



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 919 422 335
Organisasjonsform: Aksjeselskap
Foretaksnavn: KINLY HOLDING AS
Forretningsadresse: Kanalsletta 3
4033 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Roger Johnsen Weibell
Dato for fastsettelse av årsregnskapet: 17.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.11.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Other expenses	1	100 536	359 974
Sum kostnader		100 536	359 974
Driftsresultat		-100 536	-359 974
Finansinntekter og finanskostnader			
Income from subsidiaries	2		
Income from other group companies	2	33 145 629	9 379 652
Annen renteinntekt		700 364	285 123
Other financial income	3	642 096	11 039 056
Sum finansinntekter		34 488 089	20 703 831
Annen rentekostnad		21 252 809	18 940 926
Other financial expenses	3	13 134 744	1 402 931
Sum finanskostnader		34 387 553	20 343 857
Netto finans		100 536	359 975
Ordinært resultat før skattekostnad		0	0
Income tax expense	4		
Ordinært resultat etter skattekostnad		0	0
Årsresultat		0	0
Overføringer og disponeringer			
Other equity			
Sum overføringer og disponeringer	5		



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4		
Finansielle anleggsmidler			
Investering i datterselskap	2	195 142 381	195 142 381
Investering i annet foretak i samme konsern	2		
Sum finansielle anleggsmidler		195 142 381	195 142 381
Sum anleggsmidler		195 142 381	195 142 381
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables	6	64 231 829	16 972 382
Sum fordringer		64 231 829	16 972 382
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	40 672 305	64 362 964
Sum bankinnskudd, kontanter og lignende		40 672 305	64 362 964
Sum omløpsmidler		104 904 134	81 335 346
SUM EIENDELER		300 046 515	276 477 727
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	5	990 000	990 000
Overkurs	5	8 515 750	8 515 750
Sum innskutt egenkapital		9 505 750	9 505 750



Balanse

Beløp i: NOK	Note	2022	2021
Opptjent egenkapital			
Udekket tap	5	-12 671 506	-12 671 505
Sum opptjent egenkapital		12 671 506	12 671 505
Sum egenkapital		22 177 256	22 177 255
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8		
Other non-current liabilities	6, 8	223 873 146	210 528 829
Sum annen langsiktig gjeld		223 873 146	210 528 829
Sum langsiktig gjeld		223 873 146	210 528 829
Kortsiktig gjeld			
Tax payable	4		
Kortsiktig konserngjeld	6	53 996 114	43 771 642
Other current liabilities	6		
Sum kortsiktig gjeld		53 996 114	43 771 642
Sum gjeld		277 869 259	254 300 471
SUM EGENKAPITAL OG GJELD		300 046 515	276 477 727



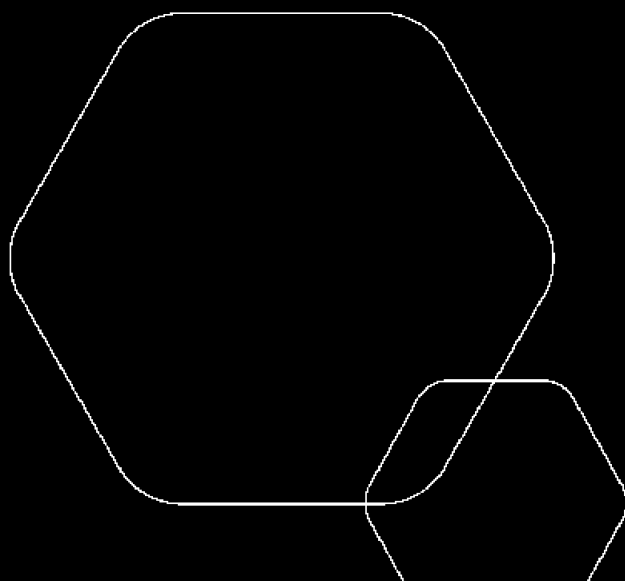
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Annual Report 2022

Kinly Holding AS

Revenue statement
Balance sheet
Cash flows
Notes to the Accounts



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REVENUE STATEMENT			
KINLY HOLDING AS			
	NOTE	2022	2021
REVENUE STATEMENT			
OPERATING INCOME AND OPERATING EXPENSES			
Other expenses	1	100 536	359 974
Total expenses		100 536	359 974
Operating profit		-100 536	-359 974
FINANCIAL INCOME AND EXPENSES			
Income from other group companies	2	33 145 629	9 379 652
Other interest income		700 364	285 123
Other financial income	3	642 096	11 039 056
Other interest expenses		21 252 809	18 940 926
Other financial expenses	3	13 134 744	1 402 931
Net financial items		100 536	359 975
Income tax expense	4	0	0
ATTRIBUTABLE TO			
Additional dividend		0	0
Other equity		0	0
Total	5	0	0

KINLY HOLDING AS

SIDE 2



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BALANCE SHEET

KINLY HOLDING AS

	Note	2022	2021
ASSETS			
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	2	195 142 381	195 142 381
Total non-current financial assets		195 142 381	195 142 381
Total non-current assets		195 142 381	195 142 381
CURRENT ASSETS			
DEBTORS			
Other short-term receivables	6	64 231 829	16 972 382
Total receivables		64 231 829	16 972 382
Cash and cash equivalents	7	40 672 305	64 362 964
Total current assets		104 904 134	81 335 346
Total assets		300 046 515	276 477 727



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BALANCE SHEET

KINLY HOLDING AS

	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
PAID-IN CAPITAL			
Share capital	5	990 000	990 000
Share premium reserve	5	8 515 750	8 515 750
Total paid-up equity		9 505 750	9 505 750
RETAINED EARNINGS			
Other equity	5	12 671 506	12 671 505
Total retained earnings		12 671 506	12 671 505
Total equity		22 177 256	22 177 255
LIABILITIES			
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	6, 8	223 873 146	210 528 829
Total non-current liabilities		223 873 146	210 528 829
CURRENT LIABILITIES			
Liabilities to group companies	6	53 996 114	43 771 642
Total current liabilities		53 996 114	43 771 642
Total liabilities		277 869 259	254 300 471
Total equity and liabilities		300 046 515	276 477 727

Sandnes, 17.03.2023

DocuSigned by:

Thomas Michael Martin

53642AE937CC4DA

Thomas Michael Martin
chairman of the board

DocuSigned by:

Roger Weibell

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Roger Johnsen Weibell
member of the board



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INDIRECT CASH FLOW		
KINLY HOLDING AS		
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in other accrual items	-37 034 975	34 311 696
Net cash flows from operating activities	-37 034 975	34 311 696
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Postings regarding merger agreement with Viju AS	0	-4 157 608
Net cash flows from investment activities	0	4 157 608
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest	-13 344 317	10 794 044
Proceeds from Group contributions	0	7 022 081
Net cash flows from financing activities	13 344 317	-3 771 963
Net change in cash and cash equivalents	-23 690 658	34 697 341
Cash and cash equivalents at the start of the period	64 362 964	31 067 354
Cash and cash equivalents at the end of the period	40 672 306	65 764 695



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Kinly Holding AS

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Notes to the annual accounts

Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes and are presented in accordance with the Companies Act, the Accounting Act and generally accepted accounting principles in Norway 31.12.2022.

CONSOLIDATION

Consolidated accounts for Kinly Holding AS are not made because the ultimate parent company of Kinly Holding AS, Kinly Holding B.V. publishes consolidated accounts for the Kinly Group. The consolidated accounts can be obtained from Kinly Holding B.V.'s premises in Amsterdam, or by contacting the administration.

USE OF ESTIMATES

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

FOREIGN CURRENCY

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to NOK using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to NOK using the exchange rate on the measurement date. Exchange rate fluctuations are posted to the profit and loss account as they arise under other financial items.

REVENUES

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs can be posted as revenue. At the time when it is identified that the project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

TAX

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

CLASSIFICATION AND VALUATION OF CURRENT ASSETS

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.



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Notes to the annual accounts

SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

RECEIVABLES

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

SHORT-TERM INVESTMENTS

Short-term investments (shares and interests valued as current assets) are valued at the lower of acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are posted to income under other financial income.

CONDITIONAL OUTCOMES

Costs related to conditional outcomes are posted to the accounts when the outcome can be estimated and the cost is regarded as likely.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.



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Kinly Holding AS

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Notes to the annual accounts

Note 1 - Employee benefits, number of employees, audit remuneration

The company does not have any employees.
The Board has not received any remuneration in the year.

Pension

Kinly Holding AS is not required to have an occupational pension scheme in accordance with the Norwegian Law on required occupational pension (*Lov om obligatorisk tjenstepensjon*) as there are no employees.

Loans and guarantees to Management, members of the Board

No loans or guarantees have been given to the Chief Executive Officer, members of the Board or other related parties.

AUDITOR FEES

Remuneration to the auditor (excluding VAT);

	<u>2022</u>	<u>2021</u>
Statutory audit fee	39 000	72 300
Audit related services	39 500	19 200
Total	<u>78 500</u>	<u>91 500</u>

Note 2 - Subsidiaries

Company	Kinly AS
Date of acquisition	1998
Business residence	Sandnes
Ownership	100 %
Voting rights	100 %
Number of shares owned	350 000
Share capital	857 500
Profit after tax 2022	22 040 530
Equity per 31.12.2022	21 454 337
Book value of investment	195 142 381

Share in Kinly AS was previous owned by Viju AS. Due to the merge between Viju AS and Kinly Holding AS (former VCV Nordics AS) in 2021, shares in Kinly AS are now owned directly by Kinly Holding AS.



