisition	Recognised in income	31 December 2020
Intangible assets	\$ (322,200)	\$ 42,077	\$ (280,123)
Property, plant and equipment	736	(1,942)	(1,206)
Capitalised software development costs	874	(5,673)	(4,799)
ROU Asset	(9,363)	1,659	(7,704)
Transaction Costs	(2,064)	3,618	1,554
Deferred Revenue	(5,571)	9,578	4,007
Deferred interest	56,532	(48,985)	7,547
Allowance for doubtful accounts	3,198	1,063	4,261
Accrued Expenses	4,113	(576)	3,537
Operating Lease Liability	10,112	(1,072)	9,040
Unrealised Gain/Loss	15	14,110	14,125
Tax Credits	880	4,460	5,340
Tax value of loss carry forwards	28,745	19,689	48,434
Other	81	(1,367)	(1,286)
	<u>\$ (233,912)</u>	<u>\$ 36,639</u>	<u>\$ (197,273)</u>

On 22 December 2017, the US government enacted comprehensive tax legislation (the "Tax Act"), which significantly revised the ongoing US corporate income tax law. The Tax Act included a provision to tax GILTI of foreign subsidiaries and a Base Erosion Anti-abuse Tax ("BEAT") measure that taxes certain payments between a US corporation and its subsidiaries. The Group is subject to GILTI but BEAT has no current impact on the Group. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. On 20 July 2020, the final regulations on the GILTI high tax exception were released. Under the GILTI high tax exception, if a taxpayer's controlled foreign corporations are taxed at a certain effective tax rate then the taxpayer can exclude the GILTI income. The Group applied the high tax exception as allowed for the periods ended 31 December 2021 and 2020 and the result was additional taxable income of \$4.3 million and \$10.7 million, respectively.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses and tax credits can be used. The Group assessed the deferred tax assets and whether it is probable that they can be recognised. Management considers the scheduled reversal of deferred tax liabilities and tax planning opportunities in making this assessment. For the year ended

31 December 2021, management determined that a \$12.0 million deferred tax asset related to US and United Kingdom disallowed interest expense and \$19.3 million of foreign deferred tax assets consisting of primarily foreign net operating losses ("NOLs") should not be recognised.

At 31 December 2021 and 2020, the Group has not provided for income taxes on \$100.9 million and \$14.6 million of undistributed earnings of its foreign subsidiaries, respectively, other than certain Canadian and Chinese subsidiaries, as the earnings are considered permanently reinvested. As part of the Tax Act (as discussed above), the Group incurred a \$6.2 million transition tax related to its Canadian subsidiaries. This amount included an estimated \$1.8 million of Canadian withholding taxes on the future repatriation of cash from Canada to the US. The Group accrued an additional \$0.5 million of Canadian withholding tax related to the GILTI inclusion of 2020 and \$0.4 million of Chinese withholding tax. The US has accumulated earnings and profits and the majority of the other foreign jurisdictions can generally distribute their earnings to the Company without additional taxation. The Company has determined that the deferred tax liability associated with a distribution of the undistributed earnings is not practicable to estimate.

As of 31 December 2021, the Group has NOL carryforwards for federal and state tax purposes of approximately \$146.9 million and \$6.2 million, respectively, which will expire between 2033 and 2041 except for \$91.8 million of the federal NOL carryforward which can be carried forward indefinitely. The Group has foreign NOLs of \$145.9 million, of which, the majority do not expire. Certain of the Group's federal and state NOL carryforwards are subject to annual limitations under Section 382 of Internal Revenue Code. Based on the purchase price for the US companies as part of the acquisition of Cision Ltd. in 2020, the limitations imposed under Section 382 will not preclude the Group from realising these NOLs.

If there is uncertainty about an income tax treatment, then an entity considers whether it is probable that the tax authority will accept the entity's tax treatment included or planned to be included in its tax filing. If the tax authority is unlikely to accept the tax treatment then the effect of the tax uncertainty is reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The Group uses either the most likely amount or the expected value method to measure the amount. The Group has uncertain tax treatments associated primarily with NOLs and research and development tax credits in the amount of \$1.9 million and \$3.9 million as of 31 December 2021 and 2020 respectively.

The Group does not expect uncertain tax treatments to change significantly over the next twelve months. The current period decrease of \$2.0 million is from the closing of the statute of limitations on those positions. The Group files income tax returns in the US and various states, the United Kingdom, Canada, France, Germany and other foreign jurisdictions and is subject to US federal, state, and foreign tax examinations for years ranging from 2015 to 2021.

#### 10 Property and equipment, net

Property and equipment consisted of the following at 31 December 2021:

(in thousands)	Beginning balance	Acquisition	Additions	Depreciation Expense	FX	Ending Balance
Computer						
Equipment	\$ 12,379	\$ 1,083	\$ 4,992	\$ (7,401)	\$ (381)	\$ 10,672
Furniture and fixtures	2,270	61	73	(687)	(285)	1,432
Leasehold Improvements	14,997	791	566	(3,397)	(666)	12,291
Capitalised software development and database costs	32,099	-	34,115	(21,162)	(2,025)	43,027
	<u>\$ 61,745</u>	<u>\$ 1,935</u>	<u>\$ 39,746</u>	<u>\$ (32,647)</u>	<u>\$ (3,357)</u>	<u>\$ 67,422</u>

Depreciation and amortisation expense of property, equipment and internal use software was \$32.6 million for the year ended 31 December 2021. Of this amount, \$21.9 million is included in cost of revenue and \$10.7 million is included in operating expense.

Property, equipment and software consisted of the following as on 31 December 2020:

(in thousands)	Beginning balance	Acquisition	Additions	Depreciation Expense	FX	Ending Balance
Computer Equipment and Purchased software	\$ -	\$ 15,465	\$ 6,582	\$ (6,393)	\$ (3,275)	\$ 12,379
Furniture and fixtures	-	2,538	602	(959)	89	2,270
Leasehold Improvements	-	17,184	492	(3,264)	585	14,997
Capitalised software development and database costs	-	-	32,600	(5,208)	4,707	32,099
	\$ -	\$ 35,187	\$ 40,276	\$ (15,824)	\$ 2,106	\$ 61,745

Depreciation and amortisation expense of property, equipment and internal use software was \$15.8 million for the period ended 31 December 2020. Of this amount, \$7.7 million is included in cost of revenue and \$8.1 million is included in operating expense.

**Impairment loss**

No impairments were recorded for property and equipment as of 31 December 2021 and 31 December 2020.

