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APPRIVER UK LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**APPRIVER UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M F Acedo M Ranganathan C Waida M K Wilkinson
<b>Registered number</b>	11614909
<b>Registered office</b>	420 Thames Valley Park Drive Thames Valley Park Reading Berkshire RG6 1PT
<b>Independent auditor</b>	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 14th Floor 103 Colmore Row Birmingham B3 3AG

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APPRIVER UK LIMITED

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CONTENTS

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	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 28

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## APPRIVER UK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

The directors present their strategic report and audited financial statements of the year ended 31 December 2022.

#### Business review

AppRiver UK Limited, "the Company" is part of a group of companies which regard Open Text Corporation (OTC) as the ultimate parent company. The single entity financial statements of the Company are included in the consolidated financial statements of OTC. OTC was founded in 1991. Its initial public offering was on NASDAQ in 1996 and subsequently it was listed on the Toronto Stock Exchange (TSX) in 1998. Both of these are North American stock exchanges.

The Company operates under a cost-plus arrangement with other group companies and is therefore reliant on other group companies to generate income.

During the year ended 31 December 2022 the Company made a profit before tax of £797,662 (2021 - £599,446 as restated) and the Balance Sheet shows net assets of £1,900,407 (2021 - £1,209,980 as restated).

#### Going concern

As explained in note 21, the directors of the Company plan to transfer the trade, assets and liabilities of the Company to a fellow subsidiary company of its ultimate parent undertaking, OTC, before the end of 2023, as part of a wider corporate structure review. The Company will consequently cease to trade at this date.

After consideration of the matters above, the directors are of the opinion that it is not appropriate for the financial statements to have been prepared on a going concern basis. These financial statements have therefore been prepared on a basis other than that of going concern. The directors consider that no adjustments were necessary to the assets and liabilities recognised in the financial statements arising from the change in basis of preparation.

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APPRIVER UK LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**Principal risks and uncertainties**

**Competitive risks**

The market for the overall Company's products is highly competitive, subject to rapid technological change, shifting customer needs, and economic pressure. Additionally, new competitors or alliances among existing competitors may emerge that could rapidly acquire additional market share. It is also expected that competition will increase as a result of on-going software industry consolidation.

**Financial instrument risks**

The directors are committed to ensuring the business has sufficient working capital and cash flows to meet its obligations and to limit undue exposure to foreign exchange.

The Company is exposed to foreign exchange fluctuations as it trades with customers, vendors, and group companies in foreign currencies. The Company mitigates this risk by settling outstanding balances in foreign currencies, applying the Company's credit policy, and minimizing payment terms.

This report was approved by the board and signed on its behalf.



M Ranganathan  
Director

Date: 09/29/2023

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## APPRIVER UK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### Results and dividends

The profit for the year, after taxation, amounted to £631,820 (2021 - £489,973 as restated).

No dividends have been paid or proposed in the year (2021 - £Nil).

#### Directors

The directors who served during the year were:

M F Acedo (appointed 1 July 2022)  
M Ranganathan  
C Waida  
M K Wilkinson (appointed 1 April 2022)  
G A Davies (resigned 1 July 2022)

#### Matters covered in the Strategic Report

Where necessary, disclosures related to principal risks and uncertainties have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

#### Future developments

In October 2023, as part of an internal reorganisation, the Company is selling its business and assets to Open Text UK Limited. After that date, the Company will operate as a non-trading company.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Post balance sheet events

After the reporting period, the Directors determined that as part of a restructuring arrangement, the Company would sell its trade, assets and liabilities to a fellow subsidiary company of its ultimate parent undertaking, with the Company ceasing to trade as a result. This is expected to finalise before the year ended 31 December 2023, with employees having been transferred as part of the arrangement in January 2023.

Furthermore, on 15 September 2023, AppRiver Parent, LLC sold its share in the Company to Open Text UK Limited a company registered in England and Wales. As a result, the Company's immediate parent undertaking changed on this date to Open Text UK Limited.

