

**Company Registered Number 13047150**

**APOLLO KALLIDUS TOPCO LIMITED**

**Annual Report and Consolidated Financial Statements  
for the year ended 30 June 2022**

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## **APOLLO KALLIDUS TOPCO LIMITED**

### **CONSOLIDATED FINANCIAL STATEMENTS 2022**

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## **APOLLO KALLIDUS TOPCO LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P G Cannon  
R S Caul  
T S Green  
J E Hawkins  
V Krishna  
A Mundray  
P J Pyle  
S J Read (appointed 16 August 2021)  
S G Varnish

#### **REGISTERED OFFICE**

5 Fleet Place  
London  
EC4M 7RD

#### **BANKERS**

Kartesia UK Ltd  
6 Chesterfield Gardens  
London  
W1J 5BQ

#### **AUDITOR**

Crowe U.K. LLP  
Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL

## **APOLLO KALLIDUS TOPCO LIMITED**

### **STRATEGIC REPORT**

*The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.*

#### **Principal activities**

The principal activities of the Group comprise the provision of software systems, e-learning, and consultancy services to support the effective recruitment, onboarding and development of an organisation's employees. These principal activities are delivered by the Group's main trading subsidiaries. The principal activity of the company is to act as a holding company.

#### **Review of the business**

*The results of the Group for the period are set out in the Statement of Comprehensive Income.*

The Group's trading operations comprise Kallidus, Engage in Learning and Sapling Technologies.

At a consolidated level, Group Revenues showed strong growth and at £21,755,000 increased by 37% on the equivalent prior period driven by a mixture of organic growth on the Kallidus and Engage in Learning entities and the first full year of activity by the Sapling Technologies entity which was acquired in December 2020.

EBITDA at a group level increased compared to prior year, with the organic growth on the Kallidus and Engage in Learning entities offsetting EBITDA losses in the Sapling Technologies entity as it scales to profitability.

#### *Kallidus*

The directors are pleased to report on a year of success for Kallidus with 39% revenue growth for the full year ended 30 June 2022. Kallidus is following its strategy of increasing its recurring revenues in proportion to its services offering. This is strategically and tactically achieved by developing its multi-tenanted SaaS ('Software-as-a-Service') modules to be both quicker and easier to implement. This reduces and also de-risks the customer onboarding cycle whilst continuing to offer a premium end-user experience. It expedites SaaS sales, over a broader customer base, and results in an inherently lower cost to serve, with greater longer term value creation.

In the year, Kallidus Limited's significant activities and milestones include:

- Extending industry leading standard support operations to service international customers, both within their region and by deploying multiple time zone cover from the UK.
- Maintaining the customer Net Promoter Score (NPS) consistently above the industry average (at 46 for 2022 compared to 34 for 2021) through ongoing work on the Customer Excellence programme. NPS is widely used in the technology and service sectors to gain insight into the customer experience and instrumental in customer retention. Scoring starts at negative 100 to rise to a maximum positive 100. A negative score can be indicative of customer detractors, whereas a positive score alludes to customer advocacy and recommendation, which underpins growth potential.

## APOLLO KALLIDUS TOPCO LIMITED

### STRATEGIC REPORT (continued)

#### Review of the business (continued)

##### *Kallidus (continued)*

- Continued development of the product suite, including the UX harmonisation and integration of the Kallidus suite, Engage in Learning content and Sapling product
- Successfully adapting to a hybrid and remote working following the Covid-19 pandemic for the benefit of the business and employees alike.
- Winning recognition and notable awards in the year at the prestigious Learning Technology Awards in December 2021:
  - Silver awards for "Learning Designer of the year" and "Learning Platform of the year"
  - Bronze award for 'External Learning Solution of the year'
  - Finalist for "Learning Platform of the Year"
- Also winning G2 awards for "Best Support", "Momentum Leader" for Learn and "High Performer" for Learn based on user review scores.
- Successful launch of the "Kallidus Forever Free Training Academy" accompanying new customers from implementation throughout their time with Kallidus to maximise the benefits of the Kallidus systems and content, filled with training materials, live events, value add strategic content, resources and templates, reporting top tips and demo's galore.

The directors continue to recognise that Kallidus Limited's innovation and growth is due to the high levels of commitment and expertise of its staff. The recruitment of high-calibre employees, continuous staff development and their performance management are seen as being key to sustainable growth.

##### *Engage in Learning*

Engage is a rapidly growing business providing off-the-shelf and bespoke content through its proprietary learning management system, customers' existing systems or third party learning platforms to over 800 customers (from SMEs to global multinationals) with over 200 courses focused on the more resilient compliance, health and safety and personal development sectors.

During the year ended 30 June 2022, Engage contributed revenue of £2,649,000 (2021: £2,595,000), gross margin of £2,503,000 (2021: £2,394,000) and net profit before tax of £1,948,000 (2021: £905,000) to the Group's performance.

##### *Sapling Technologies*

On 23 December 2020, Apollo Kallidus Bidco Limited acquired 100% of the share capital of Sapling Technologies Inc., a leading People Operations and employee onboarding Platform, based in San Francisco (US) and Vancouver (Canada).

During the year ended 30 June 2022, Sapling Technologies contributed revenue of £2,974,000 (6 months ended 30 June 2021: £1,241,000), Gross Margin of £2,472,000 (6 months ended 30 June 2021: £1,032,000) and Net Loss of £2,211,000 (6 months ended 30 June 2021: £1,048,000) to the Group's performance.

