

Company Registration No. 09392705 (England and Wales)

**COGNISM LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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COMPANIES HOUSE

# COGNISM LIMITED

## COMPANY INFORMATION

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**Directors**  
Mr S J Isilay  
Mr M W Melymuka  
Mr P M Daffern  
Mr I Akram  
Mr P Garlick  
Mr C Kannan (Appointed on 30 August 2022)  
Mr D Thevenon (Appointed on 6 June 2023)

**Secretary**  
CFPRO COSEC Limited  
Holborn Gate, 330 High Holborn  
London, England  
WC1V 7QT

**Company number** 09392705

**Registered office**  
Holborn Gate, 330 High Holborn  
London  
WC1V 7QT  
ENGLAND

**Auditor**  
BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Bankers**  
HSBC Bank plc  
60 Church Street  
Blackburn  
Lancashire  
BB1 5AS

# COGNISM LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	4 - 6
Directors' report	7 - 8
Independent auditor's report	9 - 12
Consolidated Income Statement	13
<i>Consolidated statement of comprehensive income</i>	14
Consolidated balance sheet	15
Company balance sheet	16
Consolidated statement of changes in equity	17
Company statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the financial statements	20 - 36

# COGNISM LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report together with the audited financial statements of Cognism Limited ("Cognism" or the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2022.

#### Principal business activities

Cognism provides intelligence to business revenue, sales and marketing teams drive a predictable pipeline. The Company delivers a platform with the highest quality, relevant & most compliant contact data that can easily and predictably be leveraged by organizations through compelling workflows.

It is headquartered in the UK with offices in US, France, Germany, Croatia, and Macedonia. In 2022 Cognism launched sales office in Cologne, Germany, allowing the Company to further expand their presence into mainland Europe.

#### Review of the business and key performance indicators (KPI's)

The Group monitors its performance by reference to number of indicators including:

- Turnover
- Gross profit margin percentage
- Operating margin percentage
- EBITDA

Group turnover rose 84% during the year to \$32.9m (2021: \$17.9m). Turnover growth was principally driven by increase in sales capacity with a focus on the North American region and the acquisition of Kaspr which provided inorganic revenue of \$2.8m in 2022.

The gross profit margin increased from 76% to 83%, this was due primarily to platform and data feed costs growing slower than revenue plus to an improvement in the Company's customer segmentation which allowed a different level of support dependent on the size and potential of customer growth.

Operating loss increased by 32% to \$27.9m (2021: loss \$21.1m). This was a result of expanding our sales and marketing teams, as well as our research & development teams.

The Group's loss before interest, taxation, depreciation, and amortisation an (LBITDA) increased 31% during the year to \$26.1 (2021: \$19.9m).

#### Future developments

The Company anticipate continuing to grow the headcount of the business consistently with a focus on R&D hires and sales headcount, to continue the strong revenue growth trajectory.

#### Principal risks and uncertainties

There are numerous and varied risks, known and unknown, that may prevent the Group from achieving its goals. The risks described below are not the only ones the Group will face. If any of these risks actually occurs, the Group's business, financial condition or results of operations may be materially and adversely affected. In that case, the trading price of the Group's securities could decline and investors in such securities could lose all or part of their investment. The most significant of these risks are detailed below.

#### Technology risk

Generally, product markets are exposed to rapid technological change. This includes changes in use, customer requirements and services, new technologies, and the emergence of new industry standards and practises.

# COGNISM LIMITED

## STRATEGIC REPORT (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The Company operates in a market with such changes which have the potential to render the Company's existing technology and products obsolete or uncompetitive. To remain competitive the Company must ensure continued product improvement and the development of new markets and capabilities to maintain a pace congruent with changing technology. This added strain may stretch the Company's capital resource which may adversely impact the revenues and profitability of the Company. The Company's success is dependent on the ability to effectively respond and adapt technological changes and changes to customer preferences.

#### **Market and competition risk**

The Group's current and potential competitors include other software and technology companies operating in similar business areas. Competition may take the form of similar or entirely different technologies and products to those pursued by the Group. There can be no assurance that they will not succeed in developing products more effectively or economically than the Group.

#### **Cyber Attacks and IT System Failure**

Like any other company, the Group is at risk of cyber-attacks or IT systems failure, which would cause operational harm, including potential theft or loss of data. The Group has high level of cyber security protection including suitable backup and security policies.

