

Castle Top Holding Limited

Annual report and financial statements

Registered number 12357407

For the year ended 31 December 2022

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Company information

Directors

E M Kalawski

M A Sigler

I M S Downie

Company secretary

E M Kalawski

Independent auditors

PricewaterhouseCoopers LLP

40 Clarendon Rd
Watford, WD17 1JJ

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Strategic report

The directors present their strategic report and financial statements of Castle Top Holding Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2022. The comparative period presented relates to the twelve months ended 31 December 2021.

Background and strategy of the business

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

The Group delivers a sophisticated, easy-to-use platform for communicators to reach relevant media influencers and craft compelling campaigns that impact customer behaviour. With rich monitoring and analytics, Cision Communications Cloud (“C3”), a cloud-based platform that integrates each point solution into a single unified interface, arms brands with the insights they need to link their earned media to strategic business objectives, while aligning it with owned and paid channels. This platform enables companies and brands to build consistent, meaningful and enduring relationships with influencers and buyers in order to amplify their marketplace influence. After the June 2021 acquisition of Runtime Collective Limited (“Brandwatch”), a leading provider of digital consumer intelligence that allows users to analyse and utilise conversations from across the web and social media, Cision’s leadership in media intelligence will continue to broaden by integrating the artificial intelligence and machine learning technology of Brandwatch with our existing social business. The Group has more than 76,000 customers and an expansive global reach, spanning most major international markets around the globe including Canada, China, India, Europe, Middle East and Africa, and Latin America. Total international sales across all countries outside of the United Kingdom accounted for 86% of 2022 revenue.

Review of the business

The Group provides a comprehensive solution principally through subscription contracts which are generally one year or longer, with different tiers of pricing depending on the level of functionality and customer support required. The SaaS delivery model provides a stable recurring revenue base. In 2022, the Group generated \$934.8 million of revenue, of which, approximately 90% was generated by customers purchasing services on a subscription or recurring basis.

Competitive strengths include:

- An industry standard for PR Professionals

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

- Global Product Reach

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

- Ease of Use and Workflow Capabilities

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

The Group's performance is summarised below for the year ended 31 December 2022 and as at 31 December 2021 (in thousands):

Other comprehensive expense **\$ (57,820) \$ (27,855)**

Key performance indicators

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

Revenue increased \$43.3 million, or 4.9%, to \$934.8 million for the year ended 31 December 2022 from \$891.5 million for the year ended 31 December 2021. This increase was primarily due to revenue increases from social business. Revenue for the year ended 31 December 2022 included \$15.6 million and \$1.5 million of revenue from Stroom Pty Ltd ("Stroom") and Paladin Software LLC ("Paladin") after the acquisition on 31 March 2022, respectively.

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

The following table outlines the reconciliation from net loss to Adjusted EBITDA for the years ended 31 December 2022 and 2021 (in thousands):

	2022	2021
Net loss	\$ (197,112)	\$ (123,653)
Depreciation and amortisation	272,627	276,611
Interest expense	159,073	129,691
Income tax	(24,344)	(16,411)
EBITDA	210,244	\$ 266,238
Adjustments to EBITDA		
Acquisition fees and expenses	8,292	12,312
Adjustments to contingent consideration	5,097	-
Restructuring charges	58,023	51,898
Deferred revenue FMV adjustment	4,401	6,318
Gain from sale of business	-	(11,516)
Sponsor fees and expenses	4,178	4,995
Other income	(166)	(3,191)
Foreign exchange gain	(17,022)	(43,410)
Total adjustments to EBITDA	62,803	17,406
Adjusted EBITDA	\$ 273,047	\$ 283,644

For the years ended 31 December 2022 and 2021, the adjustments to earnings before interest, taxes, depreciation, and amortisation ("EBITDA") can be described in further detail as (a) costs predominately associated with the acquisitions of Factmata Limited on 16 November 2022, Paladin and Stroom on 31 March 2022, and Brandwatch on 1 June 2021; (b) adjustments related to fair value reassessment of contingent consideration for Stroom acquisition; (c) charges that are associated with implementing a synergy plan and executing the organizational restructuring that are typically one-time in nature; (d) the adjustment to revenue from the deferred revenue adjustment recorded from purchase accounting; (e) the sale of the government relations business in Q4 2021; (f) fees and expenses from the Corporate Advisory Services Agreement with Platinum Equity Advisors, LLC dated as of 31 January 2020; (g) non-cash gain realized in Q4 2021 from the remaining deferred consideration balance due to the settlement of the Argus litigation post-acquisition; and (h) realized and unrealised foreign exchange losses and gains.

Adjusted EBITDA decreased \$10.6 million, or 3.7%, to \$273.0 million for the year ended 31 December 2022 from \$283.6 million for the year ended 31 December 2021. The decrease in Adjusted EBITDA is driven by increased

expenses in cost of revenue and sales and marketing, as a result of the Group's initiatives to expand its market share and increase its revenue for the upcoming years.

After conducting a review of the business considering the factors and key performance indicators described above, the directors are satisfied with the performance of the business for the year ended 31 December 2022.

Principal risks and uncertainties

Highly competitive industry

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

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

Competitors may be able to respond more quickly than the Group can to new or changing opportunities, technologies, standards or customer requirements or devote greater resources to the promotion and sale of their products and services. The extent of competitors' existing relationship with a potential customer will ultimately determine whether or not that customer will be willing to switch vendors. Additionally, the existing time and financial commitments that a potential customer has with competitors will also determine whether or not that customer will be willing to switch vendors.

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

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

Attracting and retaining qualified employees

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

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

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

Inherent risk of conducting business internationally

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

Evolving macroeconomic environment

As of December 31, 2022, the impact of interest rate increases, inflation, exchange rate fluctuation, and national and international political instability continues to create significant uncertainty and disruption in the global economy and financial markets. It is reasonably possible that these uncertainties could materially impact estimates related to, but not limited to, revenue recognition, allowance for credit losses, and impairments on goodwill and intangible assets. As a result, many estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. Estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in the Group’s consolidated financial statements. Under these circumstances, there may be developments that require further adjustment to operations.

Section 172 statement

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

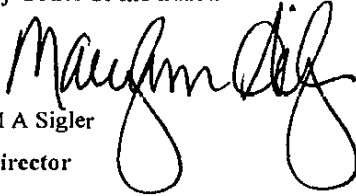
- a) the likely consequences of any decision in the long term
- b) the interests of the Group’s employees
- c) the need to foster the Group’s business relationships with suppliers, customers and others
- d) the impact of the Group’s operations on the community and the environment
- e) the desirability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

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

The Group and its directors have considered the interests of key stakeholders through fostering the Group’s business relationships and actively engaging with them. The Group is committed to tenaciously working on behalf of clients, and to driving growth for customers. The Group looks to recruit, develop and inspire a diverse mix of talented people that reflect the communities and clients that it serves, and to actively build and sustain an inclusive culture through education, collaboration and accountability. The Group’s management conducts quarterly earnings presentations and prepares annual financial statements.

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

By Order of the Board

WEB 

M A Sigler

Director

Date: 3 August 2023

Directors' report

The directors present their report and audited consolidated financial statements of Castle Top Holding Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2022.

General information

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

Results

The Group incurred a total comprehensive loss of \$254.9 million and \$152 million for the year ended 31 December 2022, and 2021, respectively. No dividend has been paid or proposed during the year of 2022 or 2021.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of its banking facilities for at least a period of twelve months from the date of approval of these financial statements. \$200 million of the Group's outstanding debt includes contractual terms requiring partial repayment in September 2023. However, the Group can negotiate to renew the term of the loan for increments up to or greater than 12 months. Historically, the Group has exercised this renewal option and expects to continue extending repayment on a recurring basis. The Group believes it has the ability and intent to renew the terms of the loan in the future to extend repayment past 12 months on reaching agreement with both parties. However, if there is no renewal of the term, the Group has sufficient access to liquidity to repay the full amount of the short-term debt. Therefore, the Group does not consider the short-term nature of the outstanding debt a risk to its ability to continue as a going concern.

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

Future developments and subsequent events

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

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

Research and development

The Group carries out research and development activities primarily related to design and development of cloud-based software and developing new products and solutions for its customers. For the year ended 31 December 2022, the total expenditure for research and development excluding amortisation was \$102.2 million, comprising \$43.3 million in the Consolidated Statement of Comprehensive Income and \$58.9 million capitalised software development costs. For the year ended 31 December 2021, the total expenditure for research and development excluding amortisation was \$75.6 million, comprising \$41.5 million in the Consolidated Statement of Comprehensive Income and \$34.1 million capitalised software development costs.

Directors of the Company

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

E M Kalawski

M A Sigler

I M S Downie

Directors' indemnities and insurance

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

Employees

The Group acknowledges that diversity and equality is critical to its ongoing success and it committed to creating an environment where it embraces differences and empowers employees to contribute their best work by being their authentic selves.

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

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

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

Financial instruments

Information about the financial instruments held by the Group is provided in Note 2 and Note 17 to the consolidated financial statements.

Political contributions

During the year ended 31 December 2022, no political contributions were made by the Group.

Environment

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

Statement of disclosure of information to the auditors

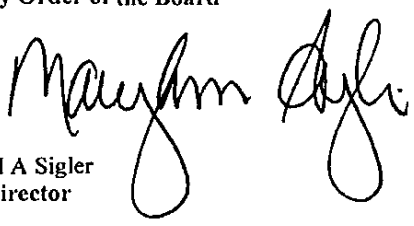
At the time of approving the Directors' Report, the directors confirm that:

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

Appointment of auditors

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

By Order of the Board

WBS

M A Sigler
Director

Date: 3 August 2023

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

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

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

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

Directors' confirmations

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

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

By Order of the Board

WSB

M A Sigler
Director

Date: 3 August 2023

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

Report on the audit of the financial statements

Opinion

In our opinion:

- Castle Top Holding Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2022; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- enquiry of management and those charged with governance around any instances of non-compliance with laws and regulations;
- testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the provisions of relevant laws and regulations described as having a direct effect on the financial statements; and
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and reminding them to be alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
3 August 2023

Consolidated Statement of Comprehensive Income
(in thousands)