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APPRIVER UK LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**Auditor**

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M Ranganathan  
Director

Date: 09/29/2023

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APPRIVER UK LIMITED

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPRIVER UK LIMITED**

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**Opinion**

We have audited the financial statements of AppRiver UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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 FRS 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 Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to note 2.4 of the financial statements, which explains that the financial statements have been prepared on a basis other than going concern for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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## APPRIVER UK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPRIVER UK LIMITED

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#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## APPRIVER UK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPRIVER UK LIMITED

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#### **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 a general understanding of the Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand the Company complies with requirements of the framework through:

- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come directly to their attention; and
- The engagement of external experts to ensure ongoing tax compliance and to assist with the preparation of the statutory accounts.

In the context of the audit, we have considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct business and where failure to comply could result in material penalties.

We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and incorrect recognition of revenue. This was communicated to the other members of the engagement team who were not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Recalculation of the accuracy of the revenue recharge;
- Testing of expense transactions to underlying documentation to ensure the completeness of the expense population; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the client processes and controls surrounding manual journals.

A further description of our responsibilities 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.

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APPRIVER UK LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPRIVER UK LIMITED

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**Use of our report**

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

*Stephen Drew*

Stephen Drew (Oct 2, 2023 16:43 GMT+1)

Stephen Drew (Senior Statutory Auditor)

for and on behalf of

**CLA Evelyn Partners Limited**

Chartered Accountants

Statutory Auditor

14th Floor

103 Colmore Row

Birmingham

B3 3AG

Date: 02/10/2023

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APPRIVER UK LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

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	Note	2022 £	As restated 2021 £
Turnover	4	17,898,129	12,424,120
<b>Gross profit</b>		<b>17,898,129</b>	<b>12,424,120</b>
Administrative expenses		(17,100,467)	(11,824,674)
<b>Operating profit</b>	5	<b>797,662</b>	<b>599,446</b>
Tax on profit	8	(165,842)	(109,473)
<b>Profit for the financial year</b>		<b>631,820</b>	<b>489,973</b>

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 13 to 28 form part of these financial statements.

APPRIVER UK LIMITED  
REGISTERED NUMBER:11614909

BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
<b>Fixed assets</b>			
Tangible assets	9	22,496	18,014
Investments	10	1	1
		<u>22,497</u>	<u>18,015</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	6,481,684	3,526,396
Cash at bank and in hand		2,138,140	368,772
		<u>8,619,824</u>	<u>3,895,168</u>
Creditors: amounts falling due within one year	12	(6,741,914)	(2,698,699)
<b>Net current assets</b>		<u>1,877,910</u>	<u>1,196,469</u>
<b>Total assets less current liabilities</b>		<u>1,900,407</u>	<u>1,214,484</u>
<b>Provisions for liabilities</b>			
Deferred tax	13	-	(4,504)
<b>Net assets</b>		<u><u>1,900,407</u></u>	<u><u>1,209,980</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Capital contribution	15	541,633	483,026
Profit and loss account	15	1,358,773	726,953
<b>Shareholders' funds</b>		<u><u>1,900,407</u></u>	<u><u>1,209,980</u></u>

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



M Ranganathan  
Director

The notes on pages 13 to 28 form part of these financial statements.

APPRIVER UK LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2021 (as previously stated)	1	-	193,937	193,938
Prior year adjustment (note 17)	-	180,280	43,043	223,323
At 1 January 2021 (as restated)	1	180,280	236,980	417,261
Comprehensive income for the year				
Profit for the year (as restated)	-	-	489,973	489,973
Share-based payment charge (as restated, note 17)	-	302,746	-	302,746
At 1 January 2022 (as previously stated)	1	-	654,296	654,297
Prior year adjustment (note 17)	-	483,026	72,657	555,683
At 1 January 2022 (as restated)	1	483,026	726,953	1,209,980
Comprehensive income for the year				
Profit for the year	-	-	631,820	631,820
Share-based payment charge (note 16)	-	58,607	-	58,607
At 31 December 2022	1	541,633	1,358,773	1,900,407

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## APPRIVER UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. General information

AppRiver UK Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 11614909). The registered office address is 420 Thames Valley Park Drive, Thames Valley Park, Reading, Berkshire, RG6 1PT.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

This information is included in the consolidated financial statements of Open Text Corporation as at 30 June 2022 and 30 June 2023 respectively and these financial statements may be obtained from 275 Frank Tompa Drive, Waterloo, Ontario, Canada, N2L 0A1.