#### **Financial risk management**

##### **Currency Risk**

The Group operates from the United Kingdom, Germany, France, Singapore, the United States of America, Canada, the Republic of North Macedonia, and Croatia. The Group provides services to global markets specifically Europe and the United States of America which gives rise to exposure to market risks from changes in foreign currency values. Most significantly, the Group is exposed to potential currency fluctuations between GBP, EUR and USD. Fluctuations in the exchange rate impact profitability and carrying asset values.

##### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a counterpart fails to meet its obligation. Credit risk arises from the Group's operating activities from trade and other receivables, financing from cash and cash equivalents and deposits with banks and financial institutions.

Credit risk from trade and other receivables is minimised by determining and monitoring credit limits, requiring credit approvals, and the monitoring of suppliers, service providers and vendors credit risks by grouping them according to their credit characteristics. Appropriate due diligence is performed before agreements are entered into. Other monitoring procedures are in place to recover overdue customer accounts and to assess impairment.

Credit risk from financing activities is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

##### **Liquidity Risk**

The Group's approach to managing its obligations is to maintain sufficient resources to meet its obligations when due without undue risk to the Group. The Group monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as to fund anticipated leasing, capital and development expenditures. In addition, the Group manages its cash to meet its debt obligations and to fund general and administrative costs.

# COGNISM LIMITED

## STRATEGIC REPORT (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Disclosure of Information to Auditor

All the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

This report was approved by the Board and signed on its behalf by:

  
Sinan James Isilay (Dec 28, 2023 18:43 GMT)

S J Isilay  
Director

Approved by the board on: 28 December 2023.

# COGNISM LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Statement of directors' responsibilities (*continued*)

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

#### Results and dividends

The results for the year are set out on page 13 and 14.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Subsequent events

In June 2023, the Company closed its Series D1 round and raised \$63.2 million in funding for the allotment of 1,293,212 new Series D1 Preferred Shares. In August 2023, the Company closed its Series D2 round and raised \$27.3 million in funding for the allotment of 690,638 new Series D2 Preferred Shares.

In June 2023, the Company entered into a new lease for its corporate headquarters in the UK. The lease is eight years, with the ability to break the lease at the end of year four. Total base rent for the four-year non-cancellable period is £2.47 million.

#### Political donations

The company made no political donations during the year (2021: \$ Nil)

#### Auditors

The auditor, BDP LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### Approval

This Directors' Report was approved by order of the Board on 28 December 2023.

On behalf of the board

  
Sinan James Isilay (Dec 28, 2023 18:43 GMT)

S J Isilay  
Director

# COGNISM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

##### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cognism Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive Income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

##### Basis for opinion

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

##### Independence

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

##### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent 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.

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

##### Other information

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

# COGNISM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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

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

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

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

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

#### **Responsibilities of Directors**

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

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

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

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

*Extent to which the audit was capable of detecting irregularities, including fraud*

# COGNISM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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:

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006, and the relevant tax regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the employment law, and general data protection regulations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of the company's tax computation and returns;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and certain aspects of the recognition of revenues.

Our procedures in respect of the above included:

- Testing samples of journal entries throughout the year, which met certain risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Sample testing sales transactions in year to supporting evidence such as contracts, evidence of delivery of the performance obligation and cash receipt from the customer. Furthermore, we checked a sample

# COGNISM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGNISM LIMITED

### FOR THE YEAR ENDED 31 DECEMBER 2022

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of revenue transactions arising either side of the reporting date to verify that revenue was recorded in the correct period and any associated deferred revenue was appropriately calculated.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:  


F8493870ED83418...  
Tom Laird (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

28 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**COGNISM LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year to 31 December 2022	Year to 31 December 2021
	Notes	\$'000	\$'000
<b>Turnover</b>	<b>4</b>	32,927	17,897
Cost of sales		(5,751)	(4,245)
<b>Gross profit</b>		27,176	13,652
Share based payment	<b>17</b>	(2,741)	(3,192)
Depreciation and amortisation expenses	<b>11 &amp; 12</b>	(1,807)	(1,179)
Impairment of Goodwill		-	(1,479)
Impairment of purchased software		-	(1,987)
Other administrative expenses		(50,526)	(26,931)
<b>Operating loss</b>	<b>5</b>	(27,898)	(21,116)
Interest receivable and similar income		2,068	1
Interest payable and similar expenses	<b>8</b>	(342)	(6)
<b>Loss before taxation</b>		(26,172)	(21,121)
Taxation credit	<b>10</b>	708	779
<b>Loss for the financial year</b>		(25,464)	(20,342)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

All amounts related to continuing activities.

The notes on pages 20 to 36 form part of these financial statements.