	<i>Note</i>	31 December 2022	31 December 2021
Revenue	5	\$ 934,800	\$ 891,503
Cost of revenue		<u>395,967</u>	<u>352,458</u>
Gross profit		<u>538,833</u>	<u>539,045</u>
Operating costs and expenses			
Sales and marketing		195,480	169,113
Research and development		43,289	41,495
General and administrative		200,718	200,424
Impairment loss		2,393	6,225
Amortisation of intangible assets	11	<u>177,053</u>	<u>190,057</u>
Total operating costs and expenses		<u>618,933</u>	<u>607,314</u>
Operating loss		<u>(80,100)</u>	<u>(68,269)</u>
Non operating income (expense):			
Foreign exchange gain		17,022	43,410
Interest and other income, net	8	695	2,970
Gain on sale of business		-	11,516
Interest expense	8	<u>(159,073)</u>	<u>(129,691)</u>
Total non operating expense, net		<u>(141,356)</u>	<u>(71,795)</u>
Loss before income taxes		(221,456)	(140,064)
Benefit from income taxes	9	<u>24,344</u>	<u>16,411</u>
Net loss		(197,112)	(123,653)
Other comprehensive expense - foreign currency translation adjustments		<u>(57,820)</u>	<u>(27,855)</u>
Total comprehensive loss		<u>(254,932)</u>	<u>(151,508)</u>
Comprehensive loss is attributable to:			
Owners of the parent		(156,597)	(93,043)
Non-controlling interests		<u>(98,335)</u>	<u>(58,465)</u>
		<u>\$ (254,932)</u>	<u>\$ (151,508)</u>

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

Consolidated Balance Sheet
(in thousands, except per share amounts)

	<i>Note</i>	31 December 2022	31 December 2021
Non-current assets			
ROU assets	18	\$ 35,742	\$ 42,091
Property and equipment, net	10	81,655	67,422
Other intangible assets, net	11	795,802	1,034,327
Goodwill	11	1,992,189	2,009,363
Investments accounted under equity method	12	4,683	4,744
Deferred tax assets	9	3,580	4,219
Other assets		23,797	16,935
Total non-current assets		2,937,448	3,179,101
Current assets			
Prepaid expenses and other current assets		52,775	49,612
Accounts receivable, net	13	172,212	191,238
Cash and cash equivalents		72,746	108,703
Total assets		3,235,181	3,528,654
Non-current liabilities			
Long-term debt, net of current portion	14	2,358,708	2,441,902
Lease liabilities, net of current portion	18	35,426	39,249
Contract liabilities, net of current portion	5	928	888
Deferred tax liabilities	9	137,928	185,107
Other liabilities		10,409	12,216
Total non-current liabilities		2,543,399	2,679,362
Current liabilities			
Current portion of long-term debt	14	68,586	18,121
Accounts payable	15	32,458	24,147
Accrued compensation and benefits		42,546	52,890
Current portion of contract liabilities	5	241,078	199,686
Lease liabilities	18	11,640	14,633
Other accrued expenses		122,352	111,761
Total liabilities		3,062,059	3,100,600
Equity			
Share Capital			
(10,000,000,000 ordinary stock for par value			
\$0.0000013, 2 preference shares for par value			
\$0.0000013; authorised, issued and			
outstanding at 31 December 2022 and 2021)		13	13
Share premium		417,962	417,962
Accumulated deficit		(310,830)	(189,704)
Accumulated other comprehensive expense		(41,977)	(6,506)
Equity attributable to owners of the parent		65,168	221,765
Non-controlling interests		107,954	206,289
Total equity		173,122	428,054
Total liabilities and equity		\$ 3,235,181	\$ 3,528,654

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

Castle Top Holding Limited

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

WSB 

M A Sigler
Director

Company registered number: 12357407

Date 3 August 2023

Consolidated Statement of Changes in Equity
(in thousands, except per share amounts)

	Share Capital			Accumulated Other Comprehensive Income/(Expense)	Accumulated Deficit	Non-controlling Interests	Total Equity
	Shares	Par Value	Share Premium				
Balances as of 31 December 2020	10,000,000,002 \$	13 \$	417,962 \$	10,581 \$	(113,749) \$	174,755 \$	489,562
Non-controlling interests	-	-	-	-	-	90,000	90,000
Net loss for the year	-	-	-	-	(75,955)	(47,598)	(123,653)
Other comprehensive income	-	-	-	(17,087)	-	(10,768)	(27,855)
Balances as of 31 December 2021	10,000,000,002 \$	13 \$	417,962 \$	(6,506) \$	(189,704) \$	206,289 \$	428,054
Net loss for the year	-	-	-	-	(121,126)	(75,986)	(197,112)
Other comprehensive expense	-	-	-	(35,471)	-	(22,349)	(57,820)
Balances as of 31 December 2022	10,000,000,002 \$	13 \$	417,962 \$	(41,977) \$	(310,830) \$	107,954 \$	173,122

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

Consolidated Statement of Cash Flows
(in thousands)

	31 December 2022	31 December 2021
Cash flows from operating activities		
Net loss	\$ (197,112)	\$ (123,653)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortisation	272,627	276,611
Depreciation of ROU assets	14,053	15,464
Non-cash interest charges and amortisation of debt discount and deferred financing cost	16,443	15,948
Provision for doubtful accounts	11,809	7,224
Income tax benefit	(24,344)	16,411
Non-cash fair value adjustment on contingent consideration	5,097	-
Unrealised foreign currency (gains)/losses	(15,410)	(44,827)
Finance costs	159,073	129,691
Gain on sale of business	-	(11,516)
Impairment of long-lived assets	2,393	6,225
Payment of contingent consideration	(224)	-
Changes in operating assets and liabilities, net of effects of acquisitions and disposal:		
Accounts receivable	3,899	(49,389)
Prepaid expenses and other current assets	(4,948)	(7,727)
Other assets	(2,590)	(2,433)
Accounts payable	3,604	2,358
Accrued compensation and benefits	(10,432)	17,311
Other accrued expenses	(17,539)	(61,617)
Deferred revenue	44,768	14,440
Other liabilities and net change in finance leases	2,797	397
Interest paid	(142,409)	(109,985)
Income taxes paid	(19,291)	(15,262)
Net cash provided by operating activities	<u>102,264</u>	<u>75,671</u>
Cash flows from investing activities		
Purchases of property and equipment	(4,886)	(5,631)
Software development costs	(52,003)	(34,115)
Acquisitions of businesses, net of cash and restricted cash acquired of \$2,637 and \$10,711	(26,895)	(352,429)
Proceeds from disposal of business	-	38,683
Payment of derivative financial instrument	(8,821)	-
Net cash used in investing activities	<u>(92,605)</u>	<u>(353,492)</u>
Cash flows from financing activities		
Proceeds from term credit facility, net of debt discount of \$12,538 and \$51,625	-	282,462
Repayments of term credit facility	(17,717)	(17,703)
Debt issuance costs	-	(3,507)
Cash paid for principal portion of finance leases	(15,439)	(17,620)
Payment of contingent consideration	(7,569)	-
Net cash provided by financing activities	<u>(40,725)</u>	<u>243,632</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,891)</u>	<u>(1,401)</u>
(Decrease)/Increase in cash and cash equivalents	\$ (35,957)	\$ (35,590)

	31 December 2022	31 December 2021
Cash and cash equivalents		
Beginning of year	108,703	144,293
End of year	<u>72,746</u>	<u>108,703</u>
Supplemental disclosure of cash flows information		
Supplemental noncash information		
Additions to property, equipment and purchased software through accounts payable and accrued expenses	6,917	4,703

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

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Castle Top Holding Limited (the “Company”), a private limited company domiciled in the United Kingdom and registered office in England and Wales, was formed on 10 December 2019 for the purpose of completing the acquisition of Cision Ltd. (“Cision”) which closed on 31 January 2020. The registered number is 12357407 and the registered address is 100 New Bridge Street, London, United Kingdom, EC4V 6JA. These financial statements present all activities and results of operations of the years ended 31 December 2022 and 31 December 2021.

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

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted International Financial Accounting Standards (“IFRSs”) in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 56 to 58.

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

Adoption of new and revised Standards

The Group has adopted the following IFRSs (“Adopted IFRSs”) in these financial statements:

- Amendments to International Accounting Standards (“IAS”) 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
- Amendments to References to the Conceptual Framework in IFRS 3
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities, as disclosed in Note 14, “Debt”, for at least a period of twelve months from the date of approval of these financial statements. A portion of the Group’s outstanding debt includes contractual terms requiring partial repayment in

September 2023. However, the Group can negotiate to renew the term of the loan for increments up to or greater than 12 months. Historically, the Group has exercised this renewal option and expects to continue extending repayment on a recurring basis. The Group believes it has the ability and intent to renew the terms of the loan in the future to extend repayment past 12 months on reaching agreement with both parties. However, if there is no renewal of the term, the Group has sufficient access to liquidity to repay the full amount of the short-term debt. Therefore, the Group does not consider the short-term nature of the outstanding debt a risk to its ability to continue as a going concern.

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

Basis of consolidation

Subsidiaries

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

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

Associates and joint ventures

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

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

Transactions eliminated on consolidation

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

Non-controlling interests

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

Foreign currency

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

Financial instruments

Financial assets

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

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables to measure expected credit losses. These estimates are made by analysing the status of significant past-due receivables and by establishing provisions for estimated losses by analysing current and historical bad debt trends. Actual collection experience has not varied significantly from prior estimates. The allowance for credit losses as of 31 December 2022 and 31 December 2021 was \$19.3 million and \$19.6 million, respectively.

Cash and cash equivalents

The Group considers all highly liquid investments with original maturity dates of three months or less at the time of purchase to be cash equivalents. For the year ended 31 December 2022 the Group did not carry any investments with original maturity dates of longer than three months.

Financial liabilities

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

Deferred financing costs and debt discounts

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

Derivative Financial Instruments

The Company is exposed to interest rate risk arising from changes in interest rates due to the variable rate indebtedness under the Dollar Term Credit Facility, Incremental Term Loan and Euro Term Credit Facility. In December 2022, the Company separately purchased US dollar and Euro interest rate cap agreements for \$3.7 million and €4.7 million, respectively. The US dollar interest rate cap agreement manages the Company's exposure to LIBOR interest rate movements on the variable rate Dollar Term Credit Facility and Incremental Term Loan when interest rate movements exceed 5.50%. The Euro interest rate cap agreement manages the Company's exposure to EURIBOR interest rate movements on the variable rate Euro Term Credit Facility when interest rate movements exceed 3.00%. The US dollar interest rate cap agreement has an initial notional amount of \$1.4 billion which is reduced on a quarterly basis by principal payments of \$3.1 million. The Euro interest rate cap agreement has an initial notional amount of €486.25 million which is reduced on a quarterly basis by principal payments of €1.25 million. Both the US dollar and Euro interest rate cap agreements mature on December 31, 2024.

The derivative is not designated as a hedge and does not qualify for hedge accounting. Accordingly, changes in the fair value of the US dollar and Euro interest rate cap agreements are recognized through interest expense. As of December 31, 2022, the fair value of the US dollar and Euro interest rate cap agreements is \$3.74 million and €4.7 million, which is included in other assets on the consolidated balance sheets. The fair value of the Dollar and Euro interest rate cap agreements is based on market observable inputs representing level two assets as defined by Generally Accepted Accounting Principles ("GAAP"). For the year ended December 31, 2022, there has not been a material change in the US dollar or Euro Interest rate cap from the initial fair value and therefore no changes in fair value are reflected in interest expense.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years for computer and office equipment and five to seven years for furniture and fixtures.

