Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	986 455 213
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	BRADY ENERGY NORWAY AS
Forretningsadresse:	Storgata 2A 1767 HALDEN

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Andrew Wolley
Dato for fastsettelse av årsregnskapet:	11.07.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 25.08.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sales revenue	5	82 252 944	82 431 186
Sales revenue from Group companies	5	21 580 322	27 432 478
Sum inntekter		**103 833 266**	**109 863 664**
Kostnader			
Cost of sales		4 665 984	851 473
Lønnskostnad		30 321 967	34 870 403
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	3 316 414	2 408 928
Other operation expenses		652 272	7 308 965
Other operation expenses group companies	8	62 059 091	59 217 526
Sum kostnader		**101 015 728**	**104 657 295**
Driftsresultat		**2 817 538**	**5 206 369**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	22	2 799 977	2 382 416
Annen renteinntekt	11	5 336	17 417
Annen finansinntekt		0	389 875
Sum finansinntekter		**2 805 313**	**2 789 708**
Annen finanskostnad	11	435 351	371 625
Sum finanskostnader		**435 351**	**371 625**
Netto finans		**2 369 962**	**2 418 083**
Ordinært resultat før skattekostnad		**5 187 500**	**7 624 452**
Skattekostnad på ordinært resultat	12	2 460 642	2 733 763
Ordinært resultat etter skattekostnad		**2 726 858**	**4 890 689**
Årsresultat		**2 726 858**	**4 890 689**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	13	939 513	1 915 062
Utsatt skattefordel	12	454 197	639 986
Sum immaterielle eiendeler		**1 393 710**	**2 555 048**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	14	522 866	931 099
Right of use assests	15	6 465 545	3 974 620
Sum varige driftsmidler		**6 988 411**	**4 905 719**
Finansielle anleggsmidler			
Investering i datterselskap	16	1	6
Sum finansielle anleggsmidler		**1**	**6**
Sum anleggsmidler		**8 382 122**	**7 460 773**
Omløpsmidler			
Varer			
Fordringer			
Account Receivables	17	13 660 123	9 143 854
Contract assets	17/5	795 908	165 611
Other current receivables	17	848 353	401 974
Corporation Tax receivable	17/12	3 367 573	
Konsernfordringer	17/22	90 835 208	53 920 391
Sum fordringer		**109 507 165**	**63 631 830**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	18	17 831 485	18 937 496
Sum bankinnskudd, kontanter og lignende		**17 831 485**	**18 937 496**
Sum omløpsmidler		**127 338 650**	**82 569 326**
SUM EIENDELER		**135 720 772**	**90 030 099**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	1 556 192	1 556 192
Overkurs	19	28 075 911	28 075 911
Sum innskutt egenkapital		**29 632 103**	**29 632 103**
Opptjent egenkapital			
Annen egenkapital		22 599 286	19 872 428
Sum opptjent egenkapital		**22 599 286**	**19 872 428**
Sum egenkapital		**52 231 389**	**49 504 531**
Gjeld			
Langsiktig gjeld			
Leasing Liabilities	15	4 920 002	2 636 317
Sum avsetninger for forpliktelser		**4 920 002**	**2 636 317**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**4 920 002**	**2 636 317**
Kortsiktig gjeld			
Leverandørgjeld	21	355 293	236 426
Betalbar skatt	12	2 333 179	1 267 774
Skyldige offentlige avgifter	21	4 401 617	5 319 585
Kortsiktig konserngjeld	22	40 346 619	
Contract liabilities	5	24 999 269	23 593 213
Lease liabilities	15	1 830 271	1 679 607
Other current liabilities	21	4 303 133	5 792 646
Sum kortsiktig gjeld		**78 569 381**	**37 889 251**
Sum gjeld		**83 489 383**	**40 525 568**
SUM EGENKAPITAL OG GJELD		**135 720 772**	**90 030 099**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 944034

Enheten
Organisasjonsnummer: 986 455 213
Organisasjonsform: Aksjeselskap
Foretaksnavn: BRADY ENERGY NORWAY AS
Forretningsadresse: Storgata 2A
1767 HALDEN

Regnskapsår
Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern
Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler
Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ
Bekreftet av representant for selskapet: Andrew Wolley
Dato for fastsettelse av årsregnskapet: 11.07.2022

Revisjon
Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører: Ja

Grunnlag for avgivelse
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Brønnøysundregistrene, 23.11.2022

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

RESULTATREGNSKAP

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BRADY ENERGY NORWAY AS

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BALANSE - EGENKAPITAL OG GJELD

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Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
6

Antall årsverk i regnskapsåret
32.00

Note
6

Spesifisering av resultatregnskapet

Lønnkostnader

Lønn	Årets	Fjorårets
	25127012.00	28084886.00

Folketrygdavgift	Årets	Fjorårets
	3255978.00	3536728.00

Pensjonskostnader	Årets	Fjorårets
	2817802.00	3132536.00

Andre ytelser	Årets	Fjorårets
	878825.00	116252.00

Note

Ekstraordinære inntekter og kostnader

Ekstraordinære kostnader	Beløp
Restructuring costs to streamline operations	652272.00

Sum	Beløp
	652272.00

Mer om ekstraordinære inntekter og kostnader

Note
14

Varige driftsmidler og immaterielle eiendeler

Anskaffelseskost 01.01.	Varige driftsmidler	Immaterielle eiend.