## APOLLO KALLIDUS TOPCO LIMITED

### STRATEGIC REPORT (continued)

#### Key performance indicators

This commentary refers to Kallidus Limited. Highlights of Kallidus Limited's ("Kallidus") operating and financial performance for the full year ended 30 June 2022, compared to the year ended 30 June 2021, are as follows:

Turnover, being the main KPI, saw growth of 39% on the previous year, increasing from £12,112,000 in 2021 to £16,829,000 in 2022 with gross margin increasing to £11,050,000 (2021: £8,321,000) through continued multi-talented SaaS module expansion.

As at 30 June 2022, 79% of trading revenues were also recurring in nature (2021: 79%).

Gross margin increased by £2,729,000 (or 33%) in the year ended 30 June 2022, when compared to the year ended 30 June 2021.

Selling and administrative expenses increased by £3,144,000 following a strategic decision to enhance investment in this area for the purposes of accelerating future growth. Product development costs, accounted for within selling and administrative expenses, were £556,000 for the year ended 30 June 2022 representing a 14% increase on the prior year ended 30 June 2021 (2021: £489,000).

The amortisation charge relating to the development cost intangible asset was £2,857,000 (2021: £2,350,000). Net loss before tax was £1,349,000 for the year ended 30 June 2022 (2021: loss of £413,000). This movement was due to the improvement in absolute gross margin, offset by strategic increases in selling and administrative expense to facilitate future periods' revenue growth.

In the year ended 30 June 2022, Kallidus employed 180 staff (2021: 123).

A five-year summary of the operating and financial performance of Kallidus Limited is laid out below:

Year ended:		2018	2019	2020	2021	2022
Turnover	£'000	8,962	10,605	10,937	12,112	16,829
% growth year-on-year	%	6%	18%	3%	11%	39%
% recurring revenue	%	66%	79%	78%	79%	79%
Gross profit	£'000	5,646	7,221	7,807	8,321	11,050
Gross profit %	%	63%	68%	71%	69%	66%
EBITDA	£'000	1,363	2,407	2,213	2,069	1,672
Profit/(loss) before tax	£'000	(631)	(52)	(266)	(413)	(1,349)

## APOLLO KALLIDUS TOPCO LIMITED

### STRATEGIC REPORT (continued)

#### Principal risks and uncertainties

The key risks and uncertainties affecting the Group and Company relate to reduction in product demand, market change, loss of key management personnel, changes in technology, financial risks and damage to reputation. Financial risks are discussed in the Directors' Report below.

#### Macro-economic Inflationary and recessionary pressure

Following the Covid-19 global pandemic (March 2020) and the Russian invasion of Ukraine (February 2022) the world economy has seen significant increases in inflationary and recessionary pressure.

From a business model and revenue generation perspective, throughout the period since, business volumes have held up well with revenue levels increasing year on year aided by the strong "compliance" nature of the company's product offerings, and the tailwinds of employers looking to improve productivity in a competitive "employee" marketplace. Renewals and new business from the existing customer base have been strong with 100%+ renewals by value with the business well positioned with its online SaaS learning platform appealing to distributed and remote workforces internationally.

In the last recessionary period post the 2008 banking crisis Kallidus actually saw a consistent CAGR of +23% growth for the following couple of years and beyond.

Kallidus's contractual arrangements with customers also provide for scope to pass on any inflationary increases in its cost base with standard inflationary price mechanisms inbuilt.

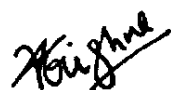
With its resilient "digital" business model, strong customer and supplier relationships, diverse customer base and also a robust liquidity outlook, the directors believe that Kallidus and the wider Kallidus Group, are well placed to manage any potential business risks from inflationary and recessionary pressures going forward.

#### Future developments

The Group, under the ownership of its new investors, will pursue a strategy of organic and acquisitive growth to provide a broader set of Human Capital Management ("HCM") solutions and functionality to customers. This strategy aims to not only develop new customer relationships but also to offer deeper and further solutions into the existing customer base.

With regard to organic growth, the Group continues to significantly invest in research and development ("R&D") to develop both new products, enhance product features and continuously extend the capabilities of its technically advanced platform. This virtual platform can be rapidly and internationally scaled. In addition, the Company has continued to invest in the Sales and Marketing infrastructure to commercially exploit the R&D activities.

Approved by the board of directors and signed on its behalf by:



V Krishna  
Director

31 March 2023

## **APOLLO KALLIDUS TOPCO LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 30 June 2022.

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

### **RESEARCH AND DEVELOPMENT**

The Group's software products continue to be key to its future success. During the year ended 30 June 2022, the Group's investment in research and development charged to the Statement of Comprehensive Income was £556,000 (period ended 30 June 2021: £331,000), but total development expenditure in the period, including capitalised software development costs, was £6,976,000 (period ended 30 June 2021: £2,406,000).

### **GOING CONCERN**

The directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future. At this stage, there is no expectation that the conflict between Russia and Ukraine will have an adverse impact on the Group and Company's prospects as the business has no customers in Ukraine or Russia.

The Company meets its loan repayments from cash generated within the wider Kallidus Group, specifically Kallidus Limited. As outlined in the Strategic Report the directors have a reasonable expectation that the Company and the wider Kallidus Group have adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from the signing of these financial statements. This is supported by the various financial modelling scenarios undertaken by the Board as part of its Covid-19 response, which are detailed in the Strategic Report, and an additional £3m of liquidity provided via equity and long term loan facilities by shareholders and the company's bankers, Kartesia, post year end on a 50/50 basis with all associated interest charges rolled up to be settled purely on redemption.