Assets acquired under leasehold improvements are amortised using the straight-line method over the shorter of the estimated useful lives of the assets or the terms of the leases. Repairs and maintenance costs are charged to expense as incurred. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are derecognized from the financial statements and any resulting gain or loss is recorded in the consolidated statement of comprehensive income.

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

Internally developed software

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

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

Business combinations

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

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

Intangible assets and goodwill

Goodwill

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

Other intangible assets

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

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

Impairment of non-financial assets

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

The recoverable amount of an asset or its CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An impairment loss recognised in respect of goodwill is never subsequently reversed. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

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

The Group maintains defined benefit pension plans whereby pension expense is determined based on a number of actuarial assumptions, which are reviewed on an annual basis. The defined benefit plans are closed to new participants. The actuarial assumptions used include discount rate, expected rate of return on plan assets, rate of salary increases and other factors. The overfunded and unfunded status of the plans are recognised as long-term assets or long-term liabilities, respectively, in the consolidated balance sheet. 31 December 2022 is the measurement date for the defined benefit pension plans.

Short-term benefits

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

Provisions

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

Revenue

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

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

The Group derives its revenue from access to its cloud-based technology platform and related media management and analysis services sold on a subscription basis. Revenue is also derived from the distribution of press releases on both a subscription basis and separately from non-subscription arrangements. Dependent on the nature of the

distribution contract with the customer, the Group recognises revenue on subscription basis over the contract term of the subscription (recognising revenue over time), or on a per-transaction basis when the press releases are made available to the public (recognising revenue at a point in time).

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

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

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

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

Transaction Price Allocated to the Remaining Performance Obligations

Transaction price allocated to remaining performance obligations represents contract revenue that has not yet been recognised. The Group has elected the practical expedient to not disclose the transaction price allocated to remaining performance obligations that are part of a contract that has an original expected duration of one year or less.

Contract Balances

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

Sales Commissions

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

Expenses

Advertising costs

The Group expenses advertising costs as incurred.

Financing income and expenses

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

Financing income comprise interest income on lease receivables and net foreign exchange gains.

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

Comprehensive loss

Comprehensive loss includes the Group's net loss and foreign currency translation adjustments. There are no other material components of comprehensive loss for the years ended 31 December 2022 and 2021.

Taxation

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

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

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. For income tax arising on dividends, the related tax is recognised in the income statement, statement of comprehensive income, or in equity consistently with the transactions that generated the distributable profits.

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

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

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

Leases

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

As a Lessee

The Group recognises lease Right-of-Use ("ROU") assets and lease liabilities in the consolidated balance sheet. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognised at commencement date based on the present value of lease payments over the lease term. The Group uses an

incremental borrowing rate based on the estimated rate of interest for collateralised borrowing over a similar term of the lease payments at commencement date. The ROU asset also includes any lease payments made and excludes lease incentives. The Group's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option (or no exercise the option to terminate).

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

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

As a lessor

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

Lease acquired in a business combination

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

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

Financial risk management

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

Adopted IFRS not yet applied

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

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements
- Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

Business combinations

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

judgement. Changes in the judgement used in determining if an acquisition meets the definition of a business could impact the amounts recorded in the consolidated financial statements at the time of the acquisition.

Income taxes

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

Determining lease term

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

Key sources of estimation uncertainty

On an on-going basis, the Group evaluates its estimates, including, but not limited to, those related to the allowance for doubtful accounts, software development costs, useful lives of property, equipment and internal use software, intangible assets and goodwill, and income taxes. The Group bases its estimates on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities as well as the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

As of 31 December 2022, the impact of interest rate increases, inflation, exchange rate fluctuation, and national and international political instability continues to create significant uncertainty and disruption in the global economy and financial markets. It is reasonably possible that these uncertainties could materially impact the Group's estimates related to, but not limited to, revenue recognition, allowance for doubtful accounts, and impairments on goodwill and intangible assets. As a result, many of the Group's estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. The estimates may change as new events occur and additional information emerges, and such changes are recognised or disclosed in the consolidated financial statements.

In recent months, several banking organizations in the US have closed and taken over by the Federal Deposit Insurance Corporation ("FDIC"), which created significant market disruption and uncertainty with respect to the financial condition of a number of banking organizations. The Group maintains cash at financial institutions, often in balances that exceed the current FDIC insurance limits and will continue to monitor its cash and cash equivalents and take steps to identify any potential impact and minimize any disruptions on the business.

Measurement of the expected credit losses

The measurement of the Expected Credit Losses ("ECL") for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 2.

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

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

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

Every change in the ECL rates by +/- 1% for trade receivables of ages less 30 days, 31-60 days, 61-90 days and greater than 90 days would have an approximately \$0.3 million, \$0.1 million, \$0.1 million, and \$0.2 million impact on the loss allowance on trade receivables as of 31 December 2022.

Measurement of intangible assets acquired

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

Impairment of goodwill and intangible assets

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

4. BUSINESS COMBINATIONS AND DISPOSALS

Acquisition of Factmata

On 16 November 2022, Cision Group Limited., a member of the Group, completed the acquisition of Factmata Limited ("Factmata"), a social and news media monitoring and analytics platform that identifies and tracks narratives online and highlights the ones that could impact a brand's reputation. This acquisition facilitates the Group's mission to empower communications and public relations ("PR") professionals with Artificial Intelligence ("AI") and narrative detection technology. The purchase consideration is \$2.0 million in cash, out of which \$0.8 million was paid to an escrow account subject to potential post-closing indemnification claims. The purchase price is subject to customary post-closing adjustments.

Acquisition of Paladin

On 31 March 2022, Crimson Hexagon, Inc., a member of the Group, completed the acquisition of Paladin Software LLC ("Paladin"), an influencer marketing software company. This acquisition enhances the Group's social media offerings, as influencer marketing is how marketers and communications professionals will utilize digital and social media. With the acquisition of Paladin, the Group will have end-to-end influencer marketing functionality.

The acquisition was accounted for under the purchase method of accounting. The operating results are included in the accompanying consolidated financial statements from 31 March 2022.

The purchase price has been allocated to the assets acquired and liabilities assumed based on fair values as of the acquisition date, except for the contract assets and contract liabilities, which are recognized and measured according to IFRS 15, "Revenue from Contracts with Customers". The difference between the fair values and carrying values at the acquisition date for contract assets and contract liabilities is not material to the Group's consolidated balance sheet. The identifiable intangible assets include the trade name, customer relationships and purchased technology, that are being amortized over one to five years on an accelerated basis. The purchase consideration was \$11.5 million in cash consideration, out of which \$0.8 million was paid to an escrow account. Allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands). During the year ended 31 December 2021, the Group made measurement period adjustments to the initial purchase price allocation, which did not result in any material change to the net assets acquired.

	Purchase Price Allocation
Cash, cash equivalents and restricted cash	\$ 378
Accounts receivable	118
Prepaid and other assets	38
Trade name	180
Customer relationships	2,070
Purchased technology	1,650
Goodwill	7,645
Total assets acquired	12,079
Accounts payable and accrued liabilities	(69)
Contract liabilities	(534)
Deferred taxes	-
Operating lease liabilities	-
Total Liabilities Assumed	(603)
Net assets acquired	\$ 11,476

Goodwill will be deductible for tax purposes. The excess of the purchase price over the total net identifiable assets has been recorded as goodwill which is attributable primarily to synergies expected from the expanded technology and service capabilities from the integrated business as well as the value of the assembled workforce in accordance with generally accepted accounting principles.

Acquisition of Stroom

On 31 March 2022, Cision Group Limited and Filter Acquisition Pty Ltd, members of the Group (the “Purchasers”), completed the acquisition of Stroom Pty Ltd (“Stroom”). The purchase consideration was \$29.1 million, including \$16.1 million of cash consideration and \$13.0 million in probability weighted contingent consideration subject to earnout provisions. The Purchasers paid \$17.1 million at closing and received \$1.0 million related to the finalization of working capital adjustment. The earnout provisions are based on multiple operating expense thresholds and achievement of revenue targets for the twelve months ended 30 June 2022, and 2023, respectively. On 7 November 2022, the second year earnout conditions were amended by replacing the revenue target with completion of the development of Cision One UK platform by the end of the second year earnout period. The operating expense threshold as part of second year earnout conditions was not changed. The range of contingent consideration for each twelve-month period is \$0.0 to \$9.4 million. The finalization and settlement of the contingent consideration for each period is due September 2022 and 2023, respectively. Any changes in assumptions related to the probability of achieving the financial metrics will be recorded in the statements of operations and comprehensive loss when identified. The Group has reassessed and updated the first year earnout provision to \$9.4 million and the second year earnout provision to \$8.1 million by recording a fair value adjustment of \$5.1 million during the year ended 31 December 2022. The first year earnout was paid in full during the year ended 31 December 2022.

Stroom is a real-time media intelligence company based in Australia, delivering media, monitoring, data, and insights to corporate and government organizations in the Australian market. This acquisition allows the Group to expand our footprint in Australia with an established market leader.

The Group incurred acquisition-related transaction costs of \$0.4 million, which are included in general and administrative expenses in the consolidated statements of operations and comprehensive loss. The acquisition was accounted for under the purchase method of accounting. The operating results are included in the accompanying consolidated financial statements from March 31, 2022.

The purchase price has been allocated to the assets acquired and liabilities assumed based on fair values as of the acquisition date, except for the contract assets and contract liabilities, which are recognized and measured according to IFRS 15, *Revenue from Contracts with Customers*. The difference between the fair values and carrying values at the acquisition date for contract assets and contract liabilities is not material to the Group’s consolidated balance sheet.

The identifiable intangible assets include the trade name, customer relationships and purchased technology and are being amortized over three to fifteen years on an accelerated basis. Allocation of the purchase consideration

to the assets acquired and liabilities assumed is presented below (in thousands). During the year ended 31 December 2021, the Group made measurement period adjustments to the initial purchase price allocation that resulted in an increase in prepaid and other assets of \$0.03 million, an increase of intangible assets of \$0.5 million, a decrease in goodwill of \$0.6 million, an increase in accounts payable and accrued liabilities of \$0.3 million, a decrease in deferred revenue of \$0.02 million, and a decrease in deferred taxes of \$0.8 million. The adjustments increased the purchase consideration by \$0.3 million.

	Purchase Price Allocation
Cash, cash equivalents and restricted cash	\$ 2,246
Accounts receivable	1,766
Prepaid and other assets	731
Property, equipment and software	197
Operating lease right-of-use assets	662
Trade name	675
Customer relationships	5,477
Purchased Technology	1,537
Goodwill	25,861
Total assets acquired	39,152
Accounts payable and accrued liabilities	(\$117)
Contract liabilities	(2,896)
Deferred taxes	(1,403)
Operating lease liabilities	(662)
Total Liabilities Assumed	(10,078)
Net assets acquired	\$ 29,074

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

Sale of Government Relations Net Assets

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

Acquisition of Brandwatch

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

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

The Group incurred acquisition-related transaction costs of \$8.3 million, which are included in general and administrative expense in the 31 December 2021, consolidated statements of operations and comprehensive loss.