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Kinly Holding AS

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Notes to the annual accounts

Note 3 - Items that are presented together in the income statement

Other financial income

	2022	2021
Currency gain	642 096	11 039 056
Total	642 096	11 039 056

Other financial expenses

	2022	2021
Currency loss	11 733 012	0
Other financial expenses	1 401 732	1 402 931
Total	13 134 744	1 402 931



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Kinly Holding AS

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Notes to the annual accounts

Note 4 Tax

This year's tax expense	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Result before tax	0	0
Permanent differences	-33 145 629	-9 379 652
Received intra-group contribution	33 145 629	9 379 652
Taxable income	0	0
Payable tax in the balance:		
Payable tax on this year's result	-7 292 038	-2 063 523
Payable tax on received Group contribution	7 292 038	2 063 523
Total payable tax in the balance	0	0
Calculation of effective tax rate		
Profit before tax	0	0
Total	0	0

Note 5 - Equity and shareholder information

	Issued capital	Share premium fund	Other equity	Total
Equity 01.01.2022	990 000	8 515 750	12 671 505	22 177 255
This years change in equity:				
Result for the year			0	0
Equity 31.12.2022	990 000	8 515 750	12 671 506	22 177 256

The share capital consists of 990 000 NOK, made up of 30 000 shares with a carrying value of 33 NOK. All shares give the same voting rights. All shares are owned by Kinly Holding B.V as of 31.12.2022.



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Kinly Holding AS

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Notes to the annual accounts

Note 6 - Intercompany balances

Current assets

	31.12.2022	31.12.2021
<i>Other short-term receivables</i>		
Intercompany balance	24 230 931	0
Group contribution due	33 145 629	9 379 652
Total	57 376 560	9 379 652

Non-current liabilities

	31.12.2022	31.12.2021
<i>Other long term liabilities</i>		
Intercompany loan from Kinly Holding B.V	223 873 146	210 528 829
Total	223 873 146	210 528 829

Current liabilities

	31.12.2022	31.12.2021
<i>Other current debt</i>		
Intercompany loan from Kinly AS	0	967 906
Intercompany Kinly AS- Cashpool	53 996 114	29 803 736
Intercompany Kinly AS- Group contribution	0	13 000 000
Total	53 996 114	43 771 642

The loan from Kinly Holding B.V is made up of two tranches, one of 8,6 million EUR and one of 12,5 million EUR, both falling due June 28th 2027.

The loan from Kinly Holding B.V is made up as follows:

	31.12.2022	31.12.2021
Falling due in less than 1 year	0	0
Falling due between 2-5 years	0	0
Falling due after 5 years	223 873 146	210 528 829
Total	223 873 146	210 528 829



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Kinly Holding AS

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Notes to the annual accounts

Note 7 - Bank deposits

The company has no cash that is restricted as per 31.12.2022.

Note 8 - Liabilities to financial institutions, pledge and guarantees

Kinly Holding AS is part of a group overdraft facility with its subsidiary Kinly AS. Kinly Holding AS is the company with the formal ownership of the overdraft facility, while Kinly AS and Kinly Holding AS are jointly responsible for the credit facility and cash balance towards the bank.

The total overdraft facility for the Group is NOK 25 000 000. At the year end, the overdraft was not used, and the Kinly Holding AS as Group is in a net cash position with the bank. The company has no restricted cash in bank.

Fixed assets, inventory and accounts receivable in Kinly AS are pledged to the bank. There are no restrictions on the use of these funds.

Note 9 Subsequent events

There are no other events of material significance to the financial position of the company that have occurred since the end of the reporting period.



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Til generalforsamlingen i
Kinly Holding AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert årsregnskapet for Kinly Holding AS som viser et overskudd på kr 0. Årsregnskapet består av balanse per 31. desember 2022, resultatregnskap og kontantstrømpoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2022 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under "Revisors oppgaver og plikter ved revisjonen av årsregnskapet". Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Mazars AS
Org. no. 979 605 994



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Ledelsens ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlige for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
<https://revisorforeningen.no/revisjonsberetninger>

Oslo, 17.03.2023
Mazars AS

Odd Hugo Linnerud
statsautorisert revisor



Elektronisk signatur

Signert av

Linnerud, Odd Hugo
Norwegian BankID

Dato og tid

(UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

17.03.2023 16.34.32

Dette dokumentet er signert med elektronisk signatur. En elektronisk signatur er juridisk forpliktende på samme måte som en håndskrevet signatur på papir. Denne siden er lagt til dokumentet for å vise grunnleggende informasjon om signaturen(e), og på de foregående sidene kan du lese dokumentet som er signert. Vedlagt finnes også en PDF med signatordetaljer, og en XML-fil med innholdet i den elektroniske signaturen(e). Vedleggene kan brukes for å verifisere gyldigheten av dokumentets signatur ved behov.



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Annual Report for Kinly Holding AS 2022

Operations and locations

Kinly Holding AS is part of the Kinly Group and operates within sales, consultancy, installation, service and facilitating of collaboration technologies, in particular video conference and audio-visual solutions. Our goal is to contribute to new and more profitable ways of working. Together with our customers, we find the most effective communication and visualization solutions, from an end-user workflow, technical, and financial perspective.

The company was established as the owner of the Viju Group which was purchased in 2017, and joined forces with Visions Connected, and was named VCV Holding AS.

The new Group changed its name to Kinly early 2018, and the operational subsidiaries in the group also changed its name from Viju to Kinly and VCV Nordics AS changed its name to Kinly Holding AS in 2021.

Our ambition is to set the standard for collaboration and visualization solutions and services on a global basis. Our promise to our customers is to help them "Working Together Everywhere". The Group conducts a high level of its activities in the finance & legal, public sector & health care and oil & energy industries, though we also supply user-friendly and modern solutions and services to several other industries.

The head office of Kinly is located in Amsterdam, Netherlands and has several branches and offices including Oslo, Brussel, Bergen, Trondheim, Edinburgh, London, Amsterdam, Singapore, Hong Kong, New York and Stavanger.

Comments related to the financial statements

Kinly Holding AS had no revenues in the period, an operating loss of NOK 100.536, a profit before tax of NOK 0 and a net profit for the period of NOK 0.

The result for the year therefore kept the company's total equity unchanged from 2021 at NOK 22.177.255 as of 31.12.22.

The net cash flow from operating activities was minus NOK 37.034.945 in 2022, compared with a positive operating cash flow of NOK 34.311.696 in 2021.

Outlook and Financial risk

There are no employees in the company at year-end.

The company does not pollute the external environment more than is normal for this type of business activity. Kinly Holding AS is exposed to credit risk, liquidity risk, interest rate risk and foreign exchange risk in its normal business activities and strives to achieve acceptable risk levels in these areas. All customers who are granted credit undergo credit evaluation, and the company's strategy is to have good liquidity to fulfil its financial obligations. The company has deposits and long-term loans with floating interest rates and is thereby affected by fluctuations in interest rates. Fluctuations in exchange rates represent both direct and indirect financial risk for the company and the long-term loan from Kinly Holding BV is in Euro's and as a result is a significant source of foreign exchange risk (which is however off set in Kinly Holding BV for the Kinly Group).

The Company's Norwegian operation conduct a small number of transactions in foreign currencies other than the long-term loan.



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It is the opinion of the Board, the financial statements represent a true and fair view of the business operation and an accurate view of the company's development and financial position and of its financial performance in 2022.

There are no events of material significance to the financial position of the company that have occurred since the end of the reporting period.

The levels of financial and exchange rate exposure is considered to be acceptable. The equity and liquidity situation for the company is satisfactory. In compliance with the requirements laid down in the Accounting Act, the Board confirms that the going-concern assumption is appropriate and that the financial statements have been reported due to this assumption.

Order backlog and sales pipeline is significant, several new proprietary cloud and managed services offerings are in customer pilots.

Based on the above and as the company's prime activity lies in products and solutions that offer customers the possibility to make changes that can immediately improve the profitability and the way organizations work, the Board expects good growth in 2023.

Growth outlook coincides with the opinions from leading market research companies and technology manufacturers and there is an increasing demand for providing solutions that integrate different collaboration technologies.

Sola, 17 March 2023

DocuSigned by:

.....53613AE937CC4DA...
Thomas Michael Martin
Chairman

DocuSigned by:

.....98964B239B5342F...
Roger Weibell
Board Member



Skatteetaten

Vår dato 01.10.2018	Din dato 21.08.2018	Saksbehandler Jeanette Munkvold Skovholt
800 80 000 Skatteetaten.no	Din referanse Roger Weibell	Telefon 90076012
Org.nr 996250318	Vår referanse 2018/1013995	Postadresse Postboks 9200 Grønland 0134 Oslo

VCV NORDICS AS
Postboks 8026
4068 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 21. august 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

- VCV Nordics AS org.nr. 919 422 335
- Viju AS org.nr. 991 245 073
- Kinly AS org.nr. 980 363 198

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ovenstående selskap dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

VCV Nordics AS (org.nr. 919 422 335) med datterselskaps virksomhet er eie aksjer, utvikle og selge informasjonsteknologi og audio visuelle samt videokonferanseløsninger i tillegg til å levere tjenester i tilknytning til dette, inkludert investering i andre selskaper med lignende aktiviteter.

Konsernets arbeidsspråk er engelsk. Konsernet opererer i sektorer, der engelsk er det klart dominerende språket. Morselskapets aksjonær er et utenlandsk selskap, og morselskapet henvender seg jevnlig til konsernledelsen og morselskapet som er lokalisert i Nederland. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk.