# COGNISM LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Year to 31 December 2022	Year to 31 December 2021
	\$'000	\$'000
<b>Loss for the financial year</b>	(25,464)	(20,342)
<b>Other comprehensive income for the year</b>		
Currency translation adjustment	(1,814)	319
<b>Total comprehensive loss for the year</b>	<u>(27,278)</u>	<u>(20,023)</u>

Total comprehensive loss for the year is all attributable to the owners of the parent company.

The notes on pages 20 to 36 form part of these financial statements.

**COGNISM LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AT 31 DECEMBER 2022**

		31 December 2022	31 December 2021 Restated
		\$'000	\$'000
	<b>Notes</b>		
<b>Fixed assets</b>			
Intangible assets	11	20,426	-
Tangible assets	12	454	295
		<u>20,880</u>	<u>295</u>
<b>Current assets</b>			
Debtors	14	9,724	6,421
Cash at bank and in hand		10,799	39,082
		<u>20,523</u>	<u>45,503</u>
<b>Creditors: amount falling due within one year</b>	15	<u>(25,115)</u>	<u>(12,100)</u>
<b>Net current assets</b>		<u>(4,592)</u>	<u>33,403</u>
<b>Total assets less current liabilities</b>		16,288	33,698
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(1,462)</u>	<u>-</u>
<b>Net assets</b>		<u>14,826</u>	<u>33,698</u>
<b>Capital and reserves</b>			
Called up share capital	16	86	81
Share premium account		72,578	66,917
Share option reserve		11,869	9,128
Merger reserve		-	1,392
Currency translation reserve		(1,707)	107
Retained earnings		<u>(67,999)</u>	<u>(43,927)</u>
<b>Total equity</b>		<u>14,826</u>	<u>33,698</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2023 and were signed on its behalf by

Sinan James Isilay  
Sinan James Isilay (Dec 28, 2023 18:43 GMT)

S J Isilay  
Director

Company Registration No. 09392705

The notes on pages 20 to 36 form part of these financial statements.

**COGNISM LIMITED**  
**COMPANY BALANCE SHEET**  
**AT 31 DECEMBER 2022**

		31 December 2022	31 December 2021 Restated
		\$'000	\$'000
<b>Fixed assets</b>	<b>Notes</b>		
Tangible assets	12	133	167
Investments	13	22,355	136
		<u>22,488</u>	<u>303</u>
<b>Current assets</b>			
Debtors	14	16,296	11,513
Cash at bank and in hand		6,745	38,627
		<u>23,041</u>	<u>50,140</u>
<b>Creditors: amount falling due within one year</b>	15	<u>(19,525)</u>	<u>(15,820)</u>
<b>Net current assets</b>		<u>3,516</u>	<u>34,320</u>
<b>Total assets less current liabilities</b>		26,004	34,623
<b>Creditors: amounts falling due after more than one year</b>		<u>(1,462)</u>	<u>-</u>
<b>Net assets</b>		<u>24,542</u>	<u>34,623</u>
<b>Capital and reserves</b>			
Called up share capital	17	86	81
Share premium account		72,578	66,917
Share option reserve		11,869	9,128
Capital redemption and other reserves		-	1
Foreign exchange reserve		(3,883)	188
Profit and loss account		<u>(56,108)</u>	<u>(41,692)</u>
<b>Total equity</b>		<u>24,542</u>	<u>34,623</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the year was \$14.4 million (2021 - \$21.6 million).

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2023 and were signed on its behalf by

Sinan James Isilay  
Sinan James Isilay (Dec 28, 2023 18:43 GMT)

S J Isilay  
Director

Company Registration No. 09392705

The notes on pages 20 to 36 form part of these financial statements.

# COGNISM LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Retained earnings	Share option reserve	Currency Translation Reserve	Merger reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2022</b>	81	66,917	(43,927)	9,128	107	1,392	33,698
Loss for the year	-	-	(25,464)	-	-	-	(25,422)
Shares issued	5	5,661	-	-	-	-	5,666
Share based payment charge	-	-	-	2,741	-	-	2,741
Transfer of reserves	-	-	1,392	-	-	(1,392)	-
Foreign Exchange Movement	-	-	-	-	(1,814)	-	(1,814)
<b>31 December 2022</b>	<b>86</b>	<b>72,578</b>	<b>(67,999)</b>	<b>11,869</b>	<b>(1,707)</b>	<b>-</b>	<b>14,863</b>