The acquisition was accounted for under the purchase method of accounting. The operating results are included in the accompanying consolidated financial statements from 1 June 2021. The purchase price has been allocated to the assets acquired and liabilities assumed based on fair values as of the acquisition date.

The following table summarises the allocation of the purchase price by the Group to the fair value of the assets and liabilities. During the year ended 31 December 2021, the Group made measurement period adjustments to the initial purchase price allocation that resulted in a decrease in accounts receivable of \$0.5 million, a decrease in prepaid and other current assets of \$2.1 million, an increase of intangible assets of \$2.5 million, an increase in goodwill of \$5.1 million, an increase in accrued liabilities of \$0.8 million, an increase in deferred revenue of \$0.3 million, and an increase in deferred taxes of \$3.8 million. The identifiable intangible assets include the trade name, customer relationships and purchased technology and are being amortised over four to fifteen years on an accelerated basis. Our allocation of the purchase consideration to the assets acquired and liabilities assumed is presented below (in thousands):

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

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

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

As a result of the acquisition of Brandwatch, the Group reassessed its disaggregation of revenue and determined the social media business would be further disaggregated from geographic region. Refer to Note 11 for further details of the reorganisation. For the years ended 31 December 2022 and 31 December 2021, the Group disaggregated revenue from contracts with external customers into the following reporting units: Americas, Europe, Middle East and Africa ("EMEA"), Asia-Pacific ("APAC"), and Social. Revenue from India is included within the EMEA region to reflect the India business that is closely tied to the United Kingdom business.

The disaggregation of revenue presented below for the years ended 31 December 2022 and 31 December 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Americas	\$ 512,942	\$ 538,251
EMEA	180,350	204,458
APAC	65,389	43,794
Social	176,119	105,000
Total	<u>\$ 934,800</u>	<u>\$ 891,503</u>

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers (in thousands):

	<u>2022</u>		<u>2021</u>
Receivables	\$ 160,037	\$	181,904
Contract assets	\$ 12,175	\$	9,334
Contract liabilities	\$ 242,006	\$	200,574

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

The Group acquired contract liabilities balance of \$3.4 million in the business combination with Stroom and Paladin for the year ended 31 December 2022 and recognised \$3.4 million of revenue during the year ended 31 December 2022 that was included in the contract liabilities balance at the beginning of the period. Refer to the policy for recognising contract balances in Note 2, Revenue.

Contract costs

As of 31 December 2022, and 2021, the asset balance for costs to obtain a contract was \$20.4 million and \$15.4 million, respectively, of which \$12.9 million and \$9.9 million, respectively, is expected to be amortised in the next twelve months. Commissions recognised during the year ended 31 December 2022 and 2021 were \$44.7 million and \$48.8 million, respectively.

6. AUDITORS' REMUNERATION

The following table presents the costs associated with the audit of the Group's financial statements (in thousands):

	<u>2022</u>		<u>2021</u>
Audit of these financial statements	\$ 2,368	\$	2,025
Amounts receivable by the company's auditor and its associates in respect of:			
Audit of financial statements of subsidiaries of the company	308		280
Taxation compliance services	1,034		1,116
Other tax advisory services	979		747
Foreign statutory fees	169		410
Audit-related assurance services, with respect to business transactions	450		2,255
Other assurance services	-		-
All other services	-		-
Total	\$ 5,308	\$	6,833

7. STAFF MEMBERS AND COSTS

The monthly average number of persons employed by the Group for the years ended 31 December 2022 and 2021, analysed by category, were as follows:

	<u>2022</u>	<u>2021</u>
Executive & Admin	15	21
Finance	251	242
Human resources	102	88
Information Technology	78	115
Legal	22	19
Marketing	147	95
Operations	1,577	1,500

Product & Technology	677	558
Sales & CX	1,732	1,698
Total	<u>4,601</u>	<u>4,336</u>

The aggregate payroll costs during the years ended 31 December 2022 and 31 December 2021 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Wages and salaries	\$ 291,383	\$ 244,026
Social security costs	33,907	31,092
Contributions to defined contribution plans	6,288	4,865
Expenses related to defined benefit plans	4,107	3,140
	<u>\$ 335,685</u>	<u>\$ 283,123</u>

The payroll cost recorded in Cost of Sales for the year ended 31 December 2021 was omitted in previously issued financial statements and now has been added to the disclosure above. As a result, the aggregate payroll costs during the year ending 31 December 2021 increased by \$108.0 million for the year ended 31 December 2021. The adjustment to the disclosure has no impact on gross profit, operating loss, or the balance sheet.

8. FINANCE INCOME AND EXPENSE

For the years ended 31 December 2022 and 2021, the Group incurred total interest expense of \$159.1 million and \$129.7 million and recognised interest income of \$0.2 million and \$0.2 million respectively.

9. INCOME TAXES

For the years ended 31 December 2022 and 2021, the provision for income taxes consisted of the following:

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Recognised in the income statement		
Current tax expense		
Current year	\$ 19,639	\$ 16,990
Current tax expense	<u>19,639</u>	<u>16,990</u>
Deferred tax benefit		
Origination and reversal of temporary differences	(39,931)	(26,246)
Change in tax rate	(4,052)	(2,928)
Recognition of previously unrecognised tax losses	-	(4,227)
Deferred tax benefit	<u>(43,983)</u>	<u>(33,401)</u>
Total provision for income taxes recognised in income statement	<u>\$ (24,344)</u>	<u>\$ (16,411)</u>

Income tax recognised in other comprehensive income

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Pension	\$ 779	\$ (505)
Total tax recognised in other comprehensive income	<u>779</u>	<u>(505)</u>

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

substantively enacted on 24 May 2021. This will increase the future rate at which the Company pays the applicable United Kingdom tax accordingly.

The differences between the total tax benefit for the years ended 31 December 2022 and 2021 and the amount calculated by applying the standard rate of United Kingdom corporation tax to the loss before tax is as follows:

<i>(in thousands)</i>	2022	2021
Loss for the year	\$ (197,112)	\$ (123,653)
Total tax benefit	<u>(24,344)</u>	<u>(16,411)</u>
Loss excluding taxation	<u>(221,456)</u>	<u>(140,064)</u>
Tax using the United Kingdom corporation tax rate of 19%	(42,077)	(26,612)
Effect of tax rates in foreign jurisdictions	(12,762)	(1,358)
Non-deductible expenses	3,343	7,034
Uncertain income tax treatments	-	(2,095)
Losses and deductible temporary differences for which no deferred tax asset was recognised	29,806	15,377
Recognition of previously unrecognised tax losses	-	(4,227)
Other	<u>(2,654)</u>	<u>(4,530)</u>
Total tax benefit	\$ <u>(24,344)</u>	\$ <u>(16,411)</u>

The Group's deferred tax components consisted of the following at 31 December 2022:

<i>(in thousands)</i>	Assets	Liabilities	Net
Intangible assets	\$ -	\$ (188,687)	\$ (188,687)
Property and equipment	337	-	337
Capitalised software development costs	2,966	-	2,966
ROU Asset	-	(4,980)	(4,980)
Transaction Costs	1,503	-	1,503
Deferred Revenue	2,435	-	2,435
Deferred interest	16,851	-	16,851
Allowance for doubtful accounts	4,537	-	4,537
Accrued Expenses	4,551	-	4,551
Operating Lease Liability	6,033	-	6,033
Unrealised Gain/Loss	-	(532)	(532)
Tax Credits	2,455	-	2,455
Tax value of loss carry-forwards	20,610	-	20,610
Other	2,706	(5,133)	(2,427)
Tax assets / (liabilities)	<u>64,984</u>	<u>(199,332)</u>	<u>(134,348)</u>
Net of tax (liabilities)/assets	<u>(61,404)</u>	<u>61,404</u>	<u>-</u>
Net tax assets / (liabilities)	\$ <u>3,580</u>	\$ <u>(137,928)</u>	\$ <u>(134,348)</u>

The Group's movement in deferred taxes during the year ended 31 December 2022 is as follows:

<i>(in thousands)</i>	1 January 2022	FX	Recognised in income	Purchase Accounting	31 December 2022
Intangible assets	\$ (242,275)	\$ 3,917	\$ 52,127	\$ (2,456)	\$ (188,687)
Property, plant and equipment	1,067	(60)	(670)	-	337
Capitalised software development costs	(6,829)	802	8,993	-	2,966
ROU Asset	(6,160)	97	1,083	-	(4,980)
Transaction Costs	1,427	(73)	(218)	367	1,503
Deferred Revenue	4,106	(137)	(1,534)	-	2,435
Deferred interest	13,990	(1,973)	4,834	-	16,851
Allowance for doubtful accounts	5,177	(52)	(588)	-	4,537
Accrued Expenses	6,777	(239)	(2,124)	137	4,551
Operating Lease Liability	7,229	(98)	(1,098)	-	6,033
Unrealised Gain/Loss	1,255	(140)	(1,647)	-	(532)
Tax Credits	3,338	(72)	(811)	-	2,455
Tax value of loss carry forwards	31,317	1,210	(12,466)	549	20,610
Other	(1,307)	779	(1,899)	-	(2,427)
	<u>\$ (180,888)</u>	<u>\$ 3,961</u>	<u>\$ 43,982</u>	<u>\$ (1,403)</u>	<u>\$ (134,348)</u>

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

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

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

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

On 22 December 2017, the US government enacted comprehensive tax legislation (the "Tax Act"), which significantly revised the ongoing US corporate income tax law. The Tax Act included a provision to GILTI of foreign subsidiaries and a Base Erosion Anti-abuse Tax ("BEAT") measure that taxes certain payments between a US corporation and its subsidiaries. The Group is subject to GILTI but BEAT has no current impact on the Group. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. On 20 July 2020, the final regulations on the GILTI high tax exception were released. Under the GILTI high tax exception, if a taxpayer's controlled foreign corporations ("CFC") are taxed at a certain effective tax rate, then the taxpayer can exclude the GILTI income. The Group applied the high tax exception as allowed for the years ended 31 December 2022 and 2021 and the result was additional taxable income of \$5.3 million and \$4.3 million, respectively.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses and tax credits can be used. The Group assessed the deferred tax assets and whether it is probable that they can be recognised. Management considers the scheduled reversal of deferred tax liabilities and tax planning opportunities in making this assessment. For the year ended 31 December 2022, management determined that a \$28.3 million deferred tax asset related to US and United Kingdom disallowed interest expense and \$31.0 million of foreign deferred tax assets consisting of primarily foreign net operating losses ("NOLs") should not be recognised.