I lys av selskapets og konsernets situasjon, der selskapets eier kun behersker engelsk, all kommunikasjon med konsernets primære kunder og kreditorer skjer på engelsk, samt at engelsk er både arbeidsspråket til konsernet og bransjespråket der selskapet og konsernet opererer, fremstår kravet i regnskapsloven § 3-4 om utarbeidelse av årsregnskap og årsberetning på norsk som



unødvendig. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

Ettersom konsernets arbeidsspråk er engelsk vil alle ansatte forstå regnskapet og årsberetningen selv om disse dokumentene i fremtiden blir utarbeidet i sin endelige form på engelsk. Det samme vil være tilfelle for konsernets kunder og kreditorer. Ettersom engelsk også er bransjespråket innen sektorene vi opererer i, kan vi heller ikke se at andre, mer tilfeldige regnskapsbrukere skulle ha noe behov for at regnskapet utarbeides på norsk. Selskapet mener derfor at alle brukere av regnskapet i sum vil være tjent med at regnskapet kun utarbeides på engelsk.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk.

Departementet kan ved forskrift eller ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernselskapene er heleid av et utenlandsk selskap. Eierkretsen er begrenset. Virksomheten er utpreget internasjonal og arbeidsspråket er engelsk.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



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Financial report for the year 2022

Kinly Top Holding B.V.
Amsterdam



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Directors' report

The directors' report is available at the Company's registered office.



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Financial statements



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Consolidated financial statements



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Consolidated balance sheet as at 31 December 2022

(Before appropriation of result)

Assets	Note	31 December 2022		31 December 2021	
		€'000	€'000	€'000	€'000
Fixed assets					
Intangible fixed assets	6.	54,637		73,296	
Tangible fixed assets	7.	3,534		3,609	
Financial fixed assets	8.	<u>3,133</u>		<u>2,199</u>	
			61,304		79,104
Current assets					
Inventories	9.	13,539		12,110	
Receivables	10.	72,216		80,300	
Cash at banks and in hand	11.	<u>18,002</u>		<u>18,320</u>	
			103,757		110,730
			<u>165,061</u>		<u>189,834</u>
Group equity					
	12.		(25,490)		204
Provisions					
	13.		138		2,181
Non-current liabilities					
Debts to lending institutions	14.	69,277		68,378	
Financial lease obligations		<u>1</u>		<u>10</u>	
			69,278		68,388
Current liabilities					
Current borrowings	15.	9,163		9,703	
Other current liabilities	16.	<u>111,972</u>		<u>109,358</u>	
			121,135		119,061
			<u>165,061</u>		<u>189,834</u>



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Consolidated income statement for the period ended 31 December 2022

		2022		2021	
	Note	€'000	€'000	€'000	€'000
Net turnover	18.		259,995		243,947
Other income	19.		6,062		-
Cost of subcontracted work and other external charges	20.	(159,613)		(135,183)	
Wages and salaries	21.	(74,297)		(72,576)	
Social security charges	21.	(4,756)		(4,105)	
Pension contributions	21.	(1,409)		(1,843)	
Amortization of intangible fixed assets	7.	(15,709)		(16,150)	
Depreciation of tangible fixed assets	8.	(1,699)		(1,793)	
Other operating expenses	22.	(26,554)		(21,538)	
			(284,037)		(253,188)
Operating profit/(loss)			(17,980)		(9,241)
Financial income / (expense)	23.		(9,139)		(4,857)
Result before tax			(27,119)		(14,098)
Tax on result – benefit / (charge)	24.		1,852		1,566
Result after tax			(25,267)		(12,532)



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Consolidated cash flow statement for the period ended 31 December 2022

		2022		2021	
Note	€'000	€'000	€'000	€'000	€'000
Cash flow from operating activities					
Operating loss		(17,980)		(9,241)	
Adjustments for:					
Depreciation and amortisation	7.-8.	17,408		17,943	
Movement in provisions		-		-	
		17,408		17,943	
Movements in working capital:					
Inventories		(1,390)		(5,016)	
Receivables		5,948		(11,329)	
Other current liabilities		3,618		9,993	
		8,176		(6,352)	
Cash generated from operations		7,604		2,350	
Corporate income tax received / (paid)		1,142		(878)	
Interest and other financial costs received		45		-	
Interest and other financial costs paid		(6,114)		(5,032)	
		(4,927)		(5,910)	
Net cash generated from operating activities		2,677		(3,560)	
Cash flow from investment activities					
Investments in intangible fixed assets	7.	(343)		(430)	
Investments in tangible fixed assets	8.	(1,643)		(2,148)	
Net cash generated from investment activities		(1,986)		(2,578)	
Cashflow from financing activities					
Dividend paid	36.	-		(10,039)	
Proceeds from borrowings	14.	-		12,800	
Repayments from borrowings	14.	-		(3,058)	
Change in ancillary facility	15.	(540)		(90)	
Net cash generated from financing activities		(540)		(387)	
Net cashflow		151		(6,525)	
Cash at the beginning of the year		18,320		23,876	
Net cashflows		151		(6,525)	
Exchange gains/(losses) on cash at banks		(469)		969	
Cash at the end of the year		18,002		18,320	



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*Statement of total result of the Group for the period ended
31 December 2022*

	2022		2021	
	€'000	€'000	€'000	€'000
Consolidated net result after taxation		(25,267)		(12,532)
Currency translation differences in foreign subsidiaries	(58)		1,048	
Total of direct movements in Group equity		(58)		1,048
Total result of the Group		<u>(25,325)</u>		<u>(11,484)</u>



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Notes to the consolidated balance sheet and income statement

1. General notes

1.1. Activities

The activities of Kinly Top Holding B.V. and its group companies (jointly referred to as 'the Group' and separately referred to as 'the Company') comprise mainly the sale, service and organization of audio & visual collaboration solutions.

Sales take place both domestically and internationally, whereby The Netherlands, United Kingdom, Norway and the United States of America markets are the most important markets.

1.2. Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of the Company is Minervum 7020, 4817 ZL in Breda and is registered at the chamber of commerce under number 69504709.

1.3. Group structure

The Company is the head of the Kinly group of companies. The financial statements of the Company are an integral part of the consolidated financial statements of the Company. The Company was established on 31 August 2017.

1.4. Accounting period

The accounting period in the financial report equals the calendar year.

1.5. Estimates

In applying the principles and policies for drawing up the financial statements, the directors of the Company make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.



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1.6. *Going concern*

COVID 19 still had some impact on the state of affairs in the first quarter of 2022, causing limited growth compared to 2021 due to customer-initiated delays in the start of new projects. Also during the year the group was confronted with significant supply chain challenges which impacted its ability to meet customer demand in a timely manner. This led to a notable increase in inventories, which put additional strain on the Group's cash flow by tying up capital. Moreover, longer project lead times due to supply chain delays resulted in the Group struggling to complete projects on time and on budget, thus impacting its overall financial performance.

Nevertheless, market developments improved since the second half of 2022, especially regarding the supply of goods and customer project lead times. Furthermore, the Group took specific measures to limit the financial impact of adverse demand and supply circumstances, including operational excellence programs, minimize discretionary OPEX and CAPEX spending, workforce alignment with demand, and close working capital management to expedite cash conversion. As a result, the Group ended the year 2022 cash flow neutral, and we forecast 2023 to be cash flow positive.

As a result of the developments above, the Group breached its leverage covenant both in Q3 and Q4 of 2022. The renegotiation of new covenants was successfully achieved in August 2023 and included waivers for the breached periods, which helped the Group to secure its financial stability.

As of the balance sheet date, the Group and the Company have a negative equity balance, due to the amortization of the goodwill on the acquisition of AVMI group, since May 2020, required under Dutch GAAP. The Board has evaluated and concluded that despite the negative equity position, it has no significant impact on the Group's ability to obtain new financing or enter into new business arrangements.

The Board analysed the growth of the market in which the Group operates, and has made projections of the financial performance and the cash flow in the 12 months after the date of signing these financial statements.

Based on that analysis, the Board expects the Group to be able to settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements and deems the assumption to continue as a going concern appropriate.

1.7. *Consolidation*

The consolidation includes the financial information of the Company and its group companies. Group companies are entities in which the Company exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also considered.

Group companies and other entities in which the Company exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.



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The consolidated companies are listed below:

- Kinly Tree Holding B.V., Breda, the Netherlands (100%)
- Kinly Holding B.V., Breda, the Netherlands (100%)
- Kinly Holding B.V.**
 - Viju Sdn Bhd, Kuala Lumpur, Malaysia (100%)
 - Kinly Inc., New Jersey, United States of America (100%)
 - Kinly Pte Ltd., Singapore, Singapore (100%)
 - Kinly Holding AS, Sandness, Norway (100%)
 - Kinly Benelux B.V., Breda, the Netherlands (100%)
 - Kinly Bidco Ltd., Sunbury-On-Thames, United Kingdom (100%)
- Kinly Benelux B.V.**
 - Visions Connected United Kingdom Ltd., United Kingdom (100%), dissolved on 15 May 2023
 - The Video Conference Bureau Ltd., United Kingdom (100%), dissolved on 15 May 2023
 - Our Connecting Visions BVBA, Sint-Martens-Latem, Belgium (100%), liquidated on 30 August 2023
 - Kinly Belux BVBA, Sint-Martens-Latem, Belgium (100%), liquidated on 30 August 2023
- VCV Nordics AS**
 - Kinly AS, Sandness, Norway (100%)
 - Kinly AB, Stockholm, Sweden (100%)
 - Kinly Ltd, Livingston, United Kingdom (100%), dissolved on 15 June 2023
- Kinly Bidco Ltd.**
 - AVMI Group Ltd., Sunbury-On-Thames, United Kingdom (100%)
 - AVMI Vision Investments Ltd., Sunbury-On-Thames, United Kingdom (100%)
 - AVMI Impact Indicate Private Ltd., Bangalore, India (100%)
 - AVMI Ltd., Hong Kong (100%)
 - AVMI Ireland Ltd., Ireland (100%)
 - AVM Ltd., Sunbury-On-Thames, United Kingdom (100%)
 - AVMI Kinly Ltd., Sunbury-On-Thames, United Kingdom (100%)
 - AVMI Inc., Delaware, United States of America (100%)
 - Kinly Switzerland GmbH, Zurich, Switzerland (100%)
 - Kinly Germany GmbH, Dusseldorf, Germany (100%)
 - Focus 21 Holdings Ltd., Surrey, United Kingdom (100%), dissolved on 16 May 2023
 - Focus 21 Visual Communications Ltd, Surrey, United Kingdom (100%), dissolved on 16 May 2023

1.8. *Section 402, Book 2 of the Dutch Civil Code*

Since the income statement of the Company is included in the consolidated financial statements, an abridged income statement has been disclosed (in the Company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

1.9. *Related parties*

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered to be a related party. In addition, statutory directors, other (former) key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

1.10. *Acquisition and disposal of group companies*

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.