	Share capital	Share premium	Retained earnings	Share option reserve	Currency Translation Reserve	Merger reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2021 (unaudited)</b>	56	23,622	(22,632)	6,054	(229)	1,392	8,264
<b>Prior period adjustments</b>	-	-	(953)	-	17	-	(936)
<b>Restated 1 January 2021</b>	<b>56</b>	<b>23,622</b>	<b>(23,585)</b>	<b>6,054</b>	<b>(212)</b>	<b>1,392</b>	<b>7,328</b>
Loss for the year	-	-	(20,342)	-	-	-	-(20,342)
Shares issued	16	43,295	-	-	-	-	43,319
Share based payment charge	17	-	-	3,192	-	-	3,192
Increase in other reserve	-	-	-	-	-	-	-
Foreign Exchange Movement	-	-	-	(118)	319	-	201
<b>31 December 2021</b>	<b>81</b>	<b>66,917</b>	<b>(43,927)</b>	<b>9,128</b>	<b>107</b>	<b>1,392</b>	<b>33,698</b>

# COGNISM LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Share capital	Share premium	Profit and loss reserves	Share option reserve	Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	81	66,917	(41,692)	9,128	189	34,623
Loss for the year	-	-	(14,416)	-	-	(14,416)
Shares issued	5	5,661	-	-	-	5,666
Share based payment charge	-	-	-	2,741	-	2,741
Foreign Exchange Movement	-	-	-	-	(4,071)	(4,071)
<b>31 December 2022</b>	<b>86</b>	<b>72,578</b>	<b>(56,108)</b>	<b>11,869</b>	<b>(3,883)</b>	<b>24,542</b>

	Share capital	Share premium	Profit and loss reserves	Share option reserve	Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	56	23,623	(20,029)	6,054	(58)	9,646
Loss for the year	-	-	(21,663)	-	-	(21,663)
Shares issued	25	43,294	-	-	-	43,319
Share based payment charge	-	-	-	3,192	-	3,192
Foreign Exchange Movement	-	-	-	(118)	247	128
<b>31 December 2021</b>	<b>81</b>	<b>66,917</b>	<b>(41,692)</b>	<b>9,128</b>	<b>189</b>	<b>34,623</b>

# COGNISM LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		31 December 2022	31 December 2021
	Notes	\$'000	£'000
<b>Cash flows from operating activities</b>			
Loss for the financial year		(25,464)	(21,121)
Adjustments for:			
Depreciation and amortisation	11 & 12	1,807	1,179
Share based payment		2,741	3,193
Impairment of assets	11	-	3,466
Finance expenses		342	5
Increase in bad debt provision		195	-
Unrealised foreign exchange loss		-	105
Increase in trade and other receivables	14	(3,957)	(3,601)
Increase in trade payables and other payables	15	5,460	8,277
Cash from operations		(18,876)	(8,497)
Taxation received		-	682
<b>Net cash (used in) operating activities</b>		<b>(18,876)</b>	<b>(7,815)</b>
<b>Cash flows from investing activities</b>			
Acquisition of companies, net of cash acquired		(12,929)	-
Payment of contingent consideration for acquisitions		(3,120)	-
Purchase of tangible fixed assets	12	(306)	(233)
<b>Net cash (used in) investing activities</b>		<b>(16,355)</b>	<b>(233)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		5,666	43,319
Interest expenses		-	(5)
<b>Net cash generated from financing activities</b>		<b>5,666</b>	<b>43,314</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>			
Foreign exchange gains and losses on cash and cash equivalents		1,282	197
<b>Net increase in cash and cash equivalents</b>		<b>(28,283)</b>	<b>35,266</b>
Cash and cash equivalents at beginning of year		39,082	3,619
<b>Cash and cash equivalents at end of year</b>		<b>10,799</b>	<b>39,082</b>

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1.1 Accounting policies

Cognism Limited ("the company") is a private company limited by shares, incorporated in England and Wales under the Companies Act, registration number 09392705.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Details of the significant judgements and estimates are provided in note 2.

The Company's functional currency is Great British Pounds ("GBP") while its presentation currency is U.S. Dollars ("USD"). All amounts in the financial statements have been rounded to the nearest \$1,000.

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the details of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

#### 1.2 Going concern

The directors have considered the future liquidity of the Group in light of the net loss of \$25.4 million (2021: loss of \$20.2 million) during the current year by reviewing cashflow projections prepared by management covering a period of twelve months from the date of approval of these financial statements.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the Group has raised \$63.2m from a Series D investment round and for these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.3 Basic of consolidation

The consolidated financial statements present the results of FRS 102 Layout Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

A subsidiary is an entity that is controlled by the parent. The results of the subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

All financial statements are made up to 31 December 2022.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1.4 Subsidiary company audit exemption

Cognism Limited has guaranteed the following subsidiaries' liabilities in accordance with section 479C of the Companies Act 2006 (the "Act"):

Company name	Company registration number
Malltastic Ltd	12616407

By guaranteeing the debts, these subsidiaries have relied on the exemption not to have their individual accounts audited, in accordance with section 479A of the Act.