At 31 December 2022 and 2021, the Group has not provided for income taxes on \$170.1 million and \$100.9 million of undistributed earnings of its foreign subsidiaries, respectively, other than certain Canadian and Chinese subsidiaries, as the earnings are considered permanently reinvested. As part of the Tax Act (as discussed above), the Group incurred a \$6.2 million transition tax related to its Canadian subsidiaries. This amount included an estimated \$1.8 million of Canadian withholding taxes on the future repatriation of cash from Canada to the US. The Group accrued an additional \$0.6 million of Canadian withholding tax related to the GILTI inclusion of 2020 and \$0.4 million of Chinese withholding tax. The US has accumulated earnings and profits and the majority of the other foreign jurisdictions can generally distribute their earnings to the Company without additional taxation. The Company has determined that the deferred tax liability associated with a distribution of the undistributed earnings is not practicable to estimate.

As of 31 December 2022, the Group has NOL carryforwards for federal and state tax purposes of approximately \$82.6 million and \$7.2 million, respectively, which will expire between 2034 and 2042 except for \$33.0 million of the federal NOL carryforward which can be carried forward indefinitely. The Group has foreign NOLs of \$180.2 million, of which, the majority do not expire. Certain of the Group's federal and state NOL carryforwards are subject to annual limitations under Section 382 of Internal Revenue Code. Based on the purchase price for

the US companies as part of the acquisition of Cision in 2020, the limitations imposed under Section 382 will not preclude the Group from realising these NOLs.

If there is uncertainty about an income tax treatment, then an entity considers whether it is probable that the tax authority will accept the entity's tax treatment included or planned to be included in its tax filing. If the tax authority is unlikely to accept the tax treatment, then the effect of the tax uncertainty is reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The Group uses either the most likely amount or the expected value method to measure the amount. The Group has uncertain tax treatments associated primarily with NOLs and research and development tax credits in the amount of \$1.4 million and \$1.9 million as of 31 December 2022 and 2021 respectively.

The Group does not expect uncertain tax treatments to change significantly over the next twelve months. The current period decrease of \$0.5 million is from the closing of the statute of limitations on those positions. The Group files income tax returns in the US and various states, the United Kingdom, Canada, France, Germany, and other foreign jurisdictions and is subject to US federal, state, and foreign tax examinations for years ranging from 2016 to 2022.

10. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of 31 December 2022 (in thousands):

	<u>Beginning Balance</u>	<u>Acquisition</u>	<u>Additions</u>	<u>Depreciation Expense</u>	<u>Disposals</u>	<u>FX</u>	<u>Ending Balance</u>
Computer Equipment	\$ 10,672	\$ -	\$ 4,341	\$ (7,433)	\$ (41)	\$ (245)	\$ 7,294
Furniture and fixtures	1,432	-	244	(412)	(18)	(51)	1,195
Leasehold Improvements	12,291	197	301	(3,118)	(107)	(377)	9,187
Capitalised software development and database costs	43,027	-	58,921	(35,544)	-	(2,425)	63,979
	<u>\$ 67,422</u>	<u>\$ 197</u>	<u>\$ 63,807</u>	<u>\$ (46,507)</u>	<u>\$ (166)</u>	<u>\$ (3,098)</u>	<u>\$ 81,655</u>

Depreciation and amortisation expense of property, equipment and internal use software was \$46.5 million for the year ended 31 December 2022. Of this amount, \$37.4 million is included in cost of revenue and \$9.1 million is included in operating expense.

Property, equipment and software consisted of the following as on 31 December 2021 (in thousands):

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

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

Impairment loss

No impairments were recorded for property and equipment as of 31 December 2022 and 31 December 2021.

11. GOODWILL AND INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill for the years ended 31 December 2022, and 31 December 2021 (in thousands):

		2022		2021
Beginning Balance	\$	2,009,363	\$	1,716,738
Acquisition of Factmata Ltd.		1,882		-
Acquisition of Stroom		25,861		-
Acquisition of Paladin		7,645		-
Acquisition of Brandwatch		-		335,497
Sale of Government Relations		-		(21,411)
Effects of foreign currency		(52,562)		(21,461)
Ending balance	\$	<u>1,992,189</u>	\$	<u>2,009,363</u>

Definite-lived intangible assets consisted of the following as of 31 December 2022 and 31 December 2021 (in thousands):

	Gross Carrying Amount		Foreign Currency Translation		Accumulated Amortisation		Net Carrying Amount
Trade names and brand	\$ 430,205	\$	(2,483)	\$	(150,109)	\$	277,613
Customer relationships	778,270		(21,418)		(348,873)		407,979
Purchased technology	268,638		(5,784)		(152,644)		110,210
Total	<u>\$ 1,477,113</u>	\$	<u>(29,685)</u>	\$	<u>(651,626)</u>	\$	<u>795,802</u>

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

Amortisation expense for the year ended 31 December 2022 was \$226.0 million, of which \$48.9 million is included in cost of revenue and \$177.1 million is included in amortisation expense of intangible assets on the consolidated statement of comprehensive income.

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

The remaining weighted-average useful life for intangible assets as of 31 December 2022, was as follows:

Trade names and brand	11.3
Customer relationships	7.3
Purchased technology	3.9

The following table provides the future expected amortization expense for intangible assets as of 31 December 2022 (in thousands):

Year ending 31 December 2023	\$	176,425
2024		141,050
2025		115,318
2026		94,196
2027		69,966
2028 and thereafter		198,847
Total	\$	<u>795,802</u>

Impairment loss and subsequent reversal

The Group identifies multiple CGUs, or identifiable group of assets that generates largely independent cash inflows, to which goodwill has been allocated. The Group considers its CGUs equivalent to its reporting units.

During the year ended 31 December 2021, the Group completed two transactions that resulted in a reassessment of the Group's CGUs and reallocation of goodwill among the CGUs.

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

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

During the year ended 31 December 2022, the Group completed the acquisition of Factmata, Paladin and Stroom (Refer to Note 4), that resulted in an increase to the allocation of goodwill in the EMEA, Social, and APAC regions.

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

	2022	2021
Americas	\$ 1,386,283	\$ 1,393,145
EMEA	132,414	116,070
APAC	103,360	109,115
Social	370,132	391,033
Total	\$ <u>1,992,189</u>	\$ <u>2,009,363</u>

The table below presents the changes to goodwill by CGU during the year ended 31 December 2022 (in thousands):

	Americas	EMEA	APAC	Social
Balance as of 1 January 2022	\$ 1,393,145	\$ 116,070	\$ 109,115	\$ 391,033
Acquisition of Factmata	-	1,882	-	-
Acquisition of Stroom	-	-	25,861	-
Acquisition of Paladin	-	-	-	7,645
Effects of foreign currency	(6,862)	14,462	(31,616)	(28,546)
Balance as of 31 December 2022	\$ <u>1,386,283</u>	\$ <u>132,414</u>	\$ <u>103,360</u>	\$ <u>370,132</u>

On 1 October 2022 and 2021, the Group performed its annual goodwill impairment assessment based on the fair value less costs of disposal (the recoverable amount) of each of the Group's reporting units. The Group used an income approach and a market approach based on discounted cash flows to determine the fair value of its reporting unit. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The Group's cash flow assumptions considered historical and forecasted revenue, operating costs and other relevant factors which were consistent with the plans used to manage the Group's operations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, while

terminal year projections were estimated based on growth rates that reflect management's long-term expectations. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal resources.

The following table presents the key assumptions used in the estimation of the recoverable amount as well as the amounts by which the recoverable amount exceeded carrying amount based on the original assumptions for each CGU for the years ended 31 December 2022 and 2021 (in thousands):

	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Recoverable amount in excess of carrying amount for the year ended 31 December 2022	\$ 453,032	\$ 486,513	\$ 123,918	\$ 183,045
Discount rate	10.5%	10.5%	11.0%	10.5%
Terminal value growth rate	2.5%	2.5%	4.0%	5.0%
	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Recoverable amount in excess of carrying amount for the year ended 31 December 2021	\$ 334,017	\$ 404,697	\$ 94,834	\$ 68,151
Discount rate	10.0%	10.5%	11.0%	10.0%
Terminal value growth rate	2.5%	2.5%	4.0%	5.0%

As of 1 October 2022, the Group concluded that its CGUs' fair values were greater than their respective carrying amounts. As such, no impairment loss was recognised for impairment of goodwill during the period. Management notes that a change in the quantitative key assumptions described above could result in a decrease in the fair value of each CGU. The following tables show the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount for each CGU. This sensitivity assumes that the income approach was the only approach considered for the estimate of fair value of each CGU.

For the year ended 31 December 2022:

	<u>Americas</u>	<u>EMEA</u>	<u>APAC</u>	<u>Social</u>
Discount rate	1.9%	21.4%	7.7%	1.9%
Terminal value growth rate	2.6%	174.3%	14.5%	2.6%

For the year ended 31 December 2021:

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

12. INVESTMENTS IN SUBSIDIARIES AND UNCONSOLIDATED ASSOCIATES

The Company has, either directly or indirectly, the following investments in subsidiaries and unconsolidated associates.

Company	Registered address	Class of shares held	Ownership 2022
Castle Intermediate Holding Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary and Preference	64.3%

Company	Registered address	Class of shares held	Ownership 2022
PE Castle Holding III Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	64.3%
Castle Intermediate Holding II Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary and Preference	61.1%
Castle Intermediate Holding III Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	61.1%
Castle Intermediate Holding IV Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	61.1%
Castle Intermediate Holding V Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	61.1%
Castle Acquisition Limited	100 New Bridge Street, London, United Kingdom, EC4V 6JA	Ordinary	61.1%
Cision Ltd.	P.O. Box 309 Ugland House, South Church Street, George Town, Grand Cayman KY1-1104	Ordinary	61.1%
Canyon Group Limited	2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier Jersey JE2 3QB	Ordinary	61.1%
Canyon UK Investments Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
Cision Group Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
PWW International Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
PWW Acquisition International II Ltd.	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
Cision Portugal SL	Avenida Fontes Pereira de Melo, n° 21, 5°, 1050-116 Lisbon, Portugal parish of Avenidas Novas, municipality of Lisbon	Ordinary	61.1%
Cision Sverige AB	Box 24194, 104 51 Stockholm, Sweden	Ordinary	61.1%
Cision Norge AS	c/o RTB AS, Stortingsgata 10 0161 Oslo, Norway	Ordinary	61.1%
Cision Finland OY	Salomonkatu 17 B, 00100 Helsinki, Finland	Ordinary	61.1%
Falcon.io Holdings ApS	H.C. Andersens Boulevard 27, 1., 1553, Copenhagen V, Denmark	Ordinary	61.1%
Falcon.io ApS	H.C. Andersens Boulevard 27, 1., 1553, Copenhagen V, Denmark	Ordinary	61.1%
Falcon.io EOOD	Todor Aleksandrov Blvd. floor 2, 1000 Sofia, Bulgaria	Ordinary	61.1%
Falcon.io Pty Limited	c/o, TMF Corporate Services, Level 16, 201 Elizabeth Street, Sydney, Australia	Ordinary	61.1%
Falcon.io Kft.	1016, Krisztina Körút 99, Budapest, Hungary	Ordinary	61.1%
Cision Germany GmbH	Westhafenplatz 1 60227 Frankfurt, Germany	Ordinary	61.1%
Prime Holding GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	61.1%
Prime Research International GmbH & Co. KG	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	61.1%
Falcon.io GmbH	Wattstraße 11, 13353 Berlin, Germany	Ordinary	61.1%
Prime Consult GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	61.1%
Cision SA	8 Avenue du Stade de France, 9320 Saint-Denis, Paris, France	Ordinary	61.1%
CEDROM-Sni Sarl	8 Avenue du Stade de France, 9320 Saint-Denis, Paris, France	Ordinary	61.1%