The Group loss before tax of £27,721,000 is after charging amortisation on intangible assets of £23,280,000 and interest of £4,515,000 that is rolled into a payment-in-kind loan. Loan note interest is to be settled on redemption. Loan notes are redeemable on the earlier of an exit or March 2029. An exit event is defined as the sale, liquidation or listing of the Group. None of these charges had a cash flow effect and further details on the full year performance of the trading subsidiary, Kallidus Limited, can be found in the Review of the Business section in the Strategic Report. The underlying result excluding these items is a profit before tax of £74,000.

The Group's major shareholder is a Private Equity ("PE") firm. As is typical in PE investments there is a significant funding debt, primarily loan notes, which sit in the upper section of the balance sheet. This funding structure results in net liabilities. Such funding is long-term, and it is intended to be redeemed on an exit event. It is not a liability arising from the normal trading operations of the Group and has no cash effect on trading.

Net current liabilities include deferred income balances of £11,764,000. The deferred income balances arise from *billing customers in advance and then recognising the income over the life of the customer contract*. They are not a cash liability. In the very short-term such customer payments increase cash. However, the Group's strategy of investing in product has seen a proportion of cash receipts then being expended on development expenditure within intangible assets. In the year ended 30 June 2022 the Group spent £6,420,000 on development-cost additions within intangible assets. This use of cash increases fixed asset value but conversely also increases the net current liability.



## **APOLLO KALLIDUS TOPCO LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **GOING CONCERN (continued)**

Overall Group net liabilities are primarily driven by £49,668,000 of loan notes. These investor loan notes are financing the Group and are not a trading liability. In accordance with FRS 102, loan notes are accounted for as a liability and not within equity.

As explained above the loan notes, and their accrued interest, can only be redeemed on an exit event. The directors do not foresee an exit event occurring before the 12 months from the signing of these financial statements. Therefore, the net liabilities are not considered to impact the cash flows of the Group in the period of at least 12 months from the signing of these financial statements and the directors have adopted a going concern basis for the preparation of these financial statements.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's activities expose it to a number of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and macro-economic risk arising from Covid-19.

##### **Foreign exchange risk**

The Group's activities occasionally expose it to the financial risk of changes in foreign currency exchange rates. Since 77% of the Group's turnover is derived from the UK, the risk associated with such transactions is considered to be relatively low.

##### **Interest rate risk**

The Group is exposed to interest rate fluctuations on its borrowings as its bank facilities are at floating rates. The Board review such exposure with a view as to whether any hedging instruments may be required as part of its normal monthly reviews and no such hedging was deemed necessary during the period.

##### **Credit risk**

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for any doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term term debt finance in the form of a £26.7 million senior secured unitranche facility (and additional Capex / Acquisition facility), along with issued loan stock and preference shares. As the main trading subsidiary, Kallidus Limited is cash generative, the Group's reliance on such long-term debt finance will diminish over time. In addition no repayments are due on the unitranche facility until Dec 2026.

## **APOLLO KALLIDUS TOPCO LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

##### **Macro-economic risk**

Due to the macro-economic environment post the global Covid-19 pandemic and Russian Ukraine crisis the Group is exposed to the risk of existing customers' businesses being stressed and a potential reduction in these customers' renewals whether by value or loss of customer. The Group has a relatively low fixed overhead. Peak staffing needs, in this and prior periods, have been serviced by contractors. In addition, there are contingent remuneration arrangements and the virtual-platform hosting costs vary with customer usage. These dynamics, with committed banking facilities, and standard inflationary price mechanisms within customer contractual arrangements will mitigate risk. The Group is continuously monitoring macro-economic developments and continues to plan and take actions accordingly.

#### **DIVIDENDS**

The directors do not recommend payment of a dividend for the year ended 30 June 2022 (2021: £nil). No dividend has been recommended or paid after 30 June 2022 to the date of this report.

#### **DIRECTORS**

The following directors, who served during the period and subsequently unless otherwise stated, are as follows:

P G Cannon  
R S Caul  
T S Green  
J E Hawkins  
V Krishna  
A Munday  
P J Pyle  
S J Read (appointed 16 August 2021)  
S G Varnish

#### **DIRECTORS' INDEMNITIES**

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report. These provisions apply to this company and all other companies in the group headed by the company.

#### **PROVISION OF INFORMATION TO THE AUDITOR**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors 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 Company's auditor is aware of that information.

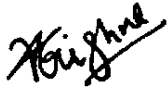
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Crowe U.K. LLP have indicated their willingness to continue in office as the Company's auditor. A resolution to reappoint Crowe U.K. LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

**APOLLO KALLIDUS TOPCO LIMITED**

**DIRECTORS' REPORT (continued)**

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'V Krishna', with a stylized flourish at the end.

**V Krishna**  
Director

31 March 2023

## APOLLO KALLIDUS TOPCO LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APOLLO KALLIDUS TOPCO LIMITED**

### **Opinion**

We have audited the financial statements of Apollo Kallidus Topco Limited (the "parent company") and its subsidiaries (the "group") for the year ended 30 June 2022 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and UK taxation legislation.