**11 Goodwill and intangible assets**

Goodwill consisted of the following at 31 December 2021 and 2020:

(in thousands)	2021	2020
Balance as of Inception, 1 January	\$ 1,716,738	\$ -
Acquisition of Cision Ltd.	-	1,698,411
Acquisition of Brandwatch	335,497	-
Sale of government relations business	(21,411)	-
Effects of foreign currency	(21,461)	18,327
<b>Balance as of 31 December</b>	<b>\$ 2,009,363</b>	<b>\$ 1,716,738</b>

Definite-lived intangible assets consisted of the following at 31 December 2021:

(in thousands)	Gross Carrying Amount	Foreign Currency Translation	Accumulated Amortisation	Net Carrying Amount
Trade names and brand	\$ 429,340	\$ 688	\$ (101,863)	\$ 328,165
Customer relationships	770,640	6,098	(229,579)	547,159
Purchased technology	265,112	(1,284)	(104,825)	159,003
Balances at 31 December 2021	\$ 1,465,092	\$ 5,502	\$ (436,267)	\$ 1,034,327

Definite-lived intangible assets consisted of the following at 31 December 2020:

<i>(in thousands)</i>	Gross Carrying Amount	Foreign Currency Translation	Accumulated Amortisation	Net Carrying Amount
Trade names and brand	\$ 424,400	\$ 1,495	\$ (47,502)	\$ 378,393
Customer relationships	680,825	20,691	(99,584)	601,932
Purchased technology	216,250	1,122	(52,578)	164,794
Balances at 31 December 2020	\$ 1,321,475	\$ 23,308	\$ (199,664)	\$ 1,145,119

Amortisation expense for the year ended 31 December 2021 was \$244.0 million, of which \$53.9 million is included in cost of revenue and \$190.1 million is included in amortisation expense of intangible assets on the consolidated statement of comprehensive income.

Amortisation expense for the period ended 31 December 2020 was \$196.3 million, of which \$52.3 million is included in cost of revenue and \$144.0 million is included in amortisation expense of intangible assets on the consolidated statement of comprehensive income.

**Weighted-average useful life at 31 December 2021**

	Years
Trade names and brand	12.3
Customer relationships	8.2
Purchased technology	4.9

Future expected amortisation of intangible assets at 31 December 2021 is as follows:

*(in thousands)*

Period ended 31 December	
2022	\$ 225,274
2023	184,370
2024	147,421
2025	120,716
2026	98,811
Thereafter	257,735
	\$ 1,034,327

**Impairment loss and subsequent reversal**

The Group identifies multiple CGUs, or identifiable group of assets that generates largely independent cash inflows, to which goodwill has been allocated. The Group considers its CGUs equivalent to its reporting units. During the year ended 31 December 2021, the Group completed two transactions that resulted in a reassessment of the Group's CGUs and reallocation of goodwill among the CGUs.

On 1 June 2021, the Group completed the acquisition of Brandwatch. As a result of the acquisition, the Group identified an additional CGU related to the Group's expanded social media business and reallocated goodwill previously included within the Americas, EMEA, and APAC to the new Social CGU.

On 30 November 2021, the Group sold the net assets of its government relations business and reduced goodwill allocated to the Americas CGU by \$21.4 million.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

*(in thousands)*

	2021	2020
Americas	\$ 1,393,145	\$ 1,454,732
EMEA	116,070	154,715
APAC	109,115	107,291
Social	391,033	-
Total	\$ 2,009,363	\$ 1,716,738

The table below presents the changes to goodwill by CGU during the year ended 31 December 2021.

	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Balance as of 1 January 2021	\$ 1,454,732	\$ 154,715	\$ 107,291	\$ -
Acquisition of Brandwatch				335,497
Sale of Government Relations	(21,411)			
Reallocation to Social	(27,988)	(17,140)	(5)	45,133
Effects of foreign currency	(12,188)	(21,505)	1,829	10,403
<b>Balance as of 31 December 2021</b>	<b>\$ 1,393,145</b>	<b>\$ 116,070</b>	<b>\$ 109,115</b>	<b>\$ 391,033</b>

On 1 October 2021 and 2020, the Group performed its annual goodwill impairment assessment based on the fair value less costs of disposal (the recoverable amount) of each of the Group's reporting units. The Group used an income approach and a market approach based on discounted cash flows to determine the fair value of its reporting unit. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The Group's cash flow assumptions considered historical and forecasted revenue, operating costs and other relevant factors which were consistent with the plans used to manage the Group's operations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, while terminal year projections were estimated based on growth rates that reflect management's long-term expectations. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal resources.

The following tables present the key assumptions used in the estimation of the recoverable amount as well as the amounts by which the recoverable amount exceeded carrying amount based on the original assumptions for each CGU.

For the year ended 31 December 2021:

<i>(in thousands)</i>	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Recoverable amount in excess of carrying amount	\$ 334,017	\$ 404,697	\$ 94,834	\$ 68,151
Discount rate	10.0%	10.5%	11.0%	10.0%
Terminal value growth rate	2.5%	2.5%	4.0%	5.0%

For the period ended 31 December 2020:

<i>(in thousands)</i>	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>
Recoverable amount in excess of carrying amount	\$ 231,960	\$ 178,610	\$ 30,451
Discount rate	10.0%	11.0%	11.5%
Terminal value growth rate	3.5%	3.0%	5.0%

As of 1 October 2021, the Group concluded that its CGUs' fair values were greater than their respective carrying amounts. As such, no impairment loss was recognised for impairment of goodwill during the period. Management notes that a change in the quantitative key assumptions described above could result in a decrease in the fair value of each CGU. The following tables show the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount for each CGU. This sensitivity assumes that the income approach was the only approach considered for the estimate of fair value of each CGU.



For the year ended 31 December 2021:

	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Discount rate	1.1%	13.5%	5.9%	0.4%
Terminal value growth rate	1.5%	36.1%	9.5%	0.6%

For the period ended 31 December 2020:

	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>
Discount rate	0.1%	1.5 %	1.9 %
Terminal value growth rate	(0.1 %)	(1.9 %)	(2.3 %)

## 12 Investments in subsidiaries and unconsolidated associates

The Group and Company have the following investments in subsidiaries and unconsolidated associates.