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The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the Company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the fair values of the acquired assets and liabilities, this is negative goodwill. Insofar as negative goodwill relates to expected future losses and expenses that have been considered in the acquisition plan and that can be reliably determined but which as yet do not form an identifiable liability on the acquisition date, this part of the negative goodwill will be taken to the profit and loss account as these losses and expenses occur. Negative goodwill that is not related to expected future losses and expenses, is taken to the profit and loss account as follows:

- the part of the negative goodwill that does not exceed the fair value of identifiable non-monetary assets, is consistently taken to the profit and loss account in proportion to the weighted average of the remaining useful life of the acquired amortizable assets; and
- the part of the negative goodwill that exceeds the fair value of identified non-monetary assets, is immediately taken to the profit and loss account.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases.

1.11. Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method.

The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities.

The purchase consideration paid for the acquired group company are recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group company are deducted from the purchase consideration.

Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. The value of the related asset and lease liability are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

2. General policies

2.1. General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.



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2.2. *Foreign currency*

2.2.1. *Functional currency*

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the Company. All amounts are in reflected in thousands unless otherwise indicated.

2.2.2. *Transactions, receivables, and liabilities*

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

Translation differences on foreign currency loans contracted to finance a net investment in a foreign operation are recognised in the legal reserve for currency translation differences if and when such loans effectively hedge the exchange rate exposure on that net investment in a foreign operation.

2.2.3. *Group companies*

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

2.3. *Leasing*

2.3.1. *Financial leasing*

The Company leases some of its assets, whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

2.3.2. *Operational leasing*

The Company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the Company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, considering reimbursements received from the lessor, in the income statement for the duration of the contract.



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2.4. *Financial instruments*

Financial instruments included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

3. *Accounting policies applied to the valuation of assets and liabilities*

3.1. *Intangible fixed assets*

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note 3.4 "Impairment of fixed assets".

3.1.1. *Research and development costs*

Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset. Research costs are recognised in the income statement.

3.1.2. *Order backlog, customer relations, and technology*

Costs of intangible assets are valued at acquisition cost, third party capitalized IT costs in case of Technology, and amortised on a straight-line basis over their estimated future useful lives, with a maximum of 20 years.

3.1.3. *Goodwill*

Goodwill resulting from acquisitions and calculated in accordance with section "Acquisition and disposal of group companies" is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the income statement to the extent that charges and losses occur, where it is considered in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been considered, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the income statement.

3.2. *Tangible fixed assets*

Tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.



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Impairments expected on the balance sheet date are considered. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

3.3. *Financial fixed assets*

3.3.1. *Participations*

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. The Company books a provision for subsidiaries with a negative net asset value, when the Company guarantees all or certain obligations of these subsidiaries, if it is probable that the Company will provide financial support to these subsidiaries to meet their obligations at balance sheet date, and to the extent the level of financial support is estimable.

Newly acquired associates are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is recognised in the income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realisable value (see also section "Impairment of fixed assets"); an impairment is recognised and charged to the income statement.

3.3.2. *Loans to associates*

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. For determining the value, any impairments are considered.

3.3.3. *Deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.



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3.3.4. *Other financial fixed assets*

Other financial fixed assets recognised under financial fixed assets are initially measured at the fair value less transaction costs. These financial fixed assets are subsequently measured at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is considered.

3.4. *Impairment of fixed assets*

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted. The discount rate does not reflect risks already considered in future cash flows.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

3.5. *Inventories*

Inventories (stocks) are valued at historical price based on the FIFO method (first in, first out) or lower realisable value.

The historical cost consists of all costs relating to the acquisition and the costs incurred in order to bring the inventories to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value, the obsolescence of the inventories is considered.



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3.6. *Accounts receivable*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.7. *Other receivables*

Other receivables are recognised initially at fair value and subsequently measured at amortised cost.

3.8. *Cash at banks and in hand*

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

3.9. *Equity*

When the Company purchases treasury shares, the consideration paid is deducted from equity (other reserves) or any other reserve if the articles of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.10. *Share premium*

Share capital contributions above the nominal share capital amount are classified as share premium.

3.11. *Revaluation and legal reserves*

If revaluations have been recognised in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the income statement. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result.

Legal reserves are recognized in line with stipulated by local law and regulations.

3.12. *Provisions*

3.12.1. *General*

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required, and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

3.12.2. *Pension provision*

The group has various pension plans. These are financed through contributions to pension providers, i.e., insurance companies. The pension obligations of the pension plans classify as defined contribution plans and



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are thus valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the group and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material, the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds.

Additions to and release of the obligations are recognised in the profit and loss account.

3.12.3. *Deferred tax liabilities*

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income tax is provided on temporary differences arising on investments in group companies, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probably that the temporary difference will not reverse in the foreseeable future. Deferred tax balances are valued at nominal value.

3.13. *Non-current liabilities (Long-term debts)*

The long-term debts are accounted for at amortised cost including the transaction costs which can be directly attributed to the acquisition of the long-term debts.

3.14. *Current liabilities*

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, considering premiums or discounts, less transaction costs. This usually is the nominal value.

4. *Principles for the determination of the result*

4.1. *General*

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

4.2. *Revenue recognition*

4.2.1. *General*

Net turnover comprises the income from the supply of goods and services and realised income from service contracts after deduction of discounts and of taxes levied on the turnover.

Revenue is recognized based on the various business lines of the Company regardless of whether the contract with the customer includes multiple services in one contract. In the case that multiple services (multi element) are provided to a customer under one contract, the revenue is split and recognized according to the business lines and the related revenue recognition methodology. The following business lines are recognized:



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4.2.2. *Hardware and software*

This business line comprises the reselling of hardware and software components sourced from third parties. The revenue is recognized when the transaction generates future economic benefits that will flow into the group, and when the risks and rewards of the ownership have been transferred to the customer. Generally, that is the case when the delivery has occurred according to the contractual terms.

4.2.3. *Professional services*

This business line comprises system integration services including hardware and software components on project basis including man-hour work performed in the planning, design and implementation phase. Revenue is recognized using the percentage of completion method

4.2.4. *Rental*

This business line comprises the short-term rental of audio visual and video conference equipment on project basis including man-hour work performed in the planning, design and implementation phase. Rental revenue is recognized at the rental date.

4.2.5. *Managed on site services*

Managed on site services relate to providing temporary employees to customers.

4.2.6. *Service Contracts*

This business line Service contracts mainly include manufacturer backed agreements on spare parts and basic support such as third-party warranties (reselling) and service level agreements ('SLA') related to on- and off-site maintenance, including onsite technicians, proactive monitoring and 24/7 support. Contracts normally comprise a retainer fee and additional agreements on actual hours spent.

Service contracts (SLA and framework contract) retainer fees are recognized on a linear basis into monthly portions over the contractual period of the service contract. Service contract hours are invoiced and recognized in the month they occur based on registered hours (included in the ERP system) against the contractual hourly rate.

4.2.7. *Cloud*

This business line comprises cloud-based services such as personal cloud rooms including all related start-up / set-up fees and other one-off fees related to the public and private cloud product. Services are mainly subscription based and prepaid. Subscription periods may vary from client to client. Revenue is recognized on a linear basis over the total contractual period not including expected extensions of the contract.

4.3. *Employee related costs*

4.3.1. *Short-term employee cost*

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.3.2. *Pensions*

The Company applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Please also refer to the valuation principles for assets and liabilities, under Provision for pensions. Reference is also made to the relevant notes with respect to pension schemes of foreign subsidiaries.

4.4. *Amortisation of intangible fixed assets and depreciation of tangible fixed assets*

Intangible assets, including goodwill, are amortized and property, plant and equipment are depreciated over the estimated economic or useful life as from the inception of their use. Future depreciation and amortization are adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sales of property, plant and equipment are included in depreciation.



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4.5. *Government subsidies and taxes*

Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received.

Subsidies related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the income statement as part of the amortisation costs. Government taxes are recorded as expenses at the time all conditions with regard to the applicable government tax have been met.

4.6. *Financial income and expense*

4.6.1. *Interest income and interest expenses*

Interest income and expenses are recognised on a pro rata basis, considering the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

4.6.2. *Foreign currency exchange results*

Foreign currency exchange results are unrealised and realised results arising when monetary items are settled or reported at rates different from those at which they were initially recognised.

Monetary assets and liabilities in currencies different from the functional currencies of operating companies are reported in the local books, using the spot rate at reporting date. Unrealized foreign exchange results arise when the spot rates at reporting date are different from the exchange rates when the monetary asset or liability was originally recognized. Realized foreign exchange results arise when the final settlement occurs at a different exchange rate than the exchange rate used when the monetary assets or liability was originally recognized.