#### 1.5 Revenue

Revenue is generated from the delivery of Software as a Service (SaaS) and associated services. The Group recognises revenue when (or as) a performance obligation is satisfied, which occurs when control of the services underlying the relevant performance obligation is transferred to the customer. The Group identifies two main contract elements:

- Subscription for services by issue of user licences to the platform

The relevant performance obligation for both elements is access to the platform. Revenue recognition begins when the performance obligation is satisfied and is apportioned straight line over the contracted term as the services are rendered. Services are deemed to be delivered on a continuous basis throughout the course of the contract.

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

#### 1.6 Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses.

Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses', over a period of 10 years.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

##### *Research and development costs*

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases –

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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Software 5 years

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 years
Computer equipment	3 years
Office equipment	3 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

#### 1.9 Fixed asset investments

In the company's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

#### 1.10 Impairment of fixed assets

Fixed assets and goodwill are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, due to fellow group companies are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.18 Share-based payments

##### **Share options**

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, calculated using the Black Scholes Option Pricing Model, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity. Where share-based payments charges relate to employees of subsidiary companies of the group, the parent company retains the right to reimbursement of those charges. As a result, in the financial statements of the parent company, share based payment charges pertaining to subsidiary companies are recognised as intergroup receivables in the parent company balance sheet.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1.19 Foreign exchange

Transactions in currencies other than functional currency of the subsidiary are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Share-based payments*

The fair value of options was calculated using the Black Scholes pricing model. Judgement was required for the inputs into the valuation model specifically volatility rates and estimated life of the warrants as here-

- Volatility rate: calculated with reference to the median of the historical price volatilities of comparable companies that have similar business nature to the Group
- Risk Free Rate: based on the yields of Euro area central government bonds sourced from European Central Bank.
- Expected Dividend Yield: as expected by management

##### *Useful lives of depreciable assets*

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Acquisitions*

While Management uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business acquisition date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the purchase price allocation period, which is generally one year from the business acquisition date, Management records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. For changes in the valuation of intangible assets between the preliminary and final purchase price allocation, the related amortization is adjusted in the period it occurs. Subsequent to the purchase price allocation period, any adjustment to assets acquired or liabilities assumed is included in operating results in the period in which the adjustment is determined.

Goodwill is tested for impairment at the cash generating unit ("CGU") whenever event occurs, or circumstances change that would more likely than not reduce the fair value of a CGU below its carrying value.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Prior year adjustments

Consolidated	Equity as at 1 January 2021	Equity as at 31 December 2021	Debtors 31 December 2021
	\$'000	\$'000	\$'000
As previously stated	8,264	34,634	7,357
Prior year adjustment – correction of error (a)	(936)	(936)	(936)
<b>As restated</b>	<b>7,328</b>	<b>33,698</b>	<b>6,421</b>

- (a) In the prior year, the Group had incorrectly accounted for historic share-based payment charges for the share options granted to employees in its subsidiaries in the consolidated financial statements. A balance of \$0.9 million was incorrectly carried in the other debtors when it should have been recognized directly in equity prior to January 2022. This prior year adjustment had no impact on the Company balance sheet or income statement as it was only a reclassification between other debtors and amounts due from subsidiary undertakings. To correct the error, other debtors has decreased by \$0.9m and intercompany receivables has increased by \$0.9m.

#### 4 Analysis of Turnover

	2022 \$'000	2021 \$'000
<b>Analysed by class of business:</b>		
Software sales	32,927	17,897
	<u>32,927</u>	<u>17,897</u>

	2022 \$'000	2021 \$'000
<b>Analysis of turnover by country of destination:</b>		
United Kingdom	16,646	10,220
Europe	8,927	3,949
United States	6,040	3,119
Rest of World	1,314	609
	<u>32,927</u>	<u>17,897</u>

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Operating loss

	2022	2021
	\$'000	\$'000
Operating loss for the year is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	182	139
Amortisation of intangible assets, including goodwill	1,667	1,040
Impairment of goodwill	-	1,479
Impairment of purchased software	-	1,987
Operating lease expense	1,527	482
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	161	107
The audit of the company's subsidiaries pursuant to legislation	145	25
Exchange differences	(2,078)	494
Share based payment	2,741	3,193
Defined contribution pension cost	270	412
Research and development cost expensed	7,908	843