##### 2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.4 Going concern**

As explained in note 21, the directors of the Company plan to transfer the trade, assets and liabilities of the Company to a fellow subsidiary company of its ultimate parent undertaking, Open Text Corporation, before the end of 2023, as part of a wider corporate structure review. The Company will consequently cease to trade at this date.

After consideration of the matters above, the directors are of the opinion that it is not appropriate for the financial statements to have been prepared on a going concern basis. These financial statements have therefore been prepared on a basis other than that of going concern. The directors consider that no adjustments were necessary to the assets and liabilities recognised in the financial statements arising from the change in basis of preparation.

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**2.6 Turnover**

Turnover comprises recharges made to group entities in respect of all expenses incurred in marketing, business development and support services which are charged at a premium to the Company's subsidiary, Zix International AG.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

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

2.9 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Computer equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.10 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Financial instruments

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**2.13 Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.14 Current and deferred taxation**

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

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

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

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

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

**2.15 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

**Share-based payments**

Measurement of share-based payments is based on a number of assumptions input into the valuation model, including volatility and expected forfeiture rates, which cannot be predicted with certainty and therefore give rise to estimation uncertainty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	As restated 2021
	£	£
Services	17,898,129	12,424,120

Turnover is generated from a cost-plus arrangement with Zix International AG in Switzerland:

	2022	As restated 2021
	£	£
Zix International AG	17,898,129	12,424,120

APPRIVER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	37,691	2
Other operating lease rentals	16,398	71,800
Depreciation	12,826	21,110
Loss on disposal	12,427	-
	<u>12,427</u>	<u>-</u>

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit and preparation of the Company's financial statements	22,204	16,800

7. Employees

Staff costs were as follows:

	2022 £	As restated 2021 £
Wages and salaries	1,168,143	565,306
Social security costs	180,408	110,184
Cost of defined contribution scheme	14,071	9,736
Share-based payment compensation	58,607	302,746
Long-term incentive employee benefits	325,276	-
	<u>1,746,505</u>	<u>987,972</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Sales	<u>12</u>	<u>9</u>

APPRIVER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	194,808	110,138
<b>Total current tax</b>	<b>194,808</b>	<b>110,138</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(28,966)	(2,298)
Changes to tax rates	-	1,633
<b>Total deferred tax</b>	<b>(28,966)</b>	<b>(665)</b>
<b>Taxation on profit on ordinary activities</b>	<b>165,842</b>	<b>109,473</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	As restated 2021 £
Profit on ordinary activities before tax	797,662	599,446
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	151,556	113,895
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	(2,751)
Expenses not deductible for tax purposes	22,520	(2,405)
Capital allowances for year in excess of depreciation	(1,282)	(347)
Remeasurement of deferred tax	(6,952)	1,081
<b>Total tax charge for the year</b>	<b>165,842</b>	<b>109,473</b>

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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8. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

9. Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
At 1 January 2022	61,503
Additions	31,469
Disposals	(19,163)
At 31 December 2022	73,809
<b>Depreciation</b>	
At 1 January 2022	43,489
Charge for the year	12,826
Eliminated on disposal	(5,002)
At 31 December 2022	51,313
<b>Net book value</b>	
At 31 December 2022	22,496
At 31 December 2021	18,014

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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10. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 31 December 2022	1
At 31 December 2021	1

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Zix International AG *	c/o Open Text AG Dependance Ochsen Bäderstrasse 27 5400 Baden Switzerland	Ordinary	100%
AppRiver AG Spain, S.L. **	Passeig Joan de Borbó 101 2nd Floor 08039 Barcelona Spain	Ordinary	100%
Zix Germany GmbH **	Werner-von-Siemens-Ring 20 85630 Grasbrunn Germany	Ordinary	100%