Foreign currency exchange results are presented as part of financial income and expense.

4.7. *Income tax*

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets), exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

5. *Financial instruments and risk management*

5.1. *Market risk*

5.1.1. *Currency risk*

The Company operates in a worldwide setting with the main concentration of sales in Europe and the US. The currency risk for the Company largely concerns positions and future transactions in US dollar, British pound sterling, and Norwegian krona. Fluctuations in these exchange rates both directly and indirectly create a financial risk for the consolidated group. The Company does not actively hedge this risk.

5.1.2. *Interest rate and cash flow risk*

The Company incurs interest rate risk on interest-bearing non-current and current liabilities (including borrowings).

Where floating interest-bearing borrowings are concerned, the Company incurs risk regarding future cash flows. The Company addresses the floating interest rate risks by entering into appropriate financial



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instruments to mitigate the adverse impact of related risks on future cashflows. At year-end, an interest rate cap is in place, which is reported under Receivables.

No significant differences exist between the nominal values and the fair value at year-end.

5.2. *Operational risk*

The Group is dependent on third-party products for its projects, with a resulting high focus on purchasing and inventory management. The COVID-19 pandemic has impacted global industries of all kinds. However, few have felt greater supply chain pressures than semiconductor companies. The demand for chips shows a continuing growth driving supply chain focus for both the semiconductor companies and those reliant on chips. As Kinly's products are potentially affected, related procurement has management's ongoing attention, and could potentially affect our operations and cash flow.

5.3. *Credit risk*

The Group is mainly exposed to credit risk related to trade receivables and other receivables such as accrued income (work performed, product delivered to be invoiced). Kinly reduces its exposure to credit risk through credit check, approval procedures of all counterparties that trade on credit with the group and by using advance payments methods in commercial agreements. Certain consolidated entities reduce their credit risk further by application of a credit insurance for part of their trade receivables.

The maximum risk of exposure is represented by the carrying value of financial assets in the balance sheet. The Groups provision for credit loss is related to the provision of trade receivables

5.4. *Liquidity risk*

Liquidity risk represents the risk that the group will not be able to service its financial obligations as the fall due. The strategy of the Company for managing liquidity risks is to have sufficient liquid assets at any time to meet its financial obligations when due, without risking unacceptable losses or the group's reputation. The liquidity positions of Group are managed on a day-to-day basis.

5.5. *Compliance*

Kinly has a code of conduct in place and is engaged in an extensive compliance training program for all key employees. The code of conduct is the essence of Kinly's ethical standards and general business principles and helps Kinly earn the continued confidence of its employees, customers, and communities. The aim is to publish the codes of conducts on the website of the Group in various languages. The Group internal authorisation matrix aims to prevent committing to (financial / legal) liabilities and/or signing contracts without the prior approval from the required level of authority. Adherence is strictly monitored. With support of group finance and legal, the Group monitors compliance with all relevant tax laws and regulations. The Company, and the Group as a whole, has a zero-tolerance policy toward non-compliance, as non-compliance could lead to possible fines and therefore have an adverse impact on the results. However, changes in regulations also provide for business opportunities that could have a positive impact on the results.

In addition to these Group wide policies, the Company has implemented several "soft control" measures and policies to strengthen the culture of the Company and to enable a healthy and safe working environment for its employees, agency workers and business partners, including a whistleblower policy.

Regulations are adhered through and effectively managed by country-based health, safety environment and compliance managers. Certification plays an important role in establishing a high-quality level of services and people. It ensures the continuation of the current relationship with our most important suppliers. Training programs are key to broaden the level of certified employees to be able to retain certifications.

Kinly adheres to a wide range of compliance and international quality codes, including ISO 9001:2015, for our quality management system. For its Information Security Management System (ISMS) Kinly adheres to ISO 27001. Accreditation has taken place in The Netherlands, Norway, and the UK.



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Notes to the Consolidated balance sheet

6. Intangible fixed assets

	<i>Goodwill</i>	<i>R&D</i>	<i>Customer relations</i>	<i>Technology</i>	<i>Total</i>
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2022					
Cost	91,345	3,306	17,573	310	112,534
Cumulative amortisation	(26,096)	(2,699)	(10,402)	(41)	(39,238)
Book value	65,249	607	7,171	269	73,296
Movements - Cost					
Investments	-	-	-	343	343
Retirements	-	(3,294)	-	-	(3,294)
Currency translation	(3,941)	(12)	(91)	(97)	(4,141)
Total cost	(3,941)	(3,306)	(91)	246	(7,092)
Movements - Amortisation					
Amortisation	(12,667)	(334)	(2,627)	(81)	(15,709)
Retirements	-	2,932	-	-	2,932
Currency translation	1,072	101	37	-	1,210
Total amortisation	(11,595)	2,699	(2,590)	(81)	(11,567)
Balance at 31 December 2022					
Cost	87,404	-	17,482	556	105,442
Cumulative amortisation	(37,691)	-	(12,992)	(122)	(50,805)
Book value	49,713	-	4,490	434	54,637
<i>Amortisation period (years)</i>	<i>7</i>	<i>3</i>	<i>7</i>	<i>5</i>	

The amortization period for the goodwill and customer relationships is based on the remaining terms of customer relationships, financing acquired, and terms of other contracts taken over at time of acquisitions.



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	<i>Goodwill</i>	<i>R&D</i>	<i>Customer relations</i>	<i>Technology & Other</i>	<i>Total</i>
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2021					
Cost	86,921	3,081	17,443	235	107,680
Cumulative amortisation	(13,343)	(2,081)	(7,733)	(20)	(23,177)
Book value	73,578	1,000	9,710	215	84,503
Movements - Cost					
Investments	173	14	-	244	431
Retirements	(1,253)	(125)	-	(156)	(1,534)
Reclasses	-	78	-	(78)	-
Currency translation	5,504	258	130	65	5,957
Total cost	4,424	225	130	75	4,854
Movements - Amortisation					
Amortisation	(12,789)	(539)	(2,634)	(188)	(16,150)
Retirements	1,253	125	-	156	1,534
Reclasses	-	(78)	-	78	-
Currency translation	(1,217)	(126)	(35)	(67)	(1,445)
Total amortisation	(12,753)	(618)	(2,669)	(21)	(16,061)
Balance at 31 December 2021					
Cost	91,345	3,306	17,573	310	112,534
Cumulative amortisation	(26,096)	(2,699)	(10,402)	(41)	(39,238)
Book value	65,249	607	7,171	269	73,296
<i>Amortisation period (years)</i>	<i>7</i>	<i>3</i>	<i>7</i>	<i>5</i>	



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7. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Cars and vehicles</i>	<i>Furniture and fixtures</i>	<i>Other assets</i>	<i>Total</i>
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2022					
Cost	1,547	884	3,832	10,421	16,684
Cumulative depreciation	(1,139)	(733)	(2,869)	(8,334)	(13,075)
Book value	408	151	963	2,087	3,609
Movements - Cost					
Investments	162	2	214	1,353	1,731
Retirements	(42)	(96)	(32)	(1,163)	(1,333)
Reclass	-	-	1,328	1,837	3,165
Currency translation	(35)	(27)	563	(802)	(301)
Total cost	85	(121)	2,073	1,225	3,262
Movements - Depreciation					
Depreciation	(117)	(52)	(391)	(1,139)	(1,699)
Retirements	42	86	32	1,085	1,245
Reclass	-	-	(1,328)	(1,837)	(3,165)
Currency translation	(12)	26	(473)	741	282
Total amortisation	(87)	60	(2,160)	(1,150)	(3,337)
Balance at 31 December 2022					
Cost	1,632	763	5,905	11,646	19,946
Cumulative depreciation	(1,226)	(673)	(5,029)	(9,484)	(16,412)
Book value	406	90	876	2,162	3,534
Depreciation period (years)	5-10	3-5	3-7	3-5	

The carrying value of assets under financial leasing, which are held without legal title by the Group amounts to €1 (2021: €10).



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	<i>Leasehold improvements</i>	<i>Cars and vehicles</i>	<i>Furniture and fixtures</i>	<i>Other assets</i>	<i>Total</i>
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2021					
Cost	964	341	5,767	8,413	15,485
Cumulative depreciation	(535)	(132)	(4,247)	(6,848)	(11,762)
Book value	429	209	1,520	1,565	3,723
Movements - Cost					
Investments	152	215	712	1,069	2,148
Retirements	-	-	(1,567)	(218)	(1,785)
Reclasses	352	274	(1,380)	754	-
Currency translation	79	54	300	403	836
Total cost	583	543	(1,935)	2,008	1,199
Movements - Depreciation					
Depreciation	(176)	(83)	(363)	(1,171)	(1,793)
Retirements	-	-	1,567	218	1,785
Reclasses	(364)	(302)	1,009	(343)	-
Currency translation	(64)	(216)	(835)	(190)	(1,305)
Total amortisation	(604)	(601)	1,378	(1,486)	(1,313)
Balance at 31 December 2021					
Cost	1,547	884	3,832	10,421	16,684
Cumulative depreciation	(1,139)	(733)	(2,869)	(8,334)	(13,075)
Book value	408	151	963	2,087	3,609
Depreciation period (years)	5-10	3-5	3-7	3-5	



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8. Financial fixed assets

Financial fixed assets can be specified as follows:

	<i>Deferred tax assets</i>		<i>Total 2022</i>	<i>Deferred tax assets</i>		<i>Total 2021</i>
	<i>assets</i>	<i>Deposits</i>		<i>assets</i>	<i>Deposits</i>	
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January	2,176	23	2,199	1,221	23	1,244
Additions	1,420	76	1,496	812	-	812
Netting with deferred tax liability	(608)	-	(608)	-	-	-
Currency translation	45	1	46	143	-	143
Balance as at 31 December	3,033	100	3,133	2,176	23	2,199

Deferred tax assets relate to deductible temporary differences of €926 (2021: €302), and deductible losses (including restriction of interest deduction) carried forward of €12,711 (2021: €8,173), resulting in deferred tax assets totalling to €204 (€182) and €2,829 (2021: €1,994), respectively.