Company	Registered address	Class of shares held	Ownership 2022
NotilogPRNewswire Argentina S.A	25 de Mayo 168, 6th Floor, City of Buenos Aires, Argentina	Ordinary	61.1%
PR Newswire Argentina S.A.	25 de Mayo 168, 6th Floor, City of Buenos Aires, Argentina	Ordinary	61.1%
Prime Opinion Analysis India Private Limited	1st Floor Harbans, Bhawan-II, Commercial Complex, Nangal Rai, New Delhi, India 110046	Ordinary	61.1%
PR Newswire S. de R.L. de C.V.	Avenida Monterrey No. 150, Office 601, Col. Roma, Deleg. Cuauhtémoc, C.P. 06700, Mexico City, Mexico	Ordinary	61.1%
PR Newswire Europe Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
PR Newswire Benelux Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
ANP Pers Support B.V.	WTC The Hague, Toren C, Prinses Beatrixlaan 582 2595 BM, The Hague	N/A	30.5%
PR Newswire Ltda	Av. Paulista, 688, 12th floor, Bela Vista, City of São Paulo, State of São Paulo, Brazil 01310-100	Ordinary	61.1%
PR Newswire GmbH (Germany)	Innere Kanalstraße 15, c/o Osborne Clarke, 50823 Köln, Germany	Ordinary	61.1%
PWW Distribution India Private Limited	Unit 1104, 11th Floor, Level 2 Indiabulls Finance Centre, Senapati Bapat Marg, Mumbai, India	Ordinary	61.1%
PR Newswire Middle East Limited	Unit 504, Level 5, Index Tower, Dubai International Financial Centre, PO Box 507073, Dubai, United Arab Emirates	Ordinary	61.1%
PR Newswire Asia Limited	Flat/RM 1607-8 16/F, China Resources Building, 26 Harbour Road WanChai, Hong Kong	Ordinary	61.1%
PRN Business Consulting (Shanghai) Co., Limited	Unit 1806-09 Tian An Center, 338 West Nanjing Xi Road, Shanghai, China	Ordinary	61.1%
PRN Business Consulting (Shanghai) Co., Ltd Beijing Branch	Room 1808, No. 338 Nanjing West Road, Huangpu District, Shanghai, China	Ordinary	61.1%
PR Newswire International Communication (Shenzhen) Co., Ltd.	Rm1310, 4/F, Huang Gang Business Center, Zhuo Yue Century, South Side Of Junction Of Jin Tian Road And Fu Hua San Road, Fushan District, Futian, Shenzhen, China	Ordinary	61.1%
PWW International Ltd (Malaysia Branch)	823A, Level 28, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia	Ordinary	61.1%
PWW International Ltd (Singapore Branch)	1 Raffles Place, #20-61, One Raffles Place Tower 2, Singapore 048616	Ordinary	61.1%
PWW International Ltd. Taiwan Branch	15F, No. 159, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Ordinary	61.1%
PWW International Ltd Representative Office (Indonesia)	Sahid Sudirman Center, 56th Floor., Jl. Jend Sudirman No. 86, Jakarta 10220, Indonesia	Ordinary	61.1%

Company	Registered address	Class of shares held	Ownership 2022
Shanghai PRIME Public Relations & Strategy Consulting Co. Ltd. (China)	Room 1605, No. 168, Middle YinCheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China	Ordinary	61.1%
PR Newswire Australia PTY LTD	Level 3, 1049 Victoria Road, WEST RYDE NSW, Sydney, Australia 2000	Ordinary	61.1%
Cision Japan KK	Oak Minami-Azabu Building 2F, 3-19-23 Minami-Azabu, Minato-ku, Tokyo	Ordinary	61.1%
PR Newswire Korea Limited	7fl, VPLEX, Teheran-ro 501, Gangnam-gu, Seoul, 06168, South Korea	Ordinary	61.1%
The Representative Office of PR Newswire Asia Limited in Ho Chi Minh City	Head Office: 1st Floor, Packsimex Building, 52 Dong Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Ordinary	61.1%
PT PRN Newswire Indonesia	Head Office: Sahid Sudirman Center 56th Floor.Jl. Jend Sudirman No.86, Jakarta 10220, Indonesia	Ordinary	61.1%
Prime Research AG	Badenerstrasse, 549 CH-8048, Zurich, Switzerland	Ordinary	61.1%
PRIME.com GmbH	Kaiserstr. 22, 55116 Mainz, Germany	Ordinary	61.1%
Prime Research UK Limited	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
Prime Brazil Pesquisas de Midia LTDA	Rua Verbo Divino, 1488, 3 Andar, Chacara Sto Antonio, Sao Paulo, Brazil	Ordinary	61.1%
Castle US Holding Corporation	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Canyon Valor Holdings, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Canyon Valor Companies, LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Falcon.io US, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Unmetric Technologies Private Limited	No. 40, Block A, 1st Floor, Chennai, Kandanchavadi, Perungudi, Tamil Nadu, India	Ordinary	61.1%
Cision US, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Bulletin Intelligence LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Bulletin Healthcare LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Bulletin Media LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Vocus PRW Holdings LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
Trendkite, Ltd.	5 New Street Square, London, United Kingdom, EC4A 3TW	Ordinary	61.1%
Prime Research LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
PRN Delaware, Inc.	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
PR Newswire Association LLC	12051 Indian Creek Court, Beltsville, MD 20705	Ordinary	61.1%
CNW Group Limited	88 Queens Quay, Suite 3000, Toronto, Canada M5J 0B8	Ordinary	61.1%
Communication CNW Quebec Inc.	2000 McGill College, 3rd Floor, Montreal, Canada H3A 3H3	Ordinary	61.1%

Company	Registered address	Class of shares held	Ownership 2022
Cision Canada Inc.	88 Queens Quay, Suite 3000, Toronto, Canada M5J 0B8	Ordinary	61.1%
Runtime Collective Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, United Kingdom, BN1 1UJ	Ordinary	61.1%
Registered Spanish Branch	c/ Entenca, 325-335, 1st Floor, 08029, Barcelona	Ordinary	61.1%
Brandwatch International (Australia) Pty Ltd	Suite 302, 12 Help Street, Chatswood, New South Wales, 2067	Ordinary	61.1%
Brandwatch GmbH	Leuschnerstr. 12, 70174 Stuttgart, Germany	Ordinary	61.1%
Brandwatch Pte. Ltd.	8 Wilkie Road, 03-01 Wilkie Edge, Singapore 228095	Ordinary	61.1%
Peer Index Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	61.1%
BuzzSumo Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	61.1%
Brandwatch France Sarl	26 rue Cambaceres 75008, Paris, France 75016 Paris	Ordinary	61.1%
Brandwatch Canada Inc.	Suite 3000 RBC Waterpark Place 88 Queens Quay West, Toronto, Ontario M5J 0B8	Ordinary	61.1%
Crimson Hexagon Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	61.1%
Qriously Ltd.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	61.1%
Brandwatch LLC	200 Vesey St New York, NY 10281-5525	Ordinary	61.1%
Crimson Hexagon, Inc.	200 Vesey St New York, NY 10281-5525	Ordinary	61.1%
Qriously, Inc.	Sovereign House, Church Street, 1st Floor, Brighton, BN1 1UJ, United Kingdom	Ordinary	61.1%
Filter Acquisition Pty Ltd	Level 5, 20 Bond Street, Sydney, NSW 2000 Australia	Ordinary	61.1%
Cision Denmark Aps	H.C. Andersens Boulevard 27 1, 1553 København V	Ordinary	61.1%
Cision Hungary Kft	1132 Budapest, Váci út 22-24. 7. em, Hungary	Ordinary	61.1%
Factmata Ltd	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
Content Score Ltd	5 Churchill Place, London, United Kingdom, E14 5HU	Ordinary	61.1%
Titouan Ventures Pty Ltd	Level 7, 46-56 Kippax Street, NSW 2010, Australia	Ordinary	61.1%
Streemcom Pty Ltd	Level 7, 46-56 Kippax Street, NSW 2010, Australia	Ordinary	61.1%
Streem SAAS Pty Ltd	Level 7, 46-56 Kippax Street, NSW 2010, Australia	Ordinary	61.1%
Streem Pty Ltd	Level 7, 46-56 Kippax Street, NSW 2010, Australia	Ordinary	61.1%

Company	Registered address	Class of shares held	Ownership 2022
Paladin Software LLC	701 S Carson Street, Ste. 200, Carson City, NV, 89701, USA	Ordinary	61.1%

Cision, a subsidiary within the Group, had a 50% interest in a joint venture with Algemeen Nederlands Persbureau in ANP Pers Support v.o.f. ("ANP"), located at WTC The Hague, Tower C, Prinses Beatrixlaan 582, 2595 BM The Hague. This investment in an unconsolidated affiliate was accounted for by the equity method. At 31 December 2022 and 2021, the investment in this affiliate was \$4.7 million, respectively, which is included within other long-term assets in the consolidated balance sheet. For the years ended 31 December 2022 and 2021 the Group's allocation of net income from ANP was \$0.4 million and \$0.8 million, respectively. The Group divested its interest in the joint venture in January 2023 and received Euro 2.0 million of cash consideration with a loss of approximately \$2.0 million which is expected to be recognized as part of other income in the consolidated statement of comprehensive income in Q1 2023. Concurrently, the Group entered into a five-year reseller agreement with ANP, which allows ANP to sell the Group's products, with guaranteed payments of Euro 4.6 million to be paid in instalments over the next five years. The divestiture of the Group's interest in the joint venture had no significant effect on the Company's consolidated balance sheet or consolidated comprehensive income.

13. ACCOUNTS RECEIVABLE, NET

Accounts receivable are non-interest bearing and generally due with a 30-day term. As of 31 December 2022, and 2021, the Group holds accounts receivable of \$172.2 million and \$191.2 million, net of reserves. The Group recognised total reserve against accounts receivable of \$19.3 million and \$19.6 million as of 31 December 2022 and 2021 respectively.