\* - Held Directly

\*\* - Held Indirectly

APPRIVER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Debtors

	2022 £	As restated 2021 £
Amounts owed by group undertakings	6,044,299	3,487,324
Other debtors	412,923	24,130
Prepayments and accrued income	-	14,942
Deferred taxation	24,462	-
	<u>6,481,684</u>	<u>3,526,396</u>

The balances owed from group undertakings are unsecured, interest free and repayable on demand.

12. Creditors: Amounts falling due within one year

	2022 £	As restated 2021 £
Trade creditors	3,343,486	969,575
Amounts owed to group undertakings	1,401,651	539,355
Corporation tax	194,807	110,138
Other creditors	89,227	66,847
Accruals and deferred income	1,712,743	1,012,784
	<u>6,741,914</u>	<u>2,698,699</u>

The balances owed to group undertakings are unsecured, interest free and repayable on demand.

Included within Accruals and deferred income there is a balance of £132,770 (2021 - £Nil) relating to long-term incentive schemes for employees. These relate to a conversion of unvested shares under a cancelled share-based payment scheme (as more fully described in note 16) which are now payable in cash to employees for services performed for the Company.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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13. Deferred taxation

	2022 £	2021 £
Liability at beginning of year	(4,504)	(5,169)
Credited to profit or loss	28,966	665
<b>Asset/(liability) at end of year</b>	<b>24,462</b>	<b>(4,504)</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(3,380)	(4,504)
Short term timing differences	27,842	-

Fixed asset timing differences are expected to reverse in line with each corresponding fixed asset class and the classes depreciation rates, as noted in the accounting policies.

Short term timing differences are expected to reverse within the 12 months following the year end.

14. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1.00	1	1

All rights attached, each share is entitled to vote in any circumstances, is entitled pari passu to dividend payments or any other distribution and is entitled pari passu to participate in a distribution arising from a winding up of the Company.

15. Reserves

**Capital contribution reserve**

This reserve relates to the cumulative amounts charged in respect of group settled, equity settled share-based payments.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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16. Share-based payments

The Company operates equity share-based payment schemes for key employees as long-term incentive schemes.

All options are granted over ordinary shares of the ultimate parent company and vest over a range of time periods, being exercisable at the end of the vesting period.

Three categories of equity settled share-based payment awards have been issued in the year, being restricted share units, performance share units and stock options.

The fair value of the stock options awards granted under the scheme is estimated on the date of grant using the Black Scholes valuation model. Options are forfeited if the employee leaves the Company before the options vest. The vesting period for this type of award is 4 years from the date of the grant.

The fair value of the performance share unit awards granted under the scheme is estimated using a Monte Carlo valuation model. The assumptions used in the model have been adjusted based on management's best estimate for the effects of appropriate performance targets. Options are forfeited if the employee leaves the Company before the options vest. The vesting period for this type of award is until 15 September 2025.

The fair value of the restricted share unit awards granted is awarded at a price equal to the average closing market price of the shares in the ultimate parent company. Options are forfeited if the employee leaves the Company before the options vest. The vesting period for this type of award is 4 years from the date of the grant.

The Company's former immediate parent undertaking, Zix Corporation, before the change in ultimate controlling party in December 2021 operated an equity-settled share-based payment arrangement with the Company's employees as long-term incentive schemes.

All options granted under this scheme were over the shares in the former immediate parent undertaking, vesting over a range of time periods and exercisable at the end of the vesting period.

The fair value of these options was awarded at a price equal to the closing market price of the shares of the immediate parent undertaking at the grant date. The options were forfeited if the employee left the Company before the options vested.

The share-based payment arrangement was subsequently cancelled following the acquisition of the immediate parent undertaking by the Company's ultimate controlling party in December 2021. Included in the balance for 2021 is the accelerated vesting charge following the cancellation of the arrangement of £163,339.