Deferred tax assets and deferred tax liabilities within the same tax jurisdiction are presented net. Consequently, deferred tax assets amounting to €971 (2021: €-) are presented with a related deferred tax liability €971 (2021: €-).

The deductible losses carried forward recognized as deferred tax assets in the respective jurisdictions are expected to be offset against future profits in the coming years. Deferred tax assets of €350 (2021: €-) are expected to be realized within one year, with the remaining balance to be realized in following one to five years.

Additional losses carried forward for an amount of €4,199 (2021: €-) have not been recognised following management's current assessment of sufficient future profits in the coming five years.

9. Inventories

Inventories amount to €13,539 (2021: €12,110) and relate to third party produced products available for resale. Inventories are net of a provision for obsolescence of €2,225 (2021: €794). In 2022 nil (2021: nil) was written-off.



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10. *Receivables*

Receivables can be specified as follows:

	<i>31 Dec. 2022</i>	<i>31 Dec. 2021</i>
	€'000	€'000
Trade debtors	41,500	45,627
Accrued income	14,529	16,183
Deferred costs	11,073	6,928
Prepaid expenses	4,466	7,228
Valued added tax	-	3
Corporate income tax	169	2,462
Receivables on directors and shareholders	-	216
Other receivables	479	1,653
	72,216	80,300

The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognised, where necessary. Trade debtors are shown net of a provision for doubtful debtors of €704 (2021: €405).

Accrued income relates to unbilled receivables, invoiced subsequent to year-end.

Deferred costs relate to projects in progress and service contracts at year-end. Related expenses are recognized as costs within one year.

Receivables on directors and shareholders accrue interest of 4% per annum. All amounts are due within one year, except the receivables on directors and shareholders, which have terms between 1 and 5 years. The loan due from directors was repaid during the year.

Other receivables include an interest rate cap entered into during 2022. The financial instrument is accounted for at fair market value at €233. The term of the cap runs through 31 December 2024.

11. *Cash and cash equivalents*

Cash and cash equivalents represent cash at banks and are at free disposal of the Group.

12. *Group equity*

The shareholders' equity is detailed in the notes to the Company stand-alone financial statements.



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13. Provisions

Provisions relate to deferred tax liabilities. The movements in deferred tax liabilities are as follows:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	€'000	€'000
Balance at 1 January	2,181	2,973
Reclass	-	(449)
Netting with DTA	(971)	-
Release	(1,060)	(578)
Currency translation effect	(12)	235
Balance at 31 December	<u>138</u>	<u>2,181</u>

Deferred tax liabilities are recognised for the taxable temporary differences between the tax base and the accounting base of (in) tangible fixed assets, mainly for customer relations acquired.

Deferred tax assets and deferred tax liabilities within the same tax jurisdiction are presented net. Consequently, deferred tax assets amounting to €971 (2021: €-) are presented with a related deferred tax liability €971 (2021: €-).

An amount of €68 (2021: €1,063) of the deferred tax liabilities has a maturity of longer than one year.

14. Non-current liabilities

	<u>Debts to lending institutions</u>	<u>Financial lease obligations</u>	<u>Total</u>
	€'000	€'000	€'000
Balance at 1 January 2022	68,378	10	68,388
Movements			
Repayments	-	(9)	(9)
Fee amortisation	343	-	343
Interest in-kind	1,043	-	1,043
Currency translation	(487)	-	(487)
Total movements	899	(9)	890
Balance at 31 December 2022	<u>69,277</u>	<u>1</u>	<u>69,278</u>
Due within one year	€0 (2021: €0)	€1 (2021: €10)	€1 (2021: €10)

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, amount to €1 (2021: €10). Debts to lending institutions are denominated in euros, except British pound denominated loans of £9,309 (€10,513) (2021: £9,171; €10,924).



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Debts to lending institutions

Following to the acquisition of AVMI Group Ltd. on 28 May 2020, the Group refinanced its existing credit facility, with a Senior Facility with funds advised by a third-party finance provider, under which the Group borrowed €55,300, consisting of an €45,000 term loan and an £8,955 (€10,300) term loan. The maturity date of this facility is between 1 to 5 years, in May 2027. Refer to note 17.1 regarding debts and facilities related information.

Loans are net of finance fees of €1,466 (2021: €1,871). The financing fees were paid in light of newly obtained external financing during the year, which is subsequently amortised to other financial expenses over the initial seven-year term of the financing agreement.

During the year the Group obtained additional funding from the third-party finance provider at same terms and conditions as the existing term loans. The funding received included €293 finance arrangement fees.

The senior facility agreement requires the Group to report on an adjusted net income before charges for tax, financial income and expenses, depreciation and amortisation and minimum liquidity. The covenant per 31 December 2022, 31 March 2023 and 30 June 2023 were waived, while the relevant covenants for periods up to the date of signing the financial statements have been complied with.

Financial lease obligations

Financial lease obligations mature within one year to the extent of €1 (2021: €10). Repayment is done in monthly instalments including interest. The obligations bear interest at 5%. No securities were granted.

15. Current borrowings

Balance relates to the amounts drawn under the €10,000 ancillary credit facility.

16. Other current liabilities

Other current liabilities can be specified as follows:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	€'000	€'000
Trade creditors	30,447	27,778
Deferred income	57,471	56,371
Accruals	13,718	14,242
Valued added tax	6,701	6,488
Wage tax	2,759	2,485
Pension	141	174
Corporate income tax	197	1,107
Other payables	538	713
	<u>111,972</u>	<u>109,358</u>

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Deferred income relates to projects, service contracts and cloud hosting service which are billed (partly) in advance. The majority of the deferred income will be recognised as income within one year.

Accruals generally relate to project related costs, for which no invoice was received at year-end. The liabilities are settled within one year.



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17. *Assets and liabilities not recognised in balance sheet*

17.1. *Financing facilities*

Following to the acquisition of AVMI Group Ltd. at 28 May 2020, the Group refinanced its existing credit facility, with a Senior Facility with funds advised by a third-party finance provider, under which it originally borrowed €55,300, consisting of an €45,000 term loan and an £8,955 (€10,300) term loan. The related interest rates vary between 8.50% and 9.69% (2021: 8.50% and 8.65%) during the year. During 2021 the Group obtained additional funding €12,800 from the third-party finance provider at same terms and conditions as the existing term loans. The maturity date of the term loans is 27 May 2027.

In addition, the existing facility with a principal Dutch bank was converted in an €10,000 ancillary facility with a maturity date of 27 May 2027. At year-end 2022 €9,163 (2021 €9,775) was drawn under the ancillary facility. The interest during 2022 varied from 2.75% - 3.94% (2021: 2.75%).

The Company's subsidiary Tree Holding B.V., and the majority of its subsidiaries are severally and jointly liable to the lending institutions. Pledges on the shares and tangible fixed assets, inventory and receivables of the main operating companies as well as Tree Holding B.V. are provided as security.

Furthermore, an overdraft facility exists with the Norwegian subsidiaries. The maximum of the overdraft facility for the Norwegian subsidiaries amounts to approximately €2,373 per 31 December 2022 (2021: €2,500). At year-end 2022 the overdraft was not used (2021: not used). Pledges on tangible assets, trade debtors and inventories serve as security. The debit interest is NIBOR 3M+2.4% and amounted to 4.5% in 2022 (2021: 3.00%) on average and the credit interest amounts to NIBOR 3M +0.25% or 0.85% on average in 2022 (2020: 0.85%).

17.2. *Performance fee agreement*

The Company has entered into a performance fee agreement with a third party that is based on the equity value of the Company. If an exit happens before 31 December 2024, the third party will be awarded in cash, based on a percentage of the equity value at the moment of exit. If no exit event has occurred by that date, Kinly will sell to the third-party depository receipts on the Company's shares for a predetermined percentage of the performance fee earned. And if no exit event has taken place by 31 December 2026, the Company is required to purchase and pay in cash for the depository rights held by the third party at the equity value at that time.

The Company's equity value as of the reporting date has been estimated using an internal valuation model. At 31 December 2022, the fair value of the performance fee obligation towards the third party is negligible.

17.3. *Conditional assets and obligations*

In 2022 the Company has provided bank guarantees amounting to €1,203 (2021: €1,222) relating to office rent contracts.



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17.4. Operational leasing

The obligations from operational leases at the end of the reporting period can be specified as follows:

	31 Dec 2022	31 Dec 2021
	€'000	€'000
Within one year	2,461	2,327
Between one and five years	4,483	4,632
After five years	133	175
	<u>7,077</u>	<u>7,134</u>

During the financial period an amount of €2,723 (2021: €2,650) was recognised in the income statement with respect to operating lease payments. The Group has no sub-lease agreements for buildings in place.

17.5. Fiscal unities

Netherlands

For Dutch corporate income tax purposes, the Company is part of a fiscal unity. Pursuant to the Dutch corporate income tax law, the Company and its Dutch subsidiaries included in the fiscal unity are both severally and jointly liable for the tax payable by the combination.