## INDEPENDENT AUDITOR'S REPORT (continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks include sample testing revenue across the year and deferred revenue as at year end agreeing to supporting documentation, and reviewing revenue received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

### Use of our report

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



Christine Dobson  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K LLP**  
Statutory Auditor

Aquis House  
49-51 Blagrove Street  
Reading  
RG1 1PL

31 March 2023

**APOLLO KALLIDUS TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2022

	Note	Year ended 30 June 2022 £'000	Period 27 November 2020 to 30 June 2021 £'000
<b>TURNOVER</b>	3	21,755	9,215
Cost of sales		(5,729)	(2,294)
<b>GROSS PROFIT</b>		16,026	6,921
Amortisation of intangible assets		(23,280)	(12,920)
Administrative expenses and distribution costs		(13,810)	(6,712)
Administrative expenses		(37,090)	(19,632)
<b>OPERATING LOSS</b>		(21,064)	(12,711)
Interest payable and similar charges	6	(6,657)	(3,487)
<b>LOSS BEFORE TAXATION</b>	5	(27,721)	(16,198)
Tax credit on loss	7	-	48
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(27,721)	(16,150)

There are no recognised gains or losses for either period other than as stated in the Consolidated Statement of Comprehensive Income.

All of the Group's activities are classified as continuing.



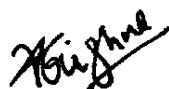
**APOLLO KALLIDUS TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2022

	Note	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Goodwill	8	66,761	85,833
Intangible assets	8	10,357	7,840
Tangible assets	10	241	226
		<u>77,359</u>	<u>93,899</u>
<b>CURRENT ASSETS</b>			
Debtors – falling due within one year	11	6,494	5,346
Cash at bank and in hand		1,987	5,331
		<u>8,481</u>	<u>10,677</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	<u>(16,399)</u>	<u>(14,596)</u>
<b>NET CURRENT LIABILITIES</b>		(7,918)	(3,919)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		69,441	89,980
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	13	(75,959)	(69,490)
<b>NET (LIABILITIES)/ASSETS</b>		<u>(6,518)</u>	<u>20,490</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	126	123
Share premium account	16	30,899	30,189
Preference shares	16	6,328	6,328
Profit and loss account		(43,871)	(16,150)
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>		<u>(6,518)</u>	<u>20,490</u>

The consolidated financial statements of Apollo Kallidus Topco Limited, registered number 13047150, were approved by the Board of Directors and authorised for issue on 31 March 2023.

They were signed on its behalf by:



**V Krishna**  
Director

**APOLLO KALLIDUS TOPCO LIMITED**

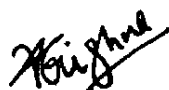
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2022**

	Note	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Investments	9	36,640	36,640
<b>CURRENT ASSETS</b>			
Debtors	11	930	-
Cash at bank and in hand		-	-
		930	-
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN THAN ONE YEAR</b>	12	(217)	-
<b>NET CURRENT ASSETS</b>		713	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		37,353	36,640
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	126	123
Share premium account	16	30,899	30,189
Preference shares	16	6,328	6,328
Profit and loss account		-	-
<b>SHAREHOLDERS' FUNDS</b>		37,353	36,640

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The Company's result for the financial year was £nil (period ended 30 June 2021: £nil).

The financial statements of Apollo Kallidus Topco Limited, registered number 13047150, were approved by the Board of Directors and authorised for issue on 31 March 2023.

They were signed on its behalf by:



**V Krishna**  
 Director

**APOLLO KALLIDUS TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
As at 30 June 2022

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Preference shares £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 27 November 2020</b>	-	-	-	-	-
New shares issued	123	30,189	6,328	-	36,640
Total comprehensive expense	-	-	-	(16,150)	(16,150)
<b>At 30 June 2021</b>	123	30,189	6,328	(16,150)	20,490
New shares issued	3	710	-	-	713
Total comprehensive expense	-	-	-	(27,721)	(27,721)
<b>At 30 June 2022</b>	126	30,899	6,328	(43,871)	(6,518)

All equity is attributable in full to the equity shareholders of the Group. The loss for each financial period represents the total Group comprehensive expense for that period. There are no other recognised gains or losses.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
As at 30 June 2022

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Preference shares £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 27 November 2020</b>	-	-	-	-	-
New shares issued	123	30,189	6,328	-	36,640
Total comprehensive expense	-	-	-	-	-
<b>At 30 June 2021</b>	123	30,189	6,328	-	36,640
New shares issued	3	710	-	-	713
Total comprehensive expense	-	-	-	-	-
<b>At 30 June 2022</b>	126	30,899	6,328	-	37,353

All equity is attributable in full to the equity shareholders of the Company. The result for each financial period represents the total Company comprehensive income/(expense) for that period. There are no other recognised gains or losses.

**APOLLO KALLIDUS TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2022

	Note	Year ended 30 June 2022		Period from 27 November 2020 to 30 June 2021	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	18		2,957		180
<b>Cash flows from investing activities</b>					
Payments to acquire intangible fixed assets		(6,725)		(2,075)	
Payments to acquire tangible fixed assets		(143)		(176)	
Purchase of subsidiary		-		(28,235)	
<b>Net cash flow from investing activities</b>			(6,868)		(30,486)
<b>Cash flows from financing activities</b>					
Proceeds on issue of shares		713		36,640	
New finance drawn down		1,400		-	
Interest paid		(1,546)		(1,003)	
<b>Net cash flow from financing activities</b>			567		35,637
<b>(Decrease)/increase in cash in period</b>			(3,344)		5,331
<b>Cash and cash equivalents at beginning of period</b>			5,331		-
<b>Cash and cash equivalents at end of period</b>			1,987		5,331

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

## **APOLLO KALLIDUS TOPCO LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 30 June 2022**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period. The company was incorporated on 27 November 2020 and therefore the prior period comparative information covers the period from that date to 30 June 2021.