<b>Company</b>	<b>Registered address</b>	<b>Class of shares held</b>	<b>Ownership 2021</b>
Castle Intermediate Holding Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary and Preference	100%
PE Castle Holding III Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	100%
Castle Intermediate Holding II Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary and Preference	95%
Castle Intermediate Holding III Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	100%
Castle Intermediate Holding IV Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	100%
Castle Intermediate Holding V Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	100%
Castle Acquisition Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	100%
Cision Ltd.	P.O. Box 309 Ugland House, South Church Street, George Town, Grand Cayman KY1-1104	Ordinary	100%
Canyon Group Limited	2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier Jersey JE2 3QB	Ordinary	100%
Canyon UK Americas Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
Canyon UK Investments Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
Cision Group Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
Canyon UK Ventures Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
PWW International Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
PWW Acquisition International II Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
Cision Portugal SL	Avenida Fontes Pereira de Melo, nº 21, 5º, 1050-116 Lisbon, Portugal parish of Avenidas Novas, municipality of Lisbon	Ordinary	100%
Cision Sverige AB	Box 24194, 104 51 Stockholm, Sweden	Ordinary	100%
Cision Norge AS	c/o RTB AS, Stortingsgata 10 0161 Oslo, Norway	Ordinary	100%
Cision Finland OY	Salomonkatu 17 B, 00100 Helsinki, Finland	Ordinary	100%

Company	Registered address	Class of shares held	Ownership 2021
Falcon.io Holdings ApS	H.C. Andersens Boulevard 27, 1., 1553, Copenhagen V, Denmark	Ordinary	100%
Falcon.io ApS	H.C. Andersens Boulevard 27, 1., 1553, Copenhagen V, Denmark	Ordinary	100%
Falcon.io EOOD	Todor Aleksandrov Blvd. floor 2, 1000 Sofia, Bulgaria	Ordinary	100%
Falcon.io Pty Limited	c/o, TMF Corporate Services, Level 16, 201 Elizabeth Street, Sydney, Australia	Ordinary	100%
Falcon.io Kft.	1016, Krisztina Körút 99, Budapest, Hungary	Ordinary	100%
Cision Germany GmbH	Westhafenplatz 1 60227 Frankfurt, Germany	Ordinary	100%
Prime Holding GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	100%
Prime Research International GmbH & Co. KG	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	100%
Falcon.io GmbH	Wattstraße 11, 13353 Berlin, Germany	Ordinary	100%
Prime Consult GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	100%
Cision SA	8 Avenue du Stade de France, 9320 Saint-Denis, Paris, France	Ordinary	100%
CEDROM-Sni Sarl	8 Avenue du Stade de France, 9320 Saint-Denis, Paris, France	Ordinary	100%
NotilogPRNewswire Argentina S.A	25 de Mayo 168, 6th Floor, City of Buenos Aires, Argentina	Ordinary	100%
PR Newswire Argentina S.A.	25 de Mayo 168, 6th Floor, City of Buenos Aires, Argentina	Ordinary	100%
Prime Opinion Analysis India Private Limited	1st Floor Harbans, Bhawan-II, Commercial Complex, Nangal Rai, New Delhi, India 110046	Ordinary	100%
PR Newswire S. de R.L. de C.V.	Avenida Monterrey No. 150, Office 601, Col. Roma, Deleg. Cuauhtémoc, C.P. 06700, Mexico City, Mexico	Ordinary	100%
PR Newswire Europe Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
PR Newswire Benelux Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
ANP Pers Support B.V.	WTC The Hague, Toren C, Prinses Beatrixlaan 582 2595 BM, The Hague	N/A	50%
PR Newswire Ltda	Av. Paulista, 688, 12th floor, Bela Vista, City of São Paulo, State of São Paulo, Brazil 01310-100	Ordinary	100%
PR Newswire GmbH (Germany)	Innere Kanalstraße 15, c/o Osborne Clarke, 50823 Köln, Germany	Ordinary	100%
PWW Distribution India Private Limited	Unit 1104, 11th Floor, Level 2 Indiabulls Finance Centre, Senapati Bapat Marg, Mumbai, India	Ordinary	100%
PR Newswire Middle East Limited	Unit 504, Level 5, Index Tower, Dubai International Financial Centre, PO Box 507073, Dubai, United Arab Emirates	Ordinary	100%
PR Newswire Asia Limited	Flat/RM 1607-8 16/F, China Resources Building, 26 Harbour Road WanChai, Hong Kong	Ordinary	100%

Company	Registered address	Class of shares held	Ownership 2021
PRN Business Consulting (Shanghai) Co., Limited	Unit 1806-09 Tian An Center, 338 West Nanjing Xi Road, Shanghai, China	Ordinary	100%
PRN Business Consulting (Shanghai) Co., Ltd Beijing Branch	Room 1808, No. 338 Nanjing West Road, Huangpu District, Shanghai, China	Ordinary	100%
PR Newswire International Communication (Shenzhen) Co., Ltd.	Rm1310, 4/F, Huang Gang Business Center, Zhuo Yue Century, South Side Of Junction Of Jin Tian Road And Fu Hua San Road, Fushan District, Futian, Shenzhen, China	Ordinary	100%
PWW International Ltd (Malaysia Branch)	823A, Level 28, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia	Ordinary	100%
PWW International Ltd (Singapore Branch)	1 Raffles Place, #20-61, One Raffles Place Tower 2, Singapore 048616	Ordinary	100%
PWW International Ltd. Taiwan Branch	15F, No. 159, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Ordinary	100%
PWW International Ltd Representative Office (Indonesia)	Sahid Sudirman Center, 56th Floor., Jl. Jend Sudirman No. 86, Jakarta 10220, Indonesia	Ordinary	100%
Shanghai PRIME Public Relations & Strategy Consulting Co. Ltd. (China)	Room 1605, No. 168, Middle YinCheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China	Ordinary	100%
PR Newswire Australia PTY LTD	Level 3, 1049 Victoria Road, WEST RYDE NSW, Sydney, Australia 2000	Ordinary	100%
Cision Japan KK	Oak Minami-Azabu Building 2F, 3-19-23 Minami-Azabu, Minato-ku, Tokyo	Ordinary	100%
PR Newswire Korea Limited	7fl, VPLEX, Teheran-ro 501, Gangnam-gu, Seoul, 06168, South Korea	Ordinary	100%
The Representative Office of PR Newswire Asia Limited in Ho Chi Minh City	Head Office: 1st Floor, Packsimex Building, 52 Dong Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Ordinary	100%
PT PRN Newswire Indonesia	Head Office: Sahid Sudirman Center 56th Floor.Jl. Jend Sudirman No.86, Jakarta 10220, Indonesia	Ordinary	100%
Prime Research AG	Badenerstrasse, 549 CH-8048, Zurich, Switzerland	Ordinary	100%
PRIME.com GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	100%
Prime Research UK Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	100%
Prime Brazil Pesquisas de Mídia LTDA	Rua Verbo Divino, 1488, 3 Andar, Chacara Sto Antonio, Sao Paulo, Brazil	Ordinary	100%
Castle US Holding Corporation	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Canyon Valor Holdings, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%