14. DEBT

Debt consisted of the following as of 31 December 2022 (in thousands):

	Short-Term	Long-Term	Total
2020 Credit Facilities	\$ 15,359	\$ 1,678,420	\$ 1,693,779
2020 Senior Notes	-	300,000	300,000
2020 Subline Debt	50,769	149,231	200,000
Incremental Term Loan	2,458	288,240	290,698
Unamortised debt discount and issuance costs	-	(57,183)	(57,183)
Total	\$ 68,586	\$ 2,358,708	\$ 2,427,294

Debt consisted of the following as of 31 December 2021 (in thousands):

	Short-Term	Long-Term	Total
2020 Credit Facilities	\$ 15,663	\$ 1,722,820	\$ 1,738,483
2020 Senior Notes	-	300,000	300,000
2020 Subline Debt	-	200,000	200,000
Incremental Term Loan	2,458	290,698	293,156
Unamortized debt discount and issuance costs	-	(71,616)	(71,616)
Total	\$ 18,121	\$ 2,441,902	\$ 2,460,023

Credit Facilities

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

- (i) A revolving credit facility, which permits borrowings and issuances of letters of credit up to \$150.0 million ("2020 Revolving Credit Facility"), of which up to \$50.0 million may be used for standby and trade letters of credit;

- (ii) A \$1,200.0 million Dollar-denominated term credit facility (the “2020 Dollar Term Credit Facility”); and
- (iii) A €500.0 million Euro-denominated term credit facility (the “2020 Euro Term Credit Facility”) and, together with the 2020 Dollar Term Credit Facility, the “2020 Term Credit Facility” and collectively with the 2020 Revolving Credit Facility, the “2020 Credit Facilities”).

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

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

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

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

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

As of 31 December 2022, the applicable interest rate under the 2020 Dollar Term Credit Facility and the 2020 Euro Term Credit Facility was 8.13% and 5.65%, respectively. As of 31 December 2022, the applicable interest rate under the Incremental Term Loan was 8.38%.

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

As of 31 December 2022, and 2021, under the 2020 Revolving Credit Facility, the Group had no outstanding borrowings and had \$1.4 million and \$4.4 million, respectively, in outstanding letters of credit. As of 31 December 2022, and 2021, the Group had \$4.2 million and \$6.2 million, respectively, of deferred financing fees related to the 2020 Revolving Credit Facility which is included within other assets in the consolidated balance sheet. As of 31 December 2022, and 2021, the Group had \$1,693.8 million and \$1,738.5 million, respectively, outstanding under the 2020 Credit Facilities.

For the benefit of the lenders under the 2020 Revolving Credit Facility, the Credit Agreement includes a springing financial maintenance covenant, which is effective the third quarter of 2020 and shall only be tested to the extent at least 35% of the revolving commitments that are outstanding in the form of loans or letters of credit as of the last day of the fiscal quarter. Such covenant requires that, as of the last day of each fiscal quarter, the first lien net leverage ratio of the Group and its restricted subsidiaries cannot exceed the applicable ratio set forth in the 2020 Credit Facilities (subject to certain rights to cure any failure to meet such ratio as set forth in the Credit Agreement). The 2020 Credit Facilities are also subject to certain customary affirmative covenants and negative covenants. As of 31 December 2022, and 2021, the Group was in compliance with all covenants.

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

2020 Senior Notes

Following the acquisition of Cision Ltd., on 5 February 2020, Castle US Holding Corporation, a member of the Group, issued \$300.0 million of unsecured senior notes (“2020 Senior Notes”). The Group used the proceeds from this offering to repay a related party loan and related transaction fees and expenses. Interest on the 2020 Senior Notes accrues at 9.50% and the first interest payment date was 15 August 2020. The Group pays interest semi-annually on February 15 and August 15 each of year. The 2020 Senior Notes mature on 15 February 2028.

At any time prior to 15 February 2023, Castle US Holding Corporation may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes plus any accrued and unpaid interest to, but not including, the redemption date and a “make-whole” premium as described in indenture under which the 2020 Senior Notes was issued. In addition, Castle US Holding Corporation may redeem the notes at any time on or after 15 February 2023, at specified prices as described in indenture under which the 2020 Senior Notes was issued plus any accrued and unpaid interest to, but not including, the redemption date. Furthermore, at any time prior to 15 February 2023, Castle US Holding Corporation may redeem up to 40% of the notes with the cash proceeds of certain equity offerings at the redemption price as described in indenture under which the 2020 Senior Notes was issued plus any accrued and unpaid interest to, but not including, the redemption date.

Subline Debt

The Group has access to a \$200.0 million line of credit (the “Subline”), which has been fully drawn against as of 31 December 2022 and 2021. The Subline can be drawn at either the “base rate” or the London interbank Offered Rate (“LIBOR”) rate.

The base rate is the highest of:

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

The LIBOR rate is determined as the one month, two-month, three-month or six-month LIBOR plus 1.40% per annum. The base rate may be of any duration. Funds may be drawn from the line of credit at a minimum of \$1.0 million per draw and thereafter in multiples of \$0.01 million. In the event of default, interest shall be applied at the lesser of the base rate plus 2.40% or the highest rate of interest permitted by law. As of 31 December 2022, and 2021, the weighted average interest rate under the Subline was 5.93% and 1.64%, respectively.

Future minimum principal payments

The following table provides the future minimum principal payments of debt as of 31 December 2022 (in thousands):

Year ended 31 December 2023	\$	68,586
2024		167,048
2025		17,817
2026		17,817
2027 and thereafter		2,213,209
	\$	<u>2,484,477</u>

Interest expense for the years ended 31 December 2022, and 2021, were as follows (in thousands):

	2022	2021
Interest paid to banks and other financial institutions	\$ 139,290	\$ 109,801
Other finance cost	17,276	17,174
Interest on finance leases	2,507	2,716
Total interest expense	<u>\$ 159,073</u>	<u>\$ 129,691</u>

15. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and settled on terms agreed with the suppliers. As of 31 December 2022, and 2021, the Group held accounts payable of \$32.5 million and \$24.1 million respectively.

16. EMPLOYEE BENEFITS

The Group sponsors defined-contribution, profit-sharing and other benefit plans in the US, Canada, the United Kingdom and France. Total expenses associated with these plans for the years ended 31 December 2022 and 2021 was \$10.6 million and \$8.7 million, respectively.

The Group maintains a defined benefit pension plan in Canada which has been closed to new participants. As of 31 December 2022, and 2021, the plan had an overfunded status of \$0.5 million and \$1.4 million, respectively, which is recognised as a long-term asset in the consolidated balance sheet. As of 31 December 2022, and 2021, the plan assets consisted of \$7.9 million and \$12.1 million, respectively, and a projected benefit obligation of \$7.5 million and \$10.7 million, respectively. In addition, the Group maintains a non-registered defined benefit pension plan in Canada for a former executive. As of 31 December 2022, and 2021, the plan had an unfunded net pension obligation of \$1.2 million and \$1.6 million, respectively, which is recognised as a long-term liability in the consolidated balance sheet. The net periodic pension expense recognised for both defined benefit plans for the years ended 31 December 2022 and 2021 was \$0.4 million and \$0.3 million, respectively.

The actuarial assumptions used in the Canadian plans include discount rates of 5.3%-3.3%, expected rate of return on plan assets of 2.3%, and rate of compensation increase and other factors of 3.5%.

The Group also maintains a defined benefit pension plan in France which has been closed to new participants. As of 31 December 2022, and 2021 the plan had an unfunded net pension obligation of \$1.1 million and \$1.8 million, respectively, which is recognised as a long-term liability in the consolidated balance sheet.

Share-based payments

During 2020, Castle Intermediate Holding V Limited (“Castle V”) adopted the Castle V 2020 Participation Plan (the “Plan”) for the benefit of certain key employees of the Group. Performance Units granted and matured under the Plan only become eligible to receive amounts under the Plan (“Payment Eligible”) upon a Qualifying Event (as such term is defined in the Plan), subject to the terms and conditions of the Plan. As of 31 December 2022, and 2021, no Performance Units are Payment Eligible, and no compensation expense has been recognised. Compensation expense will be recognised when it is probable the performance condition will be met and certain return on initial equity investment multipliers are achieved.

17. FINANCIAL INSTRUMENTS

Fair values of financial instruments

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

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

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

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

Fair values

The carrying amounts reported in the consolidated balance sheets for accounts receivable, accounts payable and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair value of the 2020 Revolving Credit Facility was lower than its book value as of 31 December 2022 due to interest rate hikes in the US and Europe markets and approximated its book value as of 31 December 2022 and 2021. The fair value of the Group’s long-term debt fluctuates with changes in applicable interest rates. Fair value will exceed carrying value when the current market interest rate is lower than the interest rate at which the debt was originally issued. The fair value of the long-term debt is a measure of its current value under present market conditions and is established based on observable inputs in non-active markets. The fair value of the long-term debt is classified as Level 2 in the fair value hierarchy. As of 31 December 2022, and 2021 the Group did not have any liabilities classified at level 3 of the fair value hierarchy.

The following table presents the carrying values and approximate fair values of long-term debt as of 31 December 2022 (in thousands):

<u>Carrying Value</u>	<u>Fair Value</u>
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2020 Dollar Term Credit Facility (significant other observable inputs—level 2)	\$	1,172,499	\$	692,635
2020 Euro Term Credit Facility (significant other observable inputs—level 2)		521,280		378,066
9.50% Senior Notes (significant other observable inputs—level 2)		300,000		117,000
Subline Debt (significant other observable inputs—level 2)		200,000		200,000
Incremental Term Loan (significant other observable inputs—level 2)		290,698		176,236

The following table presents the carrying values and approximate fair values of long-term debt as of 31 December 2021 (in thousands):

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

Credit risk

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

The Group provides cloud-based software, distribution services and related professional services to various customers across many industries. As of 31 December 2022, and 2021, no individual customer accounted for 10% or more of net trade receivable. For the years ended 31 December 2022 and 2021, no individual customer accounted for 10% or more of revenue.

Exposure to credit risk

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

		<u>2022</u>		<u>2021</u>
Americas	\$	83,686	\$	122,149
EMEA		37,163		35,984
APAC		13,492		9,545
Social		37,871		23,560
Total	\$	172,212	\$	191,238

The movement in the allowance for credit losses in respect of trade receivables during the year was as follows (in thousands):

<u>Beginning Balance</u>	<u>Amounts Charged to Expense</u>	<u>Amounts Written-off</u>	<u>FX</u>	<u>Ending Balance</u>
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Year ended 31						
December 2022	\$	19,596	11,809	(12,071)	(34)	\$ 19,300
Year ended 31						
December 2021	\$	15,734	7,224	(2,657)	(705)	\$ 19,596

Liquidity risk

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

Market risk

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

Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group closely monitors its exposure to exchange rate risk. For the years ended 31 December 2022 and 2021, 53.6% and 56.6% of the Group's revenue resulted from transactions denominated in US dollars, respectively. The Group considers its current exposure to foreign currency exchange rate risk as low risk.