##### **Basis of accounting**

Apollo Kallidus Topco Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102), issued by the Financial Reporting Council and applicable United Kingdom law.

*The functional currency of the Company and its subsidiary undertakings is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. There are no foreign operations.*

Apollo Kallidus Topco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### **Going concern**

The directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future. At this stage, there is no expectation that the conflict between Russia and Ukraine will have an adverse impact on the Group and Company's prospects as the business has no customers in Ukraine or Russia.

The Company meets its loan repayments from cash generated within the wider Kallidus Group, specifically Kallidus Limited. As outlined in the Strategic Report the directors have a reasonable expectation that the Company and the wider Kallidus Group have adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from the signing of these financial statements. This is supported by the various financial modelling scenarios undertaken by the Board as part of its Covid-19 response, which are detailed in the Strategic Report, and an additional £3m of liquidity provided via equity and long term loan facilities by shareholders and the company's bankers, Kartesia, post year end on a 50/50 basis with all associated interest charges rolled up to be settled purely on redemption.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Going concern (continued)

*The Group loss before tax of £27,721,000 is after charging amortisation on intangible assets of £23,280,000 and interest of £4,515,000 that is rolled into a payment-in-kind loan. Loan note interest is to be settled on redemption. Loan notes are redeemable on the earlier of an exit or March 2029. An exit event is defined as the sale, liquidation or listing of the Group. None of these charges had a cash flow effect and further details on the full year performance of the trading subsidiary, Kallidus Limited, can be found in the Review of the Business section in the Strategic Report. The underlying result excluding these items is a profit before tax of £74,000.*

The Group's major shareholder is a Private Equity ("PE") firm. As is typical in PE investments there is a significant funding debt, primarily loan notes, which sit in the upper section of the balance sheet. This funding structure results in net liabilities. Such funding is long-term, and it is intended to be redeemed on an exit event. It is not a liability arising from the normal trading operations of the Group and has no cash effect on trading.

Net current liabilities include deferred income balances of £11,764,000. The deferred income balances arise from billing customers in advance and then recognising the income over the life of the customer contract. They are not a cash liability. In the very short-term such customer payments increase cash. However, the Group's strategy of investing in product has seen a proportion of cash receipts then being expended on development expenditure within intangible assets. In the year ended 30 June 2022 the Group spent £6,420,000 on development-cost additions within intangible assets. This use of cash increases fixed asset value but conversely also increases the net current liability.

Overall Group net liabilities are primarily driven by £49,668,000 of loan notes. These investor loan notes are financing the Group and are not a trading liability. In accordance with FRS 102, loan notes are accounted for as a liability and not within equity.

As explained above the loan notes, and their accrued interest, can only be redeemed on an exit event. The directors do not foresee an exit event occurring before the 12 months from the signing of these financial statements. Therefore, the net liabilities are not considered to impact the cash flows of the Group in the period of at least 12 months from the signing of these financial statements and the directors have adopted a going concern basis for the preparation of these financial statements.

##### Turnover

Turnover is the amount derived from the provision of software systems, e-learning, and consultancy services to customers within the Company's ordinary activities, excluding any value added taxes and discounts. Revenue from the supply of software is recognised evenly over the term of the corresponding licence. Revenue from the supply of e-learning and consultancy services is recognised when the corresponding service has been delivered to the customer. Where revenue is received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors falling due within one year.

##### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. These translation differences are recognised in the statement of comprehensive income.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Borrowing and finance lease costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred. Interest payable on both borrowings and finance leases is calculated using the effective interest rate method.

##### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Computer equipment	3 years straight-line
Office equipment	2-4 years straight-line

##### Intangible fixed assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of amortisation are as follows:

Customer lists	3 years straight-line
Goodwill arising on acquisition	5 years straight-line
Licences	3 years straight-line
Development costs	3 years straight-line

Development costs have been capitalised in accordance with FRS 102 section 18 'Intangible Assets other than Goodwill' and are therefore not treated, for dividend purposes, as a realised loss.

Goodwill arising on acquisition is amortised over five years. This is considered to be the useful life of this asset. It arose as a result of a private equity acquisition. The directors estimate that the current investors' period of ownership will be five years.

##### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## **APOLLO KALLIDUS TOPCO LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**For the year ended 30 June 2022**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Finance leases**

Assets held under finance leases are recognised initially at the fair value of the leased asset. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

##### **Operating leases**

Operating lease rental charges are charged to the Statement of Comprehensive Income on a straight-line basis over the life of each lease.

##### **Research and development**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is three years. Provision is made for any impairment.

##### **Employee benefits**

The Group operates a defined contribution scheme. Contributions are charged to the Statement of Comprehensive Income as they fall due.

##### **Interest payable**

Interest payable is written off the profit and loss account as incurred.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**1. ACCOUNTING POLICIES (continued)**

**Financial instruments**

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

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

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are *initially measured at fair value (which is normally the transaction price excluding transaction costs)*, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to *protect the holder against the credit deterioration of the issuer or a change in control of the issuer*, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one period are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

##### (i) Financial assets and liabilities (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

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

##### *The occurrence of revenue and completeness of deferred income*

All invoicing is analysed with regards to whether (i) "one-off" (e.g. Bespoke Content) with revenues recognised on service delivery or (ii) "recurring" (i.e. covering a set period with revenues deferred or spread according to GAAP over such periods). Management review calculations on a monthly basis, taking into account changes, variances and expectations to ensure appropriate and consistent treatment.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Critical judgements in applying the Group's accounting policies (continued)

###### *The validity of development costs capitalised*

Development costs are predominantly tracked and recorded via timesheets with capitalisations subsequently calculated from these according to generally agreed accounting concepts of costs and future value. Reviews as to the validity are undertaken with the CTO, having particular regard to the nature of work done (development versus fixes), future economic benefit and expected useful life.