<b>Company</b>	<b>Registered address</b>	<b>Class of shares held</b>	<b>Ownership 2021</b>
Canyon Valor Companies, LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Falcon.io US, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Unmetric Technologies Private Limited	No. 40, Block A, 1st Floor, Chennai, Kandanchavadi, Perungudi, Tamil Nadu, India	Ordinary	100%
Cision US, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Bulletin Intelligence LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Bulletin Healthcare LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Bulletin Media LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Vocus PRW Holdings LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
Trendkite, Ltd.	5 New Street Square, London, United Kingdom, EC4A 3TW	Ordinary	100%
Prime Research LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
PRN Delaware, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
PR Newswire Association LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	100%
CNW Group Limited	88 Queens Quay, Suite 3000, Toronto, Canada M5J 0B8	Ordinary	100%
Communication CNW Quebec Inc.	2000 McGill College, 3rd Floor, Montreal, Canada H3A 3H3	Ordinary	100%
Cision Canada Inc.	88 Queens Quay, Suite 3000, Toronto, Canada M5J 0B8	Ordinary	100%
Runtime Collective Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, United Kingdom, BN1 1UJ	Ordinary	100%
Registered Spanish Branch	c/ Entenca, 325-335, 1st Floor, 08029, Barcelona	Ordinary	100%
Brandwatch International (Australia) Pty Ltd	Suite 302, 12 Help Street, Chatswood, New South Wales, 2067	Ordinary	100%
Brandwatch GmbH	Leuschnerstr. 12, 70174 Stuttgart, Germany	Ordinary	100%
Brandwatch Pte. Ltd.	8 Wilkie Road, 03-01 Wilkie Edge, Singapore 228095	Ordinary	100%
Peer Index Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	100%
BuzzSumo Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	100%
Brandwatch France Sarl	26 rue Cambaceres 75008, Paris, France 75016 Paris	Ordinary	100%
Brandwatch Canada Inc.	Suite 3000 RBC Waterpark Place 88 Queens Quay West, Toronto, Ontario M5J 0B8	Ordinary	100%
Crimson Hexagon Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	100%
Qriously Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	100%
Brandwatch LLC	200 Vesey St New York, NY 10281-5525	Ordinary	100%
Crimson Hexagon, Inc.	200 Vesey St New York, NY 10281-5525	Ordinary	100%

Company	Registered address	Class of shares held	Ownership 2021
Qriously, Inc.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	100%
Filter Acquisition Pty Ltd	Level 5, 20 Bond Street, Sydney, NSW 2000 Australia	Ordinary	100%

Cision, a subsidiary within the Group, has a 50% interest in a joint venture with Algemeen Nederlands Persbureau in ANP Pers Support v.o.f. ("ANPPs"), located at WTC The Hague, Tower C, Prinses Beatrixlaan 582, 2595 BM The Hague. This investment in an unconsolidated affiliate is accounted for by the equity method. At 31 December 2021 and 2020, the investment in this affiliate is \$4.7 million and \$4.0 million, respectively, which is included within other long-term assets in the consolidated balance sheet. For the years ended 31 December 2021 and 2020 the Group's allocation of net income from ANPPs was \$0.8 million and \$0.7 million, respectively.

### 13 Accounts receivable, net

Accounts receivable are non-interest bearing and generally due with a 30-day term. As of 31 December 2021 and 2020, the Group holds accounts receivable of \$191.2 million and \$137.8 million, net of reserves. The Group recognised total reserve against accounts receivable of \$19.6 million and \$15.7 million as of 31 December 2021 and 2020 respectively.

### 14 Debt

Debt consisted of the following at 31 December 2021:

<i>(in thousands)</i>	Short-Term	Long-Term	Total
2020 Credit Facilities	\$ 15,663	\$ 1,722,820	\$ 1,738,483
2020 Senior Notes	-	300,000	300,000
2020 Subline Debt	-	200,000	200,000
Incremental Term Loan	2,458	290,698	293,156
Unamortised debt discount and issuance costs	-	(71,616)	(71,616)
Balances at 31 December 2021	\$ 18,121	\$ 2,441,902	\$ 2,460,023

Debt consisted of the following at 31 December 2020:

<i>(in thousands)</i>	Short-Term	Long-Term	Total
2020 Credit Facilities	\$ 16,146	\$ 1,786,295	\$ 1,802,441
2020 Senior Notes	-	300,000	300,000
2020 Subline Debt	50,769	149,231	200,000
Unamortised debt discount and issuance costs	-	(69,281)	(69,281)
Balances at 31 December 2020	\$ 66,915	\$ 2,166,245	\$ 2,233,160

#### *Credit Facilities*

On 31 January 2020 in connection with the acquisition of Cision (Note 4), the Group entered into a Credit Agreement (the "Credit Agreement") and related loan documents with Bank of America, N.A., as administrative agent and collateral agent, and a syndicate of commercial lenders. The 2020 Credit Facilities (as defined below) consists of:

- (i) A revolving credit facility, which permits borrowings and issuances of letters of credit up to \$150.0 million ("2020 Revolving Credit Facility"), of which up to \$50.0 million may be used for standby and trade letters of credit;
- (ii) A \$1,200.0 million Dollar-denominated term credit facility (the "2020 Dollar Term Credit Facility"); and
- (iii) A €500.0 million Euro-denominated term credit facility (the "2020 Euro Term Credit Facility") and, together with the 2020 Dollar Term Credit Facility, the "2020 Term Credit Facility" and collectively with the 2020 Revolving Credit Facility, the "2020 Credit Facilities").

The Group used the proceeds of the 2020 Credit Facilities to acquire Cision. The 2020 Credit Facilities mature on January 31, 2027.

On 6 March 2020, the Group increased the 2020 Revolving Credit Facility by \$30.0 million to \$180.0 million.

On 1 June 2021, the Group established a \$295.0 million Incremental Term Loan (the "Incremental Term Loan"), which forms a new term loan that is separate from and not fungible with the 2020 Credit Facilities. The Group used the proceeds of the Incremental Term Loan to acquire Brandwatch. The Incremental Term Loan matures on 31 January 2027.