#### 6 Employees

The average number of employees (including directors) during the year was as follows:

	Group	Group	Company	Company
	2022	2021	2022	2021
	Number	Number	Number	Number
Sales team	134	88	75	59
Customer Success team	32	24	9	13
Engineering team	108	80	5	5
G&A team	32	28	20	14
Product team	12	11	5	5
Marketing team	28	19	17	13
Operations team	10	1	6	4
Total	356	251	137	113
	Group	Group	Company	Company
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Staff costs consist of:</b>				
Wages and salaries	25,044	13,734	14,023	9,012
Social security costs	2,446	1,636	1,708	1,199
Cost of defined contribution scheme	270	412	84	135
Total	27,760	15,782	15,815	10,346

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Director remuneration

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' emoluments	103	26
Gain on exercise of share options	5,539	8,862
Amounts paid to third parties in respect of directors' services	702	381
Total	<u>6,344</u>	<u>9,269</u>

Emoluments of the highest paid director were \$4.3 million (2021 - \$7.4 million). Company pension contributions of nil (2021 - Nil) were made to a pension scheme on his behalf.

During the year three directors received shares under the long-term incentive schemes (2021 – 2). During the year, two directors exercised shares (2021 – 4).

#### 8 Interest payable

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Finance leases and hire purchase contracts	4	6
Accretion on Deferred purchase consideration on acquisition	338	-
Total finance costs payable	<u>342</u>	<u>6</u>

#### 9 Dividends

No dividend was declared and paid in the current and previous years.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Taxation

	2022 \$'000	2021 \$'000
<b>Current tax</b>		
UK corporation tax on profits of the year	(762)	(800)
Adjustments from prior periods	-	-
	<u>(762)</u>	<u>(800)</u>
<b>Foreign tax</b>		
Current tax on foreign income for the year	54	21
Total current tax	<u>(708)</u>	<u>(779)</u>
Deferred tax	-	-

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022 \$'000	2021 \$'000
Loss before taxation	<u>(26,172)</u>	<u>21,121</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(4,973)	(4,013)
Tax effect of expenses that are not deductible in determining taxable	861	647
Capital allowances in excess of depreciation	(1)	(21)
Losses surrendered for R&D tax credit	(1,047)	(1,049)
Tax losses surrendered in excess of R&D credit 19% vs 14.5%	195	248
Adjustments recognised in the period for current tax of prior periods	-	(22)
Difference due to other jurisdiction tax rates	(77)	(18)
Temporary differences due to deferred tax rate of 25%	(1,560)	-
Enhanced R&D credit	(608)	(800)
Deferred tax asset not recognised	6,502	4,249
Taxation charge	<u>(708)</u>	<u>(779)</u>

The group does not anticipate having profits in the near future and hence deferred tax assets have not been recognised.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Intangible assets

Group	Goodwill \$'000	Software \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2022	2,219	2,980	5,199
Additions	22,083	-	22,083
Currency exchange adjustments	11	-	11
At 31 December 2022	24,313	2,980	27,293
<b>Amortisation</b>			
At 1 January 2022	2,219	2,980	5,199
Amortisation for the year	1,667	-	1,667
At 31 December 2022	3,908	2,980	6,866
<b>Net book value</b>			
At 31 December 2022	20,426	-	20,426
At 31 December 2021	-	-	-

#### 12 Tangible fixed assets

Group	Computer Equipment \$'000	Office Fixtures & Equipment \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2022	574	3	577
Additions	164	148	312
Currency exchange adjustments	(50)	-	(50)
Disposals	(6)	-	(6)
Acquisitions	19	-	19
At 31 December 2022	701	151	852
<b>Depreciation</b>			
At 1 January 2022	280	2	282
Depreciation for the year	123	17	140
Currency exchange adjustments	(30)	(1)	(31)
Acquisitions	7	-	7
At 31 December 2022	380	18	398
<b>Net book value</b>			
At 31 December 2022	321	133	454
At 31 December 2021	294	1	295

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

Tangible fixed assets (continued) Company	Computer Equipment \$'000	Office Fixtures & Equipment \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2022	358	-	358
Additions	6	56	62
Currency exchange adjustments	(38)	-	(38)
At 31 December 2022	326	56	382
<b>Depreciation</b>			
At 1 January 2022	191	-	191
Depreciation for the year	73	6	79
Currency exchange adjustments	(20)	(1)	(21)
At 31 December 2022	244	5	249
<b>Net book value</b>			
At 31 December 2022	82	51	133
At 31 December 2021	167	-	167