###### *The validation and impairment review of investment balances*

Non-financial intangible assets are reviewed for impairment in accordance with the policies as stated in note 1. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates, particularly around the multiple used in determining the fair value less costs to sell, based on the experience and knowledge of staff in the business.

##### Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

#### 3. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounts to 23% (period ended 30 June 2021: 16%). The turnover is attributable to the Group's principal activities.

	Year ended 30 June 2022 £'000	Period from 27 November 2020 to 30 June 2021 £'000
United Kingdom	16,797	7,746
Rest of Europe	971	408
Rest of World	3,987	1,061
	<hr/> 21,755	<hr/> 9,215

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 30 June 2022

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

<b>Group</b>	<b>Year ended 30 June 2022 £'000</b>	<b>Period from 27 November 2020 to 30 June 2021 £'000</b>
<b>Directors' emoluments fees</b>		
Emoluments	1,412	573
Pension contributions	22	28
	<u>1,434</u>	<u>601</u>
<b>Remuneration of the highest paid director</b>	<b>£'000</b>	<b>£'000</b>
Emoluments	307	95
Pension contributions	5	23
	<u>312</u>	<u>118</u>
	<b>No.</b>	<b>No.</b>
Number of directors accruing benefits in the money purchase pension scheme	<u>5</u>	<u>5</u>
<b>Employee costs during the period including directors</b>		
<b>Group</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	13,884	4,652
Social security costs	1,140	647
Pension contributions	702	208
	<u>15,726</u>	<u>5,507</u>

The Company had no employee costs during the year (period ended 30 June 2021: none).

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

**Monthly average number of persons employed including directors**

<b>Group</b>	<b>Year ended 30 June 2022 £'000</b>	<b>Period from 27 November 2020 to 30 June 2021 £'000</b>
Sales and Marketing	73	66
R&D and Technical Services	120	99
Administration	29	34
	<u>222</u>	<u>199</u>

The Company had no employees during the year, or the preceding period.

**5. LOSS BEFORE TAX**

	<b>Year ended 30 June 2022 £'000</b>	<b>Period from 27 November 2020 to 30 June 2021 £'000</b>
Loss before tax is stated after charging/(crediting):		
Depreciation – owned assets (note 10)	128	152
Amortisation (note 8)	23,280	12,920
Research and development	556	331
Auditor's remuneration - audit of the financial statements:		
- Group	89	83
- Company	3	2
Non-audit services – taxation compliance services	11	19
Operating lease rentals – land and buildings	277	99
Operating lease rentals – other	5	3
	<u></u>	<u></u>

Amortisation is recognised within administrative expenses.

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Year ended 30 June 2022 £'000</b>	<b>Period from 27 November 2020 to 30 June 2021 £'000</b>
Bank interest	2,096	1,414
Loan note interest	4,515	2,044
Finance lease interest	3	-
Foreign exchange differences	43	29
	<u>6,657</u>	<u>3,487</u>

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**7. TAX ON LOSS**

	Year ended 30 June 2022 £'000	Period from 27 November 2020 to 30 June 2021 £'000
The tax credit comprises:		
<b>Current tax</b>		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	(48)
Total current tax	-	(48)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-
<b>Total tax credit on loss on ordinary activities</b>	-	(48)

The standard rate of tax applied to reported loss on ordinary activities is 19%. The differences between the total current tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the loss before tax is as follows:

	£'000	£'000
Group loss on ordinary activities before tax	(27,721)	(16,198)
Tax on Group loss on ordinary activities at standard UK corporation tax rate of 19% (period ended 30 June 2021: 19%)	(5,267)	(3,078)
Effects of:		
Expenses not deductible for tax purposes	3,718	1,856
Fixed asset timing differences	(7)	20
Effect of changes in tax rates	(374)	(621)
Adjustments in respect of prior periods	-	(48)
Deferred tax asset not recognised	1,930	1,823
<b>Group tax credit for period</b>	-	(48)

**Factors that may affect future tax charges**

In March 2021 the Chancellor of the Exchequer announced in the Budget that the main rate of corporation tax in the UK would increase from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 10 June 2021 following receipt of Royal Assent of the Finance Bill 2021.

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**8. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Development costs £'000</b>	<b>Licences £'000</b>	<b>Total intangible assets £'000</b>	<b>Goodwill £'000</b>	<b>Grand total £'000</b>
<b>Cost</b>					
At 1 July 2021	9,567	142	9,709	96,884	106,593
Additions	6,420	-	6,420	305	6,725
At 30 June 2022	15,987	142	16,129	97,189	113,318
<b>Amortisation</b>					
At 1 July 2021	1,727	142	1,869	11,051	12,920
Charge for the year	3,903	-	3,903	19,377	23,280
At 30 June 2022	5,630	142	5,772	30,428	36,200
<b>Net book value</b>					
At 30 June 2022	10,357	-	10,357	66,761	77,118
At 30 June 2021	7,840	-	7,840	85,833	93,673

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

The company had no intangible fixed assets.