The obligations under the 2020 Credit Facilities and Incremental Term Loan are guaranteed and secured by substantially all of the assets of the Company's US subsidiaries and certain subsidiaries formed under the laws of England and Wales, in each case, subject to certain exceptions.

Under the 2020 Credit Facilities, interest is charged at a rate equal to (a) base rate plus 2.75% per annum in the case of base rate loans, (b) LIBOR rate plus 3.75% per annum in the case of the loans under the 2020 Revolving Credit Facility and the 2020 Dollar Term Credit Facility maintained as Eurocurrency rate loans, or (c) EURIBOR Rate plus 3.75% per annum in the case of the 2020 Euro Term Credit Facility loans. Under the Incremental Term Loan, interest is charged at a rate equal to (a) base rate plus 3.00% per annum in the case of the base rate loans, or (b) LIBOR rate plus 4.00% per annum in the case of the loans under the Incremental Term Loan maintained as Eurocurrency rate loans. Under the Incremental Term Loan, the LIBOR Rate shall not be less than 0.75%, and if any such rate is below 0.75%, the LIBOR rate shall be deemed 0.75%.

As of 31 December 2021, the applicable interest rate under the 2020 Dollar Term Credit Facility and the 2020 Euro Term Credit Facility was 3.98% and 3.75%, respectively. As of 31 December 2021, the applicable interest rate under the Incremental Term Loan was 4.75%.

The Group began to make quarterly principal payments starting on 30 June 2020 under the 2020 Dollar Term Credit Facility of \$2.5 million and the 2020 Euro Term Credit Facility of €1.25 million. The Group began to make quarterly principal payments starting on 30 June 2021 under the Incremental Term Loan of \$0.6 million.

As of 31 December 2021 and 2020, under the 2020 Revolving Credit Facility, the Group had no outstanding borrowings and had \$4.4 million and \$1.4 million, respectively, in outstanding letters of credit. As of 31 December 2021 and 2020, the Group had \$6.2 million and \$8.2 million, respectively, of deferred financing fees related to the 2020 Revolving Credit Facility which is included within other assets in the consolidated balance sheet. As of 31 December 2021 and 2020, the Group had \$1,738.5 million and \$1,802.4 million, respectively, outstanding under the 2020 Credit Facilities.

For the benefit of the lenders under the 2020 Revolving Credit Facility, the Credit Agreement include a springing financial maintenance covenant, which is effective the third quarter of 2020 and shall only be tested to the extent at least 35% of the revolving commitments are outstanding in the form of loans or letters of credit as of the last day of the fiscal quarter. Such covenant requires that, as of the last day of each fiscal quarter, the first lien net leverage ratio of the Group and its restricted subsidiaries cannot exceed the applicable ratio set forth in the 2020 Credit Facilities (subject to certain rights to cure any failure to meet such ratio as set forth in the Credit Agreement). The 2020 Credit Facilities are also subject to certain customary affirmative covenants and negative covenants. As of 31 December 2021 and 2020, the Group was in compliance with all covenants.

The 2020 Credit Facilities provide that an event of default will occur upon specified change of control events. "Change of Control" is defined to include, among other things, the failure by the Group, its affiliates and certain other Permitted Holders to beneficially own, directly or indirectly, a majority of the voting equity of Castle US Holding Corporation (each as defined in the Credit Agreement).

#### *2020 Senior Notes*

Following the acquisition of Cision (Note 4), on 5 February 2020, Castle US Holding Corporation, an affiliate of the Company, issued \$300.0 million of unsecured senior notes ("2020 Senior Notes"). The Group used the proceeds from this offering to repay a related party loan and related transaction fees and expenses. Interest on the 2020 Senior Notes accrues at 9.50% and the first interest payment date was 15 August 2020. The Group pays interest semi-annually on February 15 and August 15 each of year. The 2020 Senior Notes mature on 15 February 2028. At any time prior to 15 February 2023, Castle US Holding Corporation may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes plus any accrued and unpaid interest to, but not including, the redemption date and a "make-whole" premium as described in indenture under which the 2020 Senior Notes was issued. In addition, the Castle US Holding Corporation may redeem the notes at any time on or after 15 February 2023, at specified prices as described in indenture under which the 2020 Senior Notes was issued plus any accrued and unpaid interest to, but not including, the redemption date. Furthermore, at any time prior to 15 February 2023, Castle US Holding Corporation may redeem up to 40% of the notes with the cash proceeds of certain equity offerings at the redemption price as described in indenture under which the 2020 Senior Notes was issued plus any accrued and unpaid interest to, but not including, the redemption date.

#### *Subline Debt*

The Group has access to a \$200.0 million line of credit (the "Subline Debt"), which has been fully drawn against as of 31 December 2021 and 2020. The line of credit can be drawn at either the "base rate" or the London interbank Offered Rate ("LIBOR") rate.

The base rate is the highest of:

- a) The prime rate on the date of borrowing;
- b) The Federal Funds rate in effect on the date of borrowing plus 0.50% per annum; and
- c) The LIBOR rate plus 1.00% per annum on the date borrowing, unless the LIBOR is suspended or otherwise unavailable.

The LIBOR rate is determined as the one month, two-month, three-month or six-month LIBOR plus 1.40% per annum. The base rate may be of any duration. Funds may be drawn from the line of credit at a minimum of \$1.0 million per draw and thereafter in multiples of \$0.01 million. In the event of default, interest shall be applied at the lesser of the base rate plus 2.40% or the highest rate of interest permitted by law. As of 31 December 2021 and 2020, the applicable interest rate under the Subline Debt was 1.64% and 1.65% respectively.

#### *Future minimum principal payments*

Future minimum principal payments of debt as of 31 December 2021 are as follows:

(in thousands)

Period ended 31 December	
2022	\$ 18,121
2023	218,117
2024	18,117
2045	18,117
2026	18,117
Thereafter	2,241,050
	<u>\$ 2,531,639</u>

Interest expense for the periods ended 31 December 2021 and 2020 was as follows:

<i>(in thousands)</i>	<u>2021</u>	<u>2020</u>
Interest on banks and other financial institutions	\$ 109,801	\$ 101,669
Other finance cost	17,174	14,700
Interest on finance leases	2,716	2,926
Total interest expense	<u>\$ 129,691</u>	<u>\$ 119,295</u>

#### 15 Accounts payable

Accounts payable are non-interest bearing and settled on terms agreed with the suppliers. As of 31 December 2021 and 2020, the Group held accounts payable of \$24.1 million and \$15.9 million respectively.