In the financial statements of subsidiaries, tax expenses are calculated on the basis of the commercial result realised by these subsidiaries. The Company and included subsidiaries settle these expenses through their intercompany (current) accounts.

For Dutch value-add tax purposes, Kinly Top Holding B.V., Kinly Holding B.V. and Kinly Benelux B.V. form a fiscal unity. Pursuant to the Dutch value-add tax law, the entities included in the fiscal unity are both severally and jointly liable for the tax payable by the combination.

United Kingdom

For UK valued-added and corporate income tax purposes Kinly Bidco Ltd. and its UK based subsidiaries form a fiscal unity. Pursuant to UK tax law, Kinly Bidco Ltd. and its UK subsidiaries included in the fiscal unity are both severally and jointly liable for the tax payable by the combination.

Norway

For Norwegian value-add tax purposes Kinly Holding AS and Kinly AS form a fiscal unity. Pursuant to Norwegian value-add tax law, the entities included in the fiscal unity are both severally and jointly liable for the tax payable by the combination.



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Notes to the consolidated income statement

18. Net turnover

The breakdown of revenue by region is as follows:

	2022	2021
	€'000	€'000
The Netherlands	42,718	40,558
Other EU countries	3,009	8,895
Other European countries	156,674	143,811
Other countries	57,594	50,683
	<u>259,995</u>	<u>243,947</u>

The breakdown of revenue by category is as follows:

	2022	2021
	€'000	€'000
Hardware and software	134,000	122,418
Professional services	43,732	44,809
Service contracts	38,896	35,655
Cloud	17,220	19,795
Managed-on-site	19,961	15,803
Rental and other	6,186	5,467
	<u>259,995</u>	<u>243,947</u>

19. Other income

In the fourth quarter of 2021, the Group sold its video cloud related assets in Netherlands and Norway to a third party, subject to closing terms and conditions. As part of the transaction, a small number of employees transferred to the third party as well. The deal closed successfully in February 2022, causing the recognition of the income on the transactions to be recognised in 2022. The income of €6,062 (2021: nil) is presented net of directly attributable legal fees.

20. Cost of subcontracted work and other external charges

Cost of subcontracted work and other external charges relate to third party costs of goods and software, including licenses, sold and costs relating to third party contractors used in hardware installation and service contract related activities.

21. Employee related disclosures

Pensions

The 2022 pension contribution charged to the profit and loss account amounts to €1,409 (2021: €1,843). The Group has pension plans for the majority of its personnel. No pension plan exists for US employees. The main characteristics of the plans are as follows.



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Dutch Pension plan

The Group has concluded a pension plan with an insurance company for its Dutch personnel. The pensionable salary is capped at €115 (2021: €108). This plan is a defined contribution plan. The accrual of the intended pension entitlements is always fully funded in the related calendar year through contribution payments. The capital available for the purchase of a pension equals the investment value as at pension date. The return on the contribution payments has not been guaranteed.

Norwegian Pension plan

The Group has concluded a pension plan with an insurance company for its Norwegian personnel. This plan is a defined contribution plan. The accrual of the intended pension entitlements is always fully funded in the related calendar year through contribution payments. The capital available for the purchase of a pension equals the investment value as at pension date. The return on the contribution payments has not been guaranteed.

UK Pension plan

The Group has concluded a pension plan with an insurance company for its personnel in the United Kingdom. This plan is a defined contribution plan. The accrual of the intended pension entitlements is always fully funded in the related calendar year through contribution payments. The capital available for the purchase of a pension equals the investment value as at pension date. The return on the contribution payments has not been guaranteed.

Remuneration of the board

The board of Directors of the Company consists of 2 members (2021: 2). The supervisory board consists of 3 members (2021: 4), who in total received €115 as remuneration (2021: €113).

The following remuneration was received by the board of directors.

	<i>2022</i>	<i>2021</i>
	<i>€'000</i>	<i>€'000</i>
Wages and salaries	601	817
Social security charges	60	21
Pension contributions	21	19
Other employee costs	17	20
	<hr/> 699	<hr/> 877

Number of employees

Per 31 December 2022 1,058 (2021: 1,188) employees were employed on a full-time basis, of which, 883 (2021: 980) outside the Netherlands. Average number of employees were as follows:

	<i>2022</i>	<i>2021</i>
Direct	791	753
Sales	128	138
Other	144	104
	<hr/> 1,063	<hr/> 995



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Management incentive plan

The Company, through its indirect subsidiary Kinly Holding B.V., has entered into management incentive agreements with several key management members of the Company or its (in)direct subsidiaries.

The cash incentive is dependent two performance related conditions (the occurrence of an exit event through sale or listing of the Company and the employment of the eligible employees at the moment of an exit) and on one price related conditions: the equity value at the moment of exit.

At balance sheet date, the performance related conditions have not been met (unconditionally), as such no liability has been recorded.

22. Other operating expenses

	<u>2022</u>	<u>2021</u>
	€'000	€'000
Other employee expenses	2,441	3,896
Office and facility expenses	4,543	3,494
ICT expenses	4,996	4,271
Selling expense	575	627
Car expenses	819	1,880
General expenses	13,180	7,370
	<u>26,554</u>	<u>21,538</u>

Government subsidies

The Group has not recognised a government subsidy with regard to research and development ('WBSO') in The Netherlands (2021: €48). In the UK, the Group, received government furlough contributions of nil (2021: €1,855) in light of COVID-19 UK measures. In Norway, the Group received nil (2021: €113) government grants with regard to an innovation scheme. The subsidies have been deducted from other employee expenses.



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Audit fees

The following audit fees were expensed in the income statement in the reporting period:

2022	<i>Mazars</i>	<i>Other Mazars</i>	<i>Other firms</i>	<i>Total fees</i>
	<i>Accountants</i>	<i>network</i>		
	€'000	€'000	€'000	€'000
Audit of the financial statements	350	349	9	708
Other audit services	15	12	-	27
Tax services and other non-audit services	-	4	1	5
	365	365	10	740

2021	<i>Mazars</i>	<i>Other Mazars</i>	<i>Other firms</i>	<i>Total fees</i>
	<i>Accountants</i>	<i>network</i>		
	€'000	€'000	€'000	€'000
Audit of the financial statements	165	304	46	515
Other audit services	15	56	1	72
	180	360	47	587

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The audit fee for the Netherlands amounts to €350 (2021: €165). The audit fees relate to the audit of the financial statements for year ended 31 December 2022 and 2021, respectively.

23. Financial income and expense

	2022	2021
	€'000	€'000
Interest and similar income	43	39
Interest and similar expenses	(6,364)	(5,644)
Interest and similar income – to related parties	2	6
Interest and similar expenses – to related parties	-	(74)
Other financial income and expense	(1,091)	(1,206)
Foreign exchange results	(1,729)	2,022
	(9,139)	(4,857)

An amount of €1,043 (2021: €981) of interest expenses is capitalised as part of the principal amounts of third-party loans, while nil (2021: €68) was capitalised as part of the principal amounts of loans from and to related parties.



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24. Tax on result

The tax on the result can be specified as follows:

	2022	2021
	€'000	€'000
Profit / (loss) before tax	(27,119)	(14,098)
Deferred corporate income tax	2,752	1,218
Corporate income tax current financial year	(900)	348
Tax on result (charge)/income	1,852	1,566
Effective tax rate	-6.8%	-11.1%
Applicable tax rate	21.2%	21.4%

The applicable tax rate is based on the proportion of the contribution to the result by the group entities and the tax rate applicable in the respective countries.

The effective tax rate mainly deviates from the applicable tax rate as a result of permanent differences. Differences between commercial (accounting) profit and taxable profit arise as a result of, amongst others, non-deductible amortization of goodwill and other intangible assets.

Carry forward loss not recognized of €4,199 can be carried forward indefinite and are currently not recognized as a deferred tax asset based on management assessment of future profitability of the underlying activities.

	2022	2021
	€'000	€'000
Loss before tax	(27,119)	(14,098)
<i>Net tax impact:</i>		
Corporate income tax based on applicable rates in The Netherlands	6,997	3,554
Rate differences	(1,235)	(500)
Permanents differences		
Amortization of goodwill – not deductible in respective countries	(3,358)	(3,197)
Tax exempt items, net	(712)	1,502
Temporary differences		
Carry forward losses not recognized	(1,704)	-
Temporary differences	44	(135)
Additional carry forward losses recognized	1,834	203
Other	(13)	139
Tax benefit on result	1,852	1,566



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Other notes

25. *Related party disclosure*

There were no related party transactions in the reporting period which were not executed at normal market conditions.

For further information about the remuneration of directors, reference is made to note 21.

Through Stichting Administratiekantoor Kinly, the board of directors, former shareholders and selected employees hold 1.50% of the outstanding shares of the Company at 31 December 2022 (2021: 5.0%).

26. *Research and development costs*

Research and development costs are recognised in the income statement for an amount of nil (2021: nil).

27. *Events after balance sheet date*

The Group has successfully renegotiated the covenants in August 2023 with respect to its liabilities towards lending institutions whereby waivers of covenant breaches have been obtained for the respective periods in 2022 and Q1 2023 (refer to note 1.6).