**9. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>£'000</b>
<b>Cost</b>	
At 1 July 2021 and 30 June 2022	36,640

The investment balance represents the company's holding of the entire share capital of Apollo Kallidus Holdco Limited.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

#### 9. FIXED ASSET INVESTMENTS (continued)

The Company holds more than 20% of the share capital of the following companies, all of which are registered and incorporated in England and Wales, unless otherwise stated:

Subsidiary undertaking	Registered number	Principal activity	Class	Shares held
Apollo Kallidus Holdco Limited*	11858430	Holding company	Ordinary	100%
Apollo Kallidus Midco Limited	11858430	Holding company	Ordinary	100%
Apollo Kallidus Bidco Limited	11859037	Holding company	Ordinary	100%
Kallidus Holdings Limited	09261638	Holding company	Ordinary	100%
Kallidus Intermediary Limited	09262306	Holding company	Ordinary	100%
Kallidus Bidco Limited	09263434	Holding company	Ordinary	100%
Kallidus Target Limited**	07008939	Dormant	Ordinary	100%
Kallidus Limited	03984404	Software systems	Ordinary	100%
Intraventure Limited**	04161655	Dormant	Ordinary	100%
Advorto UK Limited**	07452718	Dormant	Ordinary	100%
HOT Learning Ltd	07505130	Software systems	Ordinary	100%
Sapling Technologies Inc	-	Software systems	Ordinary	100%
Sapling Technologies Corp	-	Holding company	Ordinary	100%

\* Held directly by Apollo Kallidus Topco Limited.

\*\* Dormant

The registered office address of all UK subsidiary undertakings is 5 Fleet Place, London EC4M 7RD. The registered office of Sapling Technologies Inc and Sapling Technologies Corp is 410 Pacific Avenue San Francisco, CA 94133 USA. Advorto UK Limited, Kallidus Target Limited and Intraventure Ltd are dormant companies and have taken advantage of the s448A, Companies Act 2006 exemption from filing individual accounts. These dormant companies are exempt from the requirement to deliver a copy of the company's individual accounts to the registrar by virtue of this section.



**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Computer equipment £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2021	333	22	355
Additions	133	10	143
Disposals	-	(2)	(2)
At 30 June 2022	466	30	496
<b>Depreciation</b>			
At 1 July 2021	124	5	129
Charge for the year	116	12	128
Disposals	-	(2)	(2)
At 30 June 2022	240	15	255
<b>Net book value At 30 June 2022</b>	<b>226</b>	<b>15</b>	<b>241</b>
At 30 June 2021	209	16	226

The company had no tangible fixed assets.

**11. DEBTORS**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
<b>Amounts falling due within one year</b>				
Trade debtors	3,948	3,492	-	-
Corporation tax recoverable	-	121	-	-
Prepayments and accrued income	1,904	1,733	217	-
Amounts due from group undertakings	-	-	71	-
Other debtors	642	-	642	-
	<b>6,494</b>	<b>5,346</b>	<b>930</b>	<b>-</b>

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
Trade creditors	1,024	1,419	-	-
Other taxation and social security	1,394	1,422	217	-
Other creditors	35	63	-	-
Accruals	2,182	1,892	-	-
Deferred income	11,764	9,800	-	-
	<u>16,399</u>	<u>14,596</u>	<u>217</u>	<u>-</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
Bank loan	26,291	24,337	-	-
Loan notes	49,668	45,153	-	-
	<u>75,959</u>	<u>69,490</u>	<u>-</u>	<u>-</u>

The Group's bank facilities comprise a term facility of £25,000,000 and a capital expenditure facility of £1,700,000 with Kartesia Management SA, which bear interest at 7.5% plus LIBOR and are repayable on 23 December 2026.

The loan notes, which are listed on The International Stock Exchange, are secured but are subordinated to the bank term loan. The loan notes carry an interest charge of 10% per annum compounding annually. Interest is rolled into a Payment-in-Kind loan to be settled on redemption.

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 14. GROUP BORROWINGS

<b>2022</b>	<b>Bank loan £'000</b>	<b>Loan notes £'000</b>	<b>Total £'000</b>
Within one year	-	-	-
Between one and two years	-	-	-
Between two and five years	-	-	-
After more than five years	26,291	49,668	75,959
Total Group borrowings	26,291	49,668	75,959
<b>2021</b>	<b>Bank loan £'000</b>	<b>Loan notes £'000</b>	<b>Total £'000</b>
Within one year	-	-	-
Between one and two years	-	-	-
Between two and five years	-	-	-
After more than five years	24,337	45,153	69,490
Total Group borrowings	24,337	45,153	69,490

The Group's bank facilities comprise a term facility of £25,000,000 and a capital expenditure facility of £1,700,000 with Kartesia Management SA, which bear interest at 7.5% plus LIBOR and are repayable on 23 December 2026.

The loan notes are unsecured and carry an interest charge of 10% per annum compounding semi-annually. The loan notes are redeemable in 2029. Interest is rolled into a Payment-in-Kind loan to be settled on redemption. Loan notes are carried at the amount of nominal value plus rolled-up interest.