#### 16 Employee benefits

The Group sponsors defined-contribution, profit-sharing and other benefit plans in the US, Canada, the United Kingdom and France. Total expenses associated with these plans for the periods ended 31 December 2021 and 2020 was \$8.7 million and \$5.7 million, respectively.

The Group maintains a defined benefit pension plan in Canada which has been closed to new participants. As of 31 December 2021 and 2020, the plan had an overfunded status of \$1.4 million and \$1.3 million, respectively, which is recognised as a long-term asset in the consolidated balance sheet. As of 31 December 2021 and 2020, the plan assets consisted of \$12.1 million and \$13.2 million, respectively, and a projected benefit obligation of \$10.7 million and \$11.9 million, respectively. In addition, the Group maintains a non-registered defined benefit pension plan in Canada for a former executive. As of 31 December 2021 and 2020, the plan had an unfunded net pension obligation of \$1.6 million and \$1.8 million, respectively, which is recognised as a long-term liability in the consolidated balance sheet. The net periodic pension expense recognised for both defined benefit plans for the periods ended 31 December 2021 and 2020 was \$0.3 million and \$0.4 million, respectively.

The actuarial assumptions used in the Canadian plans include discount rates of 2.8%-3.3%, expected rate of return on plan assets of 2.25%, and rate of compensation increase and other factors of 3.5%.

The Group also maintains a defined benefit pension plan in France which has been closed to new participants. As of 31 December 2021 and 2020 the plan had an unfunded net pension obligation of \$1.8 million and \$1.9 million, respectively, which is recognised as a long-term liability in the consolidated balance sheet.

#### Share-based payments

During 2020, the Group adopted the Castle Intermediate Holding V Limited 2020 Participation Plan (the "Plan") for the benefit of certain key employees of Castle Intermediate Holding V Limited and its subsidiaries. Performance Units granted and vested under the Plan only become eligible to receive amounts under the Plan ("Payment Eligible" or "Payment Eligibility") upon a Qualifying Event (as such terms are defined in the Plan), subject to the terms and conditions of the Plan. As of 31 December 2021 and 2020, no Performance Units are Payment Eligible, and no compensation expense has been recognised. Payment Eligibility will occur, and the compensation expense will be recognised, when it is probable the performance condition will be met.

#### 17 Financial instruments

##### (a) Fair values of financial instruments

The Group measures certain financial assets and liabilities at fair value pursuant to a fair value hierarchy based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.



*Fair values*

The carrying amounts reported in the consolidated balance sheets for accounts receivable, accounts payable and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair value of the 2020 Revolving Credit Facility approximated its book value as of 31 December 2021 and 2020. The fair value of the Group's long-term debt fluctuates with changes in applicable interest rates. Fair value will exceed carrying value when the current market interest rate is lower than the interest rate at which the debt was originally issued. The fair value of the long-term debt is a measure of its current value under present market conditions and is established based on observable inputs in non-active markets. The fair value of the long-term debt is classified as Level 2 in the fair value hierarchy. At 31 December 2021 and 2020 the Group did not have any liabilities classified at level 3 of the fair value hierarchy.

The following table presents the carrying values and approximate fair values of our long-term debt as of 31 December 2021.

<i>(in thousands)</i>	<u>Carrying Value</u>	<u>Fair Value</u>
2020 Dollar Term Credit Facility (significant other observable inputs—level 2)	\$ 1,182,503	\$ 1,170,678
2020 Euro Term Credit Facility (significant other observable inputs—level 2)	555,980	554,590
9.50% Senior Notes (significant other observable inputs—level 2)	300,000	310,500
Subline Debt (significant other observable inputs—level 2)	200,000	200,000
Incremental Term Loan (significant other observable inputs—level 2)	293,156	290,591

The following table presents the carrying values and approximate fair values of our long-term debt as of 31 December 2020.

<i>(in thousands)</i>	<u>Carrying Value</u>	<u>Fair Value</u>
2020 Dollar Term Credit Facility (significant other observable inputs—level 2)	\$ 1,192,500	\$ 1,168,650
2020 Euro Term Credit Facility (significant other observable inputs—level 2)	609,941	606,129
9.50% Senior Notes (significant other observable inputs—level 2)	300,000	294,000
Subline Debt	200,000	200,000

*(b) Credit risk*

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Group generally maintains its cash and cash equivalents with various nationally recognised financial institutions. Customers are granted credit on an unsecured basis. Management monitors the creditworthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

The Group provides cloud-based software, distribution services and related professional services to various customers across many industries. As of 31 December 2021 and 2020, no individual customer accounted for 10% or more of net trade receivable. For the periods ended 31 December 2021 and 2020, no individual customer accounted for 10% or more of revenue.

*Exposure to credit risk*

The concentration of credit risk for accounts receivables and contract assets at the balance sheet date by geographic region was:

<i>(in thousands)</i>	2021	2020
Americas	\$ 131,115	\$ 86,444
EMEA	50,578	43,502
APAC	9,545	7,875
Total	\$ 191,238	\$ 137,821

The movement in the allowance for credit losses in respect of trade receivables during the period was as follows.

<i>(in thousands)</i>	Balance Beginning of Period	Amounts Charged to Expense	Amounts Written- off	FX	Balance End of Period
Year ended 31 December 2021	\$ 15,734	7,224	(2,657)	(705)	\$ 19,596
Period ended 31 December 2020	\$ -	15,734	-	-	\$ 15,734

*(c) Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of the Group is to mitigate the liquidity risk to ensure, to the extent possible, that it will always have sufficient liquidity to meet liabilities when due. The Group manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. Information about the Group's contractual maturities of financial liabilities at the reporting date can be found in Note 14 Debt, Note 18 Leases and Note 19 Commitments and contingencies.

*(d) Market risk*

The significant market risk exposures to which the Group is exposed are foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. These are discussed further below.

*Foreign currency exchange rate risk*

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group closely monitors its exposure to exchange rate risk. For the periods ended 31 December 2021 and 2020, 56.6% and 60.2% of the Group's revenue resulted from transactions denominated in US dollars, respectively. The Group considers its current exposure to foreign currency exchange rate risk as low risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments that potentially subject the Group to cash flow interest rate risk include financial assets and liabilities with variable interest rates. The Group closely monitors its exposure to interest rate risk.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

<i>(in thousands)</i>	2021	2020
Fixed rate instruments		
2020 Senior Notes	\$ 300,000	\$ 300,000
Variable rate instruments		
2020 Credit Facilities	1,738,483	1,802,441
2020 Subline Debt	200,000	200,000
Incremental Term Loan	293,156	-
Less: Unamortised debt discount and issuance costs	(71,616)	(69,281)
Total	\$ 2,460,023	\$ 2,233,160

#### *Sensitivity analysis*

A 1% increase or decrease in interest rates would have increased or decreased interest expense by \$24.7 million and \$19.3 million during the periods ended 31 December 2021 and 2020, respectively.