### 13 Fixed asset investments

Company	Group undertakings \$'000	Other investments \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2022	136	-	136
Additions	22,182	-	22,182
Disposals	-	-	-
Currency exchange adjustments	37	-	37
	22,355	-	22,355

The following were subsidiary undertakings of the Company:

Subsidiary name	Ordinary Share Holding	Nature of business	Registered Address
Mailtastic Ltd	100%	Trading	5 Chancery Lane, London, UK
Netstag GmbH	100%	Trading	Große Bleiche 10, Mainz, DE
Cognism Pte	100%	Dormant	39 Robinson Rad #15-01, Robinson Point, Singapore
Cognism, Inc.	100%	Trading	Corporate Trust Center 1209 Orange St, Wilmington DE, US
Cognism Software BC Ltd	100%	Dormant	PO Box 49130, 2900 -595 Burrard Street, Vancouver, CA
Cognism Dooel Skopje	100%	Trading	16, 8-mi Septemvri Blvd, Hyperium Business Centre, Skopje, Republic of Macedonia
Cognism D.o.o. za Programiranje	100%	Trading	Trg kneza Višeslav 6, Zadar, Croatia
Kaspr SAS	100%	Trading	38 rue Dunois, 75013 Paris, FR
Cognism GmbH	100%	Trading	Große Bleiche 10, Mainz, DE

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Debtors

	Group 2022	Group 2021 Restated	Company 2022	Company 2021 Restated
	\$'000	\$'000	\$'000	\$'000
<b>Amounts falling due within one year:</b>				
Trade debtors	5,368	3,593	4,830	3,639
Amounts owed by group undertakings		-	7,618	5,293
Prepayments and accrued income	1,596	1,834	1,605	1,756
Deposits	402	139	228	40
Tax Receivables	2,082	825	1,730	786
Other Debtors	276	30	285	-
	<u>9,724</u>	<u>6,421</u>	<u>16,296</u>	<u>11,513</u>

#### 15 Creditors: amounts falling due within one year

	Group 2022	Group 2021 Restated	Company 2022	Company 2021 Restated
	\$'000	\$'000	\$'000	\$'000
Trade creditors	1,469	1,092	1,079	1,268
Taxation and social security	1,722	631	1,346	572
VAT	1,428	622	951	577
Accruals & provisions	1,176	1,159	1,003	6,359
Deferred Income	13,642	5,421	9,889	4,002
Acquisition contingent consideration	4,599	-	4,599	-
Other creditors	1,079	3,175	658	3,042
	<u>25,115</u>	<u>12,100</u>	<u>19,525</u>	<u>15,820</u>

The creditor amounts falling due after more than one year consist of \$1,462,000 (2021: \$nil) of acquisition contingent consideration.

#### 16 Share capital and reserves

	Group and company	
	2022	2021
	\$'000	\$'000
<b>Allotted, called up and fully paid</b>		
1,856,079 (2021 – 1,571,924) ordinary shares of £0.01 each	24	20
192,586 (2021 – 192,586) A ordinary shares of £0.01 each	3	3
931,069 (2021 – 931,069) A preferred shares of £0.01 each	12	12
1,781,602 (2021 – 1,781,602) B preferred shares of £0.01 each	23	23
1,849,662 (2021 – 1,727,077) C preferred shares of £0.01 each	24	23
	<u>86</u>	<u>81</u>

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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During the year 264,346 ordinary shares were issued (2021: 541,567). Total consideration was \$758k (2021: \$1,509k). The premium of \$755k (2021: \$1,502k) has been credited to the share premium account

During the year, 102,776 C preferred shares were issued (2021: 610,179). Total consideration was \$4,908k (2021: \$29,286k). The premium of \$4,907(2021: \$29,278k) has been credited to the share premium account.

During 2022 the below shares were converted to series C shares:

Allotted, called up and fully paid	Number	\$'000
Ordinary shares	19,809	0
	<hr/>	<hr/>
	19,809	14

All classes of shares rank pari passu in respect of dividend and voting rights.

The Group's reserves are as follows:

#### **Share Premium**

Amount subscribed for share capital in excess of the nominal value less any related expenses.

#### **Profit and loss reserve**

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

#### **Share option reserve**

This represents Value of share options granted and calculated with reference to Black Scholes model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.

#### **FX translation reserve**

Foreign exchange translation gains and losses arising on the translation of the financial statements from the functional to the presentation currency.

#### **Merger reserve**

The transfer of the merger reserve to retained earnings arises due to the associated balances relating to Nestag GmbH now being fully impaired in the parent company financial statements.