APOLLO KALLIDUS TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 30 June 2022

15. FINANCIAL ASSETS AND LIABILITIES

Financial assets

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<i>Measured at undiscounted amount receivable</i>				
Trade debtors	3,948	3,492	-	-

Financial liabilities

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<i>Measured at amortised cost</i>				
Bank loans	26,291	24,337	-	-
Loan notes	49,668	45,153	-	-
<i>Measured at undiscounted amount payable</i>				
Trade and other creditors	2,453	2,841	-	-
Deferred income	11,764	9,800	-	-
	92,176	82,131	-	-

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

<b>16. CALLED-UP SHARE CAPITAL</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Authorised, allotted, called up and fully paid</b>		
61,870 (2021: 50,744) 'A' Ordinary shares of £0.000001 each	-	-
68,744 (2021: 56,372) 'B' Ordinary shares of £0.000001 each	-	-
1,263,244 (2021: 1,234,214) Ordinary shares of £0.10 each	126	123
	<u>126</u>	<u>123</u>
 6,327,687 10% redeemable preference shares of £1 each	 6,328	 6,328

On 10 August 2021, 11,126 A Ordinary shares of £0.000001 and 12,372 B Ordinary Shares of £0.000001 each were issued at par. On the same date 29,030 Ordinary shares of £0.10 each were issued for consideration of £713,000 giving rise to share premium of £710,000.

A ordinary shares and B ordinary shares carry no voting rights or right to dividends.

The share premium account of £30,899,000 (2021: £30,189,000) represents the historic premium paid on the nominal value of its share capital.

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**17. DEFERRED TAX**

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Deferred taxation</b>		
Balance at 1 July 2021	-	-
Current year charge	-	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>

The amount of deferred tax not recognised in the financial statements is as follows:

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
Depreciation in excess of capital allowances	-	-	-	-
Short term timing differences	1,967	1,970	-	-
Losses	1,076	655	-	-
	<b>3,043</b>	<b>2,625</b>	<b>-</b>	<b>-</b>

There are no expiry dates on timing differences, unused losses or tax credits.

**APOLLO KALLIDUS TOPCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2022**

**18. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Year ended 30 June 2022 £'000	Period from 27 November 2020 to 30 June 2021 £'000
Operating loss	(21,064)	(12,711)
Adjustment for:		
Depreciation	128	152
Amortisation	23,280	12,920
Loss on disposal of fixed assets	-	3
Increase in debtors	(1,269)	(3,720)
Increase in creditors	1,804	3,638
Foreign exchange	(43)	(29)
Tax received/(paid)	121	(73)
<b>Net cash inflow from operating activities</b>	<b>2,957</b>	<b>180</b>

**Net debt reconciliation**

	At 1 July 2021 £'000	Cash flows £'000	Acquisitions £'000	Other non cash changes £'000	At 30 June 2022 £'000
Cash	5,331	(3,344)	-	-	1,987
Bank loans	(24,337)	(1,400)	-	(554)	(26,291)
Loan notes	(45,153)	-	-	(4,515)	(49,668)
<b>Net debt</b>	<b>(64,159)</b>	<b>(4,744)</b>	<b>-</b>	<b>(5,069)</b>	<b>(73,972)</b>

**19. FINANCIAL COMMITMENTS**

**Operating leases**

The Group has total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
- within one year	280	3	141	5
- between one and five years	99	-	134	2
	<b>379</b>	<b>3</b>	<b>275</b>	<b>7</b>

## APOLLO KALLIDUS TOPCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 30 June 2022

#### 20. PARENT COMPANY LOSS

As permitted by section 408 of the Companies Act 2006 the Statement of Comprehensive Income of the parent Company is not presented as part of these financial statements. The parent Company's result for the year is disclosed at the foot of the Company balance sheet.

#### 21. DEFINED CONTRIBUTION SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to profit or loss in the year was £702,000 (period ended 30 June 2021: £208,000). The balance owed to the scheme at 30 June 2022 was £78,000 (2021: £48,000).

#### 22. SUBSIDIARY COMPANY AUDIT EXEMPTIONS

For the year ended 30 June 2022 certain subsidiaries of Apollo Kallidus Topco Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Apollo Kallidus Topco Limited has provided a guarantee to these subsidiaries in accordance with that section.

The companies covered by the guarantee and taking exemption from the audit are as follows:

<b>Subsidiary undertaking</b>	<b>Company Number</b>
Kallidus Intermediary Limited	09262306
Kallidus Bidco Limited	09263434
HOT Learning Ltd	07505130

The following dormant companies have taken advantage of the s448A Companies Act 2006 exemption from filing individual accounts:

Kallidus Target Limited	07008939
Intraventure Limited	04161655
Advorto UK Limited	07452718



## **APOLLO KALLIDUS TOPCO LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)** **For the year ended 30 June 2022**

#### **23. RELATED PARTY TRANSACTIONS**

Remuneration of key management personnel other than statutory directors amounted to £249,000 (period ended 30 June 2021: £80,000).

At the year end, loan notes of £36,807,000 (2021: £36,807,000) were outstanding with shareholders of the ultimate parent company. Accumulated interest on these loan notes of £12,861,000 (2021: £8,346,000) was also outstanding with shareholders of the ultimate parent company.

During the year, the company issued share capital to S J Read, a director of the company. The balance of consideration due to the company at 30 June 2022, which is presented within other debtors, was £642,000 (2021: £nil). The loan does not bear interest, and is expected to be settled in the event of his disposal of the shares.

During the year, interest of £4,515,000 (period ended 30 June 2021: £2,044,000) was charged to Statement of Comprehensive Income. £200,000 (period ended 30 June 2021: £100,000) of management fees were also charged.

#### **24. ULTIMATE CONTROLLING PARTY**

The company is owned by a number of shareholders and individually no shareholder is able to exert control. Therefore, in the opinion of the directors there is no ultimate controlling party.