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Company financial statements



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Balance sheet at 31 December 2022

(Before appropriation of result)

Assets	Note	31 December 2022		31 December 2021	
		€'000	€'000	€'000	€'000
<i>Financial fixed assets</i>	29.		-		15,132
<i>Current assets</i>	30.		<u>106</u>		<u>77</u>
			<u>106</u>		<u>15,209</u>
<i>Equity</i>	31.				
Share capital	31.1.		29		29
Share premium	31.1.		44,958		45,326
Currency translation reserve	31.2.		1,020		1,524
Other legal reserves	31.3.		-		624
Retained earnings	31.4.		(31,879)		(19,773)
Result for the period	31.5.		(14,715)		(12,730)
			<u>(587)</u>		<u>15,000</u>
<i>Non-current liabilities</i>	32.		-		-
<i>Current liabilities</i>	33.		<u>693</u>		<u>209</u>
			<u>106</u>		<u>15,209</u>



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Income statement for the year ended 31 December 2022

	<i>2022</i>	<i>2021</i>
	€'000	€'000
Share of result of participations	(14,630)	(12,672)
Other income and expenses after tax	(85)	(58)
<i>Result after taxation</i>	(14,715)	(12,730)



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Notes to the company balance sheet and income statement

28. General note

28.1. General

The Company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the Company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 3.3.1 to the consolidated financial statements.

For the accounting policies of the Company's balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.



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29. Financial fixed assets

Movements in financial assets can be broken down as follows:

	<i>Participations</i>	<i>Loans to participations</i>	<i>Total</i>
	€'000	€'000	€'000
Balance as at 1 January 2022	15,132	-	15,132
Result for the period	(14,630)	-	(14,630)
Currency translation effect	(502)	-	(502)
Balance as at 31 December 2022	-	-	-

	<i>Participations</i>	<i>Loans to participations</i>	<i>Total</i>
	€'000	€'000	€'000
Balance as at 1 January 2021	36,756	2,939	39,695
Result for the period	(12,672)	-	(12,672)
Dividend	(10,000)	-	(10,000)
Paid-in kind interest	-	74	74
Repayments	-	(3,013)	(3,013)
Currency translation effect	1,048	-	1,048
Balance as at 31 December 2021	15,132	-	15,132

Participations:

The Company holds 100% of the issued share capital of Kinly Tree Holding B.V., Breda, the Netherlands.

Kinly Tree Holding B.V. has an equity of €0, as its sole asset, the participation in Kinly Holding B.V., has a negative equity. In accordance with the accounting policies, Kinly Tree Holding B.V. does not value its subsidiary at lower than nil, nor does Kinly Tree Holding B.V. book a provision as it is not probable that it needs to provide financial support to Kinly Holding B.V. to meet its obligations at balance sheet date, causing Kinly Tree Holding B.V.'s equity to be nil as well.

The Company does not book a provision as it is not probable that it needs to provide financial support to Kinly Tree Holding B.V. to meet its obligations at balance sheet date.

Loans to participations:

In May 2021, the loan was repaid in full by Kinly Holding B.V. In turn, the Company repaid the loan to the former MK2 shareholders.

30. Current assets

Current assets relate to receivables on Kinly Holding B.V. The fair value of the accounts receivable approximates the carrying amount, given the current character of the receivables.



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31. Equity

	Share capital (31.1)	Share premium (31.1)	Currency translation reserve (31.2)	Other legal reserves (31.3)	Retained earnings (31.4)	Result for the period (31.5)	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2022	29	45,326	1,524	624	(19,773)	(12,730)	15,000
Movements							
Share buy back	-	(368)	-	-	-	-	(368)
Appropriation of result last book year	-	-	-	-	(12,730)	12,730	-
Result for financial year	-	-	(504)	(624)	624	(14,715)	(15,219)
Balance at 31 December 2022	29	44,958	1,020	-	(31,879)	(14,715)	(587)

	Share capital (31.1)	Share premium (31.1)	Currency translation reserve (31.2)	Other legal reserves (31.3)	Retained earnings (31.4)	Result for the period (31.5)	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2021	29	45,326	475	1,017	(11,683)	1,556	36,720
Movements							
Appropriation of result last book year	-	-	-	-	1,556	(1,556)	-
Result for financial year	-	-	-	-	-	(12,730)	(12,730)
Dividend paid	-	-	-	-	(10,039)	-	(10,039)
Legal reserve	-	-	-	(393)	393	-	-
Currency translation	-	-	1,049	-	-	-	1,049
Balance at 31 December 2021	29	45,326	1,524	624	(19,773)	(12,730)	15,000

The equity value of the Company deviates from the group equity and result as subsidiaries with a negative shareholders' equity are valued at nil as the Company is currently not held liable for any liabilities at the level of its subsidiary.



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The reconciliation between consolidated equity and result and the company equity and result can be specified as follows for the book year 2022:

	<i>Equity</i>	<i>Result</i>
	€'000	€'000
Consolidated	(25,490)	(25,267)
Impact subsidiaries not valued lower than nihil beginning of book year	14,796	-
Change in equity value subsidiaries with negative equity in book year	10,107	10,552
Company only	(587)	(14,715)

The reconciliation between consolidated equity and result and the company equity and result can be specified as follows for the book year 2021:

	<i>Equity</i>	<i>Result</i>
	€'000	€'000
Consolidated	204	(12,532)
Impact subsidiaries not valued lower than nihil beginning of book year	14,978	-
Change in equity value subsidiaries with negative equity in book year	(182)	(198)
Company only	15,000	(12,730)

31.1. Share capital and share premium

The authorised share capital of the Company consists of ordinary shares with a nominal value of €0.01 each and preferred shares with a nominal value of €0.01 each. At the incorporation of the Company an amount of €20,503 has been paid as share premium by the equity holders. Upon the issuance of new shares during 2020 an additional share premium has been recognized of €24,823. During 2021, the Company issued 29,534 shares and bought back (and subsequently cancelled) 28,002 shares in separate transactions. The buyback of shares transactions resulted in a dividend of €39.

During 2022, the Company bought back depository rights on ordinary and preferred shares. The amount has been deducted from the share premium reserve.

Issued share capital amounts to €29 (2021: €29) and consists of 1,462,695 (2021: 1,462,695) ordinary shares and 1,462,695 (2021: 1,462,695) preferred shares. All shares are fully paid-up.

31.2. Currency translation reserve

The currency translation reserve is recognised in connection with participations denominated in foreign currencies and long-term loans not denominated in euro.

	<i>2022</i>	<i>2021</i>
	€'000	€'000
Balance as at beginning of period	1,524	475
Change for the period	(504)	1,049
Balance as at end period	1,020	1,524



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31.3. *Other legal reserves*

The reserves are recognised in connection with the capitalized development costs. As the capitalized development costs are nil per 31 December 2022, the reserves are allocated to retained earnings per 31 December 2022.

31.4. *Retained earnings*

	2022	20201
	€'000	€'000
Balance as at beginning of period	(19,773)	(11,683)
Allocation from other legal reserves	624	393
Dividend paid	-	(10,039)
Prior year result appropriation	(12,730)	1,556
Balance as at end period	<u>(31,879)</u>	<u>(19,773)</u>

31.5. *Result for the period*

The board of directors proposes to add the result for the period to Retained Earnings. The financial statements do not yet reflect this proposal.

32. *Non-current liabilities*

Non-current liabilities relate to the loan granted by former MK2 Groep B.V. shareholders during 2018 and 2019 as described in note 15. The loan was repaid in full during the year 2021.

33. *Current liabilities*

Current liabilities relate to payables to group companies of €693 (2021: €209). Current liabilities have a remaining term to maturity of less than one year. The fair value of current liabilities approximates the carrying amount, because of their short-term character. No interest is charged on the payables to group companies.

34. *Contingent liabilities*

Fiscal unity

For corporate income tax purposes, the Company, Kinly Tree Holding B.V., Kinly Holding B.V. and Kinly Benelux B.V. form a fiscal unity. Pursuant to the Dutch Corporate Income Tax Act, the Company and its subsidiaries are both severally and jointly liable for the tax payable by the combination.

In the financial statements of subsidiaries, tax expenses are calculated on the basis of the commercial result realised by these subsidiaries. The Company, and included subsidiaries settle these expenses through their intercompany (current) accounts.

35. *Average number of employees*

During 2022 and at the end of the reporting period no (2021: nil) employees were employed by the Company.



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36. Audit fees

For more detailed information about the audit fees, reference is made to note 22 in the consolidated financial statements.

37. Board of directors

On 22 December 2022, F.B. Pengel was appointed to the board of directors, O. Krap resigned on the same date. On 28 Augustus 2023, M.J.N. van den Broek is appointed to the board of directors, F.B. Pengel resigned on the same date.

On 30 November 2023 E.M.I. Jeffries-Boezeman is appointed to the supervisory board of directors, M.W.G. Verhoog resigned on the same date. On 18 September 2023 P. Schoehuijs is appointed to the supervisory board of directors. R.G.J. Alves and T. Rinsema resigned on 22 September 2022 and 19 January 2023, respectively.

38. Events after balance sheet date

For the disclosure of the events after balance sheet date reference is made to note 27 in the consolidated financial statements.



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Signing of the financial statements

Breda, 28 December 2023

Board of directors,

T.M.M. Martin
CEO

M.J.N. van den Broek
CFO

Board of supervisory directors,

DocuSigned by:

E7E5066798D7474...

S.P. Zandhuis
Chairman

DocuSigned by:

D51C55E167784B5...

E.M.I. Jeffries-Boezeman
Member

P. Schoehuijs
Member



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Other information



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Other information

Independent auditors' report

Early December 2023, while Mazars Accountants N.V. was in the process of finalizing their 2022 audit, questions arose within the board of directors with respect to certain balance sheet positions in one of the Company's (indirect) subsidiaries, as per 31 October 2023, and as per 31 December 2022. The internal review was finalized in December 2023, and the related bookings are included in these financial statements. The board of directors expects the auditor to finalize the audit, including these late bookings, early 2024.

Articles of association governing profit appropriation

Article 17 of the articles of association states the following regarding profit appropriation:

The articles of association show that the annual profit accrued in a financial year is at the free disposal of the general meeting.