## 17 Share based payments

### **Group**

Cognism Limited operates an equity-settled share-based remuneration scheme for employees. All employees are eligible to participate in the long-term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the vesting period. Once vested, there is a 1-year exercisable period before they expire.

Of the total number of options outstanding at the end of the year, Group: 1,166,239 (2021 – 1,090,650) had vested and were exercisable at the end of the year with a weighted average exercise price of Group: \$10.33 (2021 – \$5.84). These options are exercisable within the next 8.1 years (2021 - 8.1 years).

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The following information was used in this valuation.

	Weighted average exercise price 2022		Weighted average exercise price 2021	
	USD	Shares	USD	Shares
Outstanding at the beginning of the year	7.68	1,094,220	3.67	1,451,828
Granted during the year	11.51	436,534	9.56	431,210
Forfeited during the year	8.21	(63,706)	6.16	(250,822)
Exercised during the year	2.87	(300,809)	2.83	(541,566)
Outstanding at the end of the year	10.33	1,166,239	5.84	1,090,650

Equity-settled	2022	2021
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (cents)	2,220	1,095
Exercise price (cents)	1,151	956
Weighted average contractual life (years)	4	4
Expected volatility	55%	42%
Expected dividend growth rate	0%	0%
Risk-free interest rate	1.162%	0.087%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 1 year of comparable 2 publicly quoted companies.

The share-based remuneration expense comprises:

	2022	2021
	\$'000	\$'000
Equity-settled schemes	2,741	3,192

The group did not enter into any share-based payment transactions with parties other than employees and advisors during the current or previous periods.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18 Commitments under operating leases

##### Lessee

The group had minimum lease payments under non-cancellable operating leases as set out below:

	Group 2022	Group 2021	Company 2022	Company 2021
	\$'000	\$'000	\$'000	\$'000
Not later than one year	654	128	401	95
Later than one year and not later than five years	350	-	-	-
Later than five years	12	-	-	-
	<u>1,016</u>	<u>128</u>	<u>401</u>	<u>95</u>

#### 19 Related party disclosures

There is no ultimate controlling party of Cognism Limited.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was \$ 2.1 million (2021 – \$2.0 million).

#### 20 Business combinations

On March 31, 2022, the Group acquired 100% of the voting shares capital of Kaspr SAS in France. Total consideration was €22.0 million (\$23.8 million USD) with €13.1 million paid on the completion day, €1.0 million paid shortly after closing for exceeding the net book value threshold, €0.5 million held as retained consideration, and up to €7.35 million in contingent consideration to be paid if certain turnover milestones are achieved.

# COGNISM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Book Value	Fair Value
	\$'000	\$'000
Cash and cash equivalents	1,757	1,757
Trade and other receivables	379	379
Tangible fixed assets	12	12
Trade and other payables	(1,026)	(1,026)
Net Assets acquired	<u>1,122</u>	<u>1,122</u>
Consideration:		
Cash paid		14,686
Net book value consideration		1,068
Contingent consideration		7,457
Retained consideration		558
Total consideration		<u>23,769</u>
<b>Excess consideration recognised as Goodwill</b>		<b>23,272</b>
Purchase consideration settled in cash at closing, as above		14,686
Cash and cash equivalents in company acquired		(1,757)
<b>Cash outflow on acquisition</b>		<u><b>12,929</b></u>

### 21 Post balance sheet events

In June 2023, the Company closed its Series D1 round and raised \$63.2 million in funding for the allotment of 1,293,212 new Series D1 Preferred Shares. In August 2023, the Company closed its Series D2 round and raised \$27.3 million in funding for the allotment of 690,638 new Series D2 Preferred Shares.

In June 2023, the Company entered into a new lease for its corporate headquarters in the UK. The lease is eight years, with the ability to break the lease at the end of year four. Total base rent for the four-year non-cancellable period is £2.47 million.







# Cognism Limited Group accounts \_December 2022 v12 (from BDO)

Final Audit Report

2023-12-28

Created:	2023-12-28
By:	Ryan McSeveney (ryan.mcseveney@cognism.com)
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## "Cognism Limited Group accounts \_December 2022 v12 (from BDO)" History

-  Document created by Ryan McSeveney (ryan.mcseveney@cognism.com)  
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-  Document emailed to james.isilay@cognism.com for signature  
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-  Email viewed by james.isilay@cognism.com  
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-  Signer james.isilay@cognism.com entered name at signing as Sinan James Isilay  
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-  Document e-signed by Sinan James Isilay (james.isilay@cognism.com)  
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