Interest rate risk

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

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

	<u>2022</u>	<u>2021</u>
Fixed rate instruments		
2020 Senior Notes	\$ 300,000	\$ 300,000
Variable rate instruments		
2020 Credit Facilities	1,693,779	1,738,483
2020 Subline Debt	200,000	200,000
Incremental Term Loan	290,698	293,156
Less: Unamortised debt discount and issuance costs	<u>(57,183)</u>	<u>(71,616)</u>
Total	<u>\$ 2,427,294</u>	<u>\$ 2,460,023</u>

Sensitivity analysis

A 1% increase or decrease in interest rates would have increased or decreased interest expense by \$22.2 million and \$24.7 million during the years ended 31 December 2022 and 2021, respectively.

Capital management

Capital risk management is carried out by the Group's management. The Group's management establishes the capital risk policies and procedures and reviews monthly financial results, including Adjusted EBITDA, cash flow performance, net working capital, etc. The Group's management identifies and evaluates capital risks and enters into agreements and explores avenues to mitigate these risk exposures in accordance with the policies and procedures. The Group manages its capital to safeguard that the Group will be able to continue as a going

concern. The capital structure of the Group consists of cash at bank and in hand and cash equivalents and borrowings. In addition, the Group's capital structure includes equity attributed to the Group's respective holders of equity instruments of the holding company, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity. The Group's cash and cash equivalents balance was \$72.7 million and \$108.7 million for the year ended 31 December 2022, and 2021, respectively. The Group's management closely monitors the borrowing that the Group has undertaken by validating the first lien net leverage ratio (which is calculated as net debt divided by Adjusted EBITDA) of the Group every quarter to make sure it doesn't exceed or come close to the applicable ratio set forth in the 2020 Credit Facilities. The Adjusted EBITDA is the metric that the Group's management evaluates the profitability of the business and it's heavily scrutinized every month and compared to the Group's business plan. The Adjusted EBITDA for the year ended 31 December 2022, and 2021 was \$273.0 million and \$283.6 million, respectively. Refer to Strategic Report for more details.

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

18. LEASES

Lessee Accounting

The Group has various non-cancellable leases, primarily related to office real estate and data centres that expire through 2035 and generally contain renewal options for up to five years. The Group has not entered into any future office space leases that will create significant rights and obligations for the Group. The following table presents the changes in the ROU for the years ended 31 December 2022 and 31 December 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
<i>ROU Assets:</i>		
Beginning Balance	\$ 42,091	\$ 56,929
ROU assets acquired	662	7,001
Additions to ROU assets	7,830	632
Amortisation charge for the year	(14,053)	(15,464)
Impairments	(2,393)	(6,225)
Lease modifications and terminations	3,405	(2,201)
Effect of change in foreign currency	(1,800)	1,419
Balance as of 31 December	<u>\$ 35,742</u>	<u>\$ 42,091</u>
	<u>2022</u>	<u>2021</u>
<i>Lease Liability:</i>		
Beginning Balance	\$ 53,882	\$ 68,317
Lease liabilities acquired	662	7,002
Additions to lease liabilities	8,767	632
Interest expense on lease liabilities	2,346	2,790
Lease payments	(17,785)	(20,410)
Lease termination and modifications	2,477	(3,280)
Effect of change in foreign currency	(3,283)	(1,169)
Balance as of 31 December	<u>\$ 47,066</u>	<u>\$ 53,882</u>

The following amounts have been recognised in the consolidated statements of comprehensive income and loss (in thousands):

	<u>2022</u>	<u>2021</u>
Amortisation of ROU assets	\$ 14,053	\$ 15,464

Interest expense on lease liabilities	2,507	2,716
Expenses relating to short term leases	<u>814</u>	<u>1,261</u>
Total	\$ <u>17,374</u>	\$ <u>19,441</u>

The following tables set out the maturity analysis of lease liabilities (in thousands):

	<u>2022</u>
Year ended 31 December 2023	\$ 13,709
2024	11,899
2025	9,438
2026	7,182
2027	5,995
Thereafter	<u>7,046</u>
Total lease payments	55,269
Less: Imputed interest	<u>(8,203)</u>
Present value of lease liabilities	<u>\$ 47,066</u>
	<u>2021</u>
Year ended 31 December 2022	\$ 16,264
2023	10,584
2024	8,387
2025	6,917
2026	6,320
Thereafter	<u>12,892</u>
Total lease payments	61,364
Less: Imputed interest	<u>(7,482)</u>
Present value of lease liabilities	<u>\$ 53,882</u>

Impairment Loss

For the year ended 31 December 2022, an impairment loss for ROU assets of \$2.4 million was recognised. The impairment of the ROU assets was related to certain leased office spaces in Saint Denis, France, Brighton, England, and New York, US that were vacated during the year.

For the year ended 31 December 2021, an impairment loss for ROU assets of \$6.2 million was recognized. The impairment was related to the office spaces of leased buildings in London, England that were vacated during the year.

Financing and Operating Leases

The Group is an intermediate lessor for office space. The sublease agreement expires in 2025. The lease is classified as finance leases and the associated lease receivable is not deemed material to the Group. Sublease income of \$1.2 million and \$0.5 million, respectively, was recognised during the year ended 31 December 2022 and 2021.

19. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Group entered into agreements with various vendors in the ordinary course of business. As of 31 December 2022, the minimum required payments in future years under these arrangements are as follows (in thousands):

Year Ended 31 December 2023	\$	33,621
2024		30,354
2025		10,223

Total	\$	<u>74,198</u>
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As of 31 December 2021, the minimum required payments in future years under these arrangements were as follows (in thousands):

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

Letters of Credit

As of 31 December 2022, and 2021, the Group had a total of \$1.1 million and \$4.4 million, respectively, in letters of credit outstanding, for certain of its office spaces. These letters of credit do not require compensating balances and expire at various dates through March 2031.

Litigation and Claims

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

20. RELATED PARTIES

Under a Corporate Advisory Services Agreement (the “CASA”) with Platinum Equity Advisors, LLC (“Platinum Advisors”), an affiliate of the Company, the Group pays a fee for management services provided by Platinum Advisors and reimburses Platinum Advisors for expenses incurred in the provision of such services. Expenses recorded under the CASA for both the years ended 31 December 2022 and 2021 were \$5.0 million, which are included in general and administrative expense within the consolidated statement of comprehensive income.

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

Transactions with key management personnel

The compensation of key management personnel is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Key management remuneration including social security costs	\$ 3,439	\$ 1,737

21. ULTIMATE CONTROLLING COMPANY

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

Subsidiary Audit Exemptions

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

Company	Company number
Canyon UK Investments Limited	09062485
PWW International Limited	09921214
PWW Acquisition International II Limited	09941848
PR Newswire Europe Limited	01543272
PR Newswire Benelux Limited	04094536
Castle Intermediate Holding Limited	12357620
Castle Intermediate Holding II Limited	12357806
Castle Intermediate Holding III Limited	12357930
Castle Intermediate Holding IV Limited	12358121
Castle Intermediate Holding V Limited	12358891
PE Castle Holding III Limited	12429874
Castle Acquisition Limited	12192019
Buzzsumo Limited	08854839
Crimson Hexagon Ltd.	08093882
Qriously Limited	07454208
Peerindex Limited	06760385

The Company will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended 31 December 2022 in accordance with section 479C of the Act. In addition, The Company will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

22. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through 3 August 2023, the date on which these financial statements were issued. In June 2023, the Group drew \$19 million on the Revolving Credit Facility and will be recognized as current liabilities in the financial statements for the year ended 31 December 2023.

On 30 June 2023, a restructuring plan was approved to streamline operations and reduce certain variable and fixed costs. The plan was focused on a reduction in workforce across various departments in different countries and is expected to result in one-time costs of approximately \$8 million, primarily related to employee severance payments and in-country legal consultation fees. The costs associated with the restructuring will be recognized in the financial statements for the year ended 31 December 2023.

Company Balance Sheet

As at 31 December 2022

(in thousands)

Non-current assets

Investment in subsidiaries

Total assets

<i>Note</i>	2022	2021
3	\$ 417,975	\$ 417,975
	<u>417,975</u>	<u>417,975</u>

Equity

Share Capital

(10,000,000,000 ordinary stock for par value

\$0.0000013,

2 preference shares for par value \$0.0000013;

authorised, issued and outstanding at 31 December 2022

and 2021)

Share premium account

13	13
417,962	417,962

Total equity

Total liabilities and equity

<u>417,975</u>	<u>417,975</u>
\$ <u>417,975</u>	\$ <u>417,975</u>

The Company's profit for the year ended 31 December 2022 was nil (2021: nil).

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

WRB



M A Sigler
Director

Company registered number: 12357407

Date 3 August 2023

Company Statement of Changes in Equity
For the year ended 31 December 2022

	Share Capital		Accumulated Other Comprehensive Loss				Accumulated Deficit	Total Equity
	Shares	\$	Share premium					
Balances at 31 December 2020	10,000,000,002	\$ 13	\$ 417,962	\$ -		\$ -	\$ 417,975	
Capital contributed	-	-	-	-		-	-	
Balances at 31 December 2021	10,000,000,002	\$ 13	\$ 417,962	\$ -		\$ -	\$ 417,975	
Capital contributed	-	-	-	-		-	-	
Balances at 31 December 2022	10,000,000,002	\$ 13	\$ 417,962	\$ -		\$ -	\$ 417,975	

(in thousands, except share amounts)

Notes to the company financial statements

General information

The Company was incorporated on 10 December 2019 as a private limited company in the United Kingdom with registered office in England and Wales. The Company is the parent and ultimate controlling party of the Group and is not an active operating entity.

1. Significant accounting policies

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

Basis of preparation

The Group financial statements have been prepared in accordance with FRS 101 in conformity with the requirements of the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of the Adopted IFRSs, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

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

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

Investment in subsidiaries

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

2. Remuneration of directors

One of the three directors of the Company received remuneration of GBP 7,500 during the years ended 31 December 2022 and 2021, respectively.

3. Investments in subsidiaries

The Company reports investments in subsidiaries, as listed in Note 12 Investments in subsidiaries and unconsolidated associates in the consolidated financial statements. No impairments have been recorded as of 31 December 2022 and 2021.

4. Subsequent events

The Company has evaluated subsequent events through 3 August 2023, the date on which these financial statements were issued, and noted no significant subsequent event affecting the Company. Refer to Note 22 Subsequent events in the consolidated financial statements for details of subsequent events affecting subsidiaries of the Company.