#### *(e) Capital management*

Capital risk management is carried out by the Group's management. The Group's respective boards of directors set capital risk management policies and procedures to which the Group's management is required to adhere. The Group's management identifies and evaluates capital risks and enters into agreements and explores avenues to mitigate these risk exposures in accordance with the policies and procedures outlined by the Group's respective boards of directors. The Group manages its capital to safeguard that the Group will be able to continue as a going concern. The capital structure of the Group consists of cash at bank and in hand and cash equivalents and borrowings. In addition, the Group's capital structure includes equity attributed to the Group's respective holders of equity instruments of the holding company, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Group management monitors the return on capital, as well as the level of dividends to the Group's respective ordinary shareholders. The boards of directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

#### **18 Leases**

##### *Leases as a lessee*

The Group has various non-cancellable leases, primarily related to office real estate and data centres that expire through 2035 and generally contain renewal options for up to five years. The Group has not entered into any future office space leases that will create significant rights and obligations for the Group.

##### *ROU assets*

<i>(in thousands)</i>	2021	2020
Balance at Inception	\$ 56,929	\$ -
ROU assets acquired	7,001	66,011
Additions to ROU assets	632	4,857
Amortisation charge for the period	(15,464)	(13,469)
Impairments	(6,225)	-
Lease modifications and terminations	(2,201)	(549)
Effect of change in foreign currency	1,419	79
Balance at 31 December	\$ 42,091	\$ 56,929

### Lease Liability

(in thousands)

	2021	2020
Balance at Inception	\$ 68,317	\$ -
Lease liabilities acquired	7,002	72,189
Additions to lease liabilities	632	4,857
Interest expense on lease liabilities	2,790	2,926
Lease payments	(20,410)	(14,801)
Lease termination and modifications	(3,280)	209
Effect of change in foreign currency	(1,169)	2,937
Balance at 31 December	\$ 53,882	\$ 68,317

### Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

(in thousands)

	2021	2020
Amortisation of ROU assets	\$ 15,464	\$ 13,469
Interest expense on lease liabilities	2,716	2,926
Expenses relating to short term leases	1,261	2,639
Profit and loss impact	\$ 19,441	\$ 19,034

The following tables set out a maturity analysis of lease liabilities:

(in thousands)

	2021
Period ended 31 December	
2022	\$ 16,264
2023	10,584
2024	8,387
2025	6,917
2026	6,320
Thereafter	12,892
Total lease payments	\$ 61,364
Less: Imputed interest	(7,482)
Present value of lease liabilities	\$ 53,882

(in thousands)

	2020
Period ended 31 December	
2021	\$ 19,028
2022	15,052
2023	10,157
2024	8,354
2025	7,206
Thereafter	19,565
Total lease payments	\$ 79,362
Less: Imputed interest	(11,045)
Present value of lease liabilities	\$ 68,317

### Impairment loss

For the year ended 31 December 2021, a loss on impairment of ROU assets of \$6.2 million was recognised. The impairment of ROU assets primarily relates to certain office spaces of leased buildings in London, England that were vacated during the period.

**Leases as a lessor**

The Group is an intermediate lessor for office space. The sublease agreements expire in 2022 and 2025. Both leases are classified as finance leases and the associated lease receivables are not deemed material to the Group. Sublease income of \$0.5 million and \$0.8 million, respectively, was recognised during the periods ended 31 December 2021 and 2020.

**19 Commitments and contingencies**

**Purchase commitments**

The Group entered into agreements with various vendors in the ordinary course of business. As of 31 December 2021, the minimum required payments in future years under these arrangements are as follows:

(in thousands)

Year Ended 31 December	
2022	\$ 57,951
2023	33,788
2024	23,139
2025	5,885
Thereafter	-
	<u>\$ 120,763</u>

As of 31 December 2020, the minimum required payments in future years under these arrangements are as follows:

(in thousands)

Year Ended 31 December	
2021	\$ 26,546
2022	24,620
2023	22,344
2024	22,901
Thereafter	5,886
	<u>\$ 102,297</u>

**Letters of Credit**

As of 31 December 2021 and 2020, the Group had a total of \$4.4 million and \$1.4 million, respectively, in letters of credit outstanding, for certain of its office spaces. These letters of credit do not require compensating balances and expire at various dates through March 2031.

**Litigation and Claims**

The Group from time to time is subject to lawsuits, investigations and claims arising out of the ordinary course of business, including those related to commercial transactions, contracts, government regulation, and employment matters. In the opinion of management, based on all known facts, all such matters are either without merit or are of such kind, or involve such amounts that would not have a material effect on the financial position or results of operations of the Group if disposed of unfavourably.

**20 Related parties**

Under the CASA with Platinum Equity Advisors, LLC ("Advisors"), the Group pays a fee for management services provided by Advisors and reimburses Advisors for expenses incurred in the provision of such services. Expenses recorded under the CASA for the periods ended 31 December 2021 and 2020 were \$5.0 million and \$4.7 million, respectively, which are included in general and administrative expense within the consolidated statement of comprehensive income. The Group also paid Advisors an additional \$50.0 million of transaction fees, of which \$25.1 million related to acquisition expenses and were recorded in general and administrative expenses in the consolidated statement of comprehensive income, and \$24.9 million that qualified as debt issuance costs and is recorded as a reduction of long term debt. During the year ended 31 December 2021, the Group paid Advisors \$5.0 million of transaction fees, of which \$2.5 million related to acquisition expenses and were recorded in general and administrative expenses in the consolidated statement of operations and comprehensive income, and \$2.5 million that qualified as debt issuance costs and is recorded as a reduction of long-term debt.

Transactions involving related parties are made on terms equivalent to those that prevail in similar arm's length transactions.

*Transactions with key management personnel*

The compensation of key management personnel is as follows:

<i>(in thousands)</i>	2021	2020
Key management remuneration including social security costs	\$ 1,737	\$ 2,955

**21 Ultimate controlling company**

The Company is the parent and ultimate controlling party of the Group.