	2022	As restated 2021
	£	£
Share-based payment compensation (equity settled)	58,607	302,746

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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17. Prior year adjustment

*Expenditure Recognition*

During the review of the items of expenditure it was identified that for some invoices, the value of the expenditure was recognised in the accounts in the wrong period. On review, this issue was identified in respect of the 2020 and 2021 financial years. The recognition of this expenditure has been reviewed and corrected.

This has resulted in a £34,029 increase in the retained earnings brought forward to the 2021 financial year, with a corresponding increase in the accruals and deferred income balance brought forward to the 2021 financial year of £680,578 and an increase in the amounts owed by group undertakings balance brought forward to the 2021 financial year of £714,607.

It has also resulted in a £14,477 increase in profit for the prior year, made up of a £304,020 increase in revenue and a £289,543 increase in administrative expenses. There has been a corresponding increase of £304,020 to the amounts owed by group undertakings balance for the prior year and an increase in the accruals and deferred income balance of £289,543 in the prior year.

*Share Based Payment Arrangements*

Furthermore, the existence of share-based payment arrangements held by employees of the Company, held with the Company's former immediate parent undertaking, have been identified, which previously had not been reflected in the Company's financial statements. The terms of this arrangement have been reviewed and the accounting has subsequently been corrected.

This has resulted in a decrease in the profit for the year for 2019 of £58,338, 2020 of £121,942 and 2021 of £139,407, relating to share-based payment compensation expenses recognised according to the terms of the arrangements held with employees.

The corresponding cumulative entry of these compensation charges has been recorded within the capital contribution reserve in the statement of changes in equity, increasing the balance brought forward on the reserve of £319,687.

This share-based payment arrangement was cancelled in December 2021, as more fully described in note 16. The accounting for the cancellation of this scheme was not reflected in the prior year financial statements, and therefore has subsequently been corrected.

This has resulted in a decrease in the profit for the year of £163,339 and a corresponding increase in the brought forward balance of the capital contribution reserve of £163,339. As referenced in note 4, given the cost-plus arrangement the Company has with its subsidiary, the adjustment to the share-based payment compensation expenses has also created an adjustment to be posted to revenue, to reflect the increase in costs.

This has created an increase in the revenue for 2019 of £61,255, increase for 2020 of £128,039 and an increase of £317,883 for 2021.

These adjustments have caused there to be an overall increase in the profit and loss account balance brought forward for the year ended 31 December 2022 of £507,177.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**18. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £14,071 (2021 - £9,736). Contributions totalling £1,091 (2021 - £4,776) were payable to the fund at the balance sheet date and are included in creditors.

**19. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	-	16,650

**20. Related party transactions**

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

**21. Post balance sheet events**

After the reporting period, the Directors determined that as part of a restructuring arrangement, the Company would sell its trade, assets and liabilities to a fellow subsidiary company of its ultimate parent undertaking, with the Company ceasing to trade as a result. This is expected to finalise before the year ended 31 December 2023, with employees having been transferred as part of the arrangement in January 2023.

Furthermore, on 15 September 2023, AppRiver Parent, LLC sold its share in the Company to Open Text UK Limited a company registered in England and Wales. As a result, the Company's immediate parent undertaking changed on this date to Open Text UK Limited.

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APPRIVER UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**22. Controlling party**

Pre 15 September 2023, the Company's immediate parent undertaking was AppRiver Parent, LLC, a company registered in the United States.

As described in note 21, on 15 September 2023, AppRiver Parent, LLC sold its share in the Company to Open Text UK Limited. From this date, the immediate parent undertaking of the Company is Open Text UK Limited, a company registered in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Open Text Corporation, a company registered in Canada.

The smallest and largest group of undertakings for which group accounts for the year ended 31 December 2022 have been drawn up, is that headed by Open Text Corporation. The registered office address of Open Text Corporation is 275 Frank Tompa Drive, Waterloo, Ontario, Canada, N2L 0A1. Copies of the group accounts are available from this address.