*Subsidiary Audit Exemptions*

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act

Company	Company number
Buzzsumo Limited	08854839
Crimson Hexagon Ltd.	08093882
Qriously Limited	07454208
Peerindex Limited	06760385

The Company will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended 31 December 2021 in accordance with section 479C of the Act. In addition, The Company will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

**22 Subsequent events**

The Group has evaluated subsequent events through 8 September 2022, the date on which these financial statements were issued.

During early 2022, a geopolitical and armed conflict between Ukraine and Russia resulted in several countries, including the US, imposing economic sanctions on Russia and certain territories in Ukraine and on certain Russian and Belarussian banks and entities. Although the Group does not have significant operations in Russia, Belarus or Ukraine, it is difficult to assess the impact the conflict in Ukraine and the related economic sanctions may have on our results of operations. Continuation or escalation of the conflict may have a material effect on our results of operations.

**Purchase of Paladin**

On 31 March 2022, Crimson Hexagon, Inc., an affiliate of the Company, completed the acquisition of Paladin, an influencer marketing software company. This acquisition enhances the Group's social media offerings, as influencer marketing is how marketers and communications professionals will utilize digital and social media. With the acquisition of Paladin, the Group will have end-to-end influencer marketing functionality. The purchase consideration is \$11.5 million, out of which \$0.8 million was paid to an escrow account subject to potential post-closing indemnification claims. The purchase price is subject to customary post-closing adjustments.

**Purchase of Stroom**

On 31 March 2022, Cision Group Limited and Filter Acquisition Pty Ltd, affiliates of the Company, completed the acquisition of Stroom. Stroom is a real-time media intelligence company delivering media, monitoring, data, and insights to corporate and government organizations in the Australian market. This acquisition allows the Group to expand its footprint in Australia with an established market leader. The purchase consideration is \$29.1 million, including \$16.1 million of cash consideration and \$13.0 million in probability weighted contingent consideration subject to earnout provisions. The Group paid \$17.1 million at closing and is expected to receive \$1.0 million related to the finalization of working capital adjustment.

The earnout provisions are based on multiple operating expense thresholds and achievement of revenue targets for the twelve months ended June 30, 2022 and 2023, respectively. The range of contingent consideration for each twelve-month period is \$0 to \$9.4 million. The finalization and settlement of the contingent consideration for each period is due September 2022 and 2023, respectively. Any changes in assumptions related to the probability of achieving the financial metrics will be recorded in the Group's statements of operations and comprehensive loss when identified. The Group has reassessed and updated the first year earnout provision to \$9.4 million and

recorded a fair value adjustment of \$0.3 million during the quarter ended 30 June 2022. The purchase consideration is subject to customary purchase price adjustments.

**Company Balance Sheet**

*As at 31 December 2021*

<i>(in thousands)</i>	Note	2021	2020
Non-current assets			
Investment in subsidiaries	3	\$ 417,975	\$ 417,975
<b>Total assets</b>		<b>417,975</b>	<b>417,975</b>
Equity			
Share Capital			
[10,000,000,000 ordinary stock for par value \$0.0000013, 2 preference shares for par value \$0.0000013; authorised, issued and outstanding at 31 December 2020]		13	13
Share premium account		417,962	417,962
Profit for the period		-	-
Accumulated deficit		-	-
Accumulated other comprehensive income/(loss)		-	-
<b>Total equity</b>		<b>417,975</b>	<b>417,975</b>
<b>Total liabilities and equity</b>		<b>\$ 417,975</b>	<b>\$ 417,975</b>

These financial statements were approved by the board of directors and were signed on its behalf by:

  
Mary Ann Sigler  
Director

Company registered number: 12357407

Date: 8 September 2022



**Company Statement of Changes in Equity**  
**For the year ended 31 December 2021**

(in thousands, except share amounts)

	<u>Share Capital</u>			<u>Accumulated Other Comprehensive Loss</u>		<u>Accumulated Deficit</u>		<u>Total Equity</u>
	<u>Shares</u>	<u>\$</u>	<u>Share premium</u>	<u>\$</u>		<u>\$</u>		<u>\$</u>
Balances at Inception	-	\$ -	\$ -	\$ -	-	\$ -	-	\$ -
Capital contributed	10,000,000,002	13	417,962	-	-	-	-	417,975
Balances at 31 December 2020	10,000,000,002	\$ 13	\$ 417,962	\$ -	-	\$ -	-	\$ 417,975
Capital contributed	-	-	-	-	-	-	-	-
Balances at 31 December 2021	10,000,000,002	\$ 13	\$ 417,962	\$ -	-	\$ -	-	\$ 417,975

## Notes to the company financial statements

### 1 Significant accounting policies

The accounting policies adopted for the Company are consistent with those adopted for the Group set out in Note 2 Significant accounting policies of the consolidated financial statements. Consideration for the Company and its subsidiaries' ability to continue as a going concern is described in Note 2.3 Going concern of the consolidated financial statements. Judgements made by the directors and estimates with a significant risk of material adjustment in the next year are discussed in Note 3 Critical accounting judgements and key sources of estimation uncertainty of the consolidated financial statements.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("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 ("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.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the following exemptions available under FRS 101 and does not present:

- a statement of cash flows under IAS 7 Statement of Cash Flows;
- disclosures in respect of capital management under IAS 1 Presentation of Financial Statements;
- disclosures in respect of compensation of key management personnel and related party transactions entered into between two or more wholly-owned members of a group under IAS 24 Related Party Disclosures; and
- disclosures of IFRS not yet effective under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available.

#### *Investments in subsidiaries*

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company reviews the carrying amounts of its investments in subsidiaries at each reporting date to determine if there is any indication of impairment. Refer to the Group's accounting policy for impairment of non-financial assets as described in Note 2 Significant accounting policies of the consolidated financial statements.

### 2 Remuneration of directors

The directors of the Company did not receive remuneration during the periods ended 31 December 2021 and 2020 and are not entitled to remuneration under the current governance structure.

### 3 Investments in subsidiaries

The Company reports investments in subsidiaries, as listed in Note 12 Investments in subsidiaries and unconsolidated associates in the consolidated financial statements. No impairments have been recorded as of 31 December 2021 and 2020.

### 4 Subsequent events

The Company has evaluated subsequent events through 8 September 2022, the date on which these financial statements were issued, and noted no significant subsequent event affecting the Company. Refer to Note 22 Subsequent events in the consolidated financial statements for details of subsequent events affecting subsidiaries of the Company.