3192242.00

Tilgang i året	Varige driftsmidler	Immaterielle eiend.
	870933.00	

Avgang i året	Varige driftsmidler	Immaterielle eiend.
	-2116316.00	

Anskaffelseskost 31.12.	Varige driftsmidler	Immaterielle eiend.
	1946859.00	

Samlede av-/nedskrivn.	Varige driftsmidler	Immaterielle eiend.
	-1423993.00	

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.
	522866.00	

Årets av-/nedskrivn.	Varige driftsmidler	Immaterielle eiend.
	-799942.00	

Økonomisk levetid		Immaterielle eiend.
		3-5 years

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Note
16

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden

Investering	Inng.balanse	Inntektsf.res	Andre endr.	Utg. balanse
Brady Energy UK	1.00			1.00
Brady Energy Canada	5.00		-5.00	0.00

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	90835208.00	53791997.00

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Kortsiktig gjeld

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	40346619.00	

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Note
15

Gjeld

Gjeld som forfaller til betaling mer enn fem år etter regnskapsårets slutt
736986.00

Gjeld sikret ved pant eller lignende sikkerhet i eiendeler

Balanseført verdi av de pantsatte eiendeler

Summen av garantiforpliktelser som ikke er regnskapsført

Garantiforpliktelser som er sikret ved pant

Mer om gjeld

Brady Energy Norway AS

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2021

Contents

Contents

Company information

Registered office	Storgata 2A N-1767 Halden Norway
Board of Directors	Andrew Woolley Per-Herman Alexander Puck
Auditor	Ernst and Young LLP, Dronning Eufemias gate 6A 0191 Oslo Norway

Directors' report

The Directors present their Directors' Report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

Brady Energy Norway AS (the "Company") develop, sell and implement software solutions for physical trade in energy, financial trading in energy and clearing systems for energy exchanges. The Company also provides consultancy services within the same markets.

Directors

The Directors who served the Company during the year and to the date of this report, except as stated otherwise, were as follows:

Andrew Woolley (appointed 10 June 2021)

Carmen Christine Carey (resigned 10 June 2021)

Rebecca Anne Roberts (resigned 10 June 2021)

Per-Herman Alexander Puck

Financial performance and position

The Company earned revenues of NOK 104 million (2020: NOK 110 million) and made an operating profit of NOK 2.8 million (2020: NOK 5.2 million).

At 31 December 2021, the Company has net assets of NOK 52 million (2020: NOK 50 million). Excluding intercompany balances and contract liabilities, the Company had net current assets of NOK 24 million (2020: NOK 14 million).

During the year, the Company had net cash outflows of NOK 1.0 million (2020: NOK 1.7 million outflow).

The Directors are satisfied with the financial performance and position of the Company.

Research and development

The Company continues to invest in research and development. During the year, the Company spent NOK 12.9 million (2020: NOK 17.2 million) on research and development of its products.

Allocation of results and dividends

The Directors propose to allocate the total profit for the year of NOK 2.7 million to equity. The Directors do not propose a dividend.

Financial risk management objectives and policies

The Company's activities entail various types of financial risk: currency risk, credit risk, interest rate risk and liquidity risk. The Company has not used financial derivatives to hedge against risk.

Risk	Explanation	Mitigation
Credit risk	The Company's principal financial assets are cash, trade receivables and amounts owed by group undertakings. The principal credit risk lies with trade receivables.	In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history. Credit risk is limited as a significant proportion of the Company's revenues are prepaid (predominantly subscriptions and maintenance).
Currency risk	The Company operates internationally and is exposed to currency risk in several currencies. The currency risk arises when assets or liabilities are nominated in a currency that is not the functional currency of the entity.	The parent company hedges consolidated foreign exchange exposure.
Interest rate risk	The company does not have loans or loans at floating interest rates.	The company's assets, liabilities and cash flow are therefore mainly independent of changes in the market rate. Loans to parent, sister and subsidiary companies are interest-only based on market rate.
Liquidity risk	Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due.	The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances to determine headroom or any shortfalls.

Going concern

The Company made a profit before tax in the year ended 31 December 2021 of NOK 5.2 million and had net assets of 52 million at 31 December 2021. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 October 2023. The

Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company. In assessing the cash flows, the Directors' have applied sensitivities to assumptions in revenue and cost base.

Based on the Directors' assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Work environment

Accidents and injuries

No accidents, injuries or damage to property occurred in 2021 (2020: none).

Sick leave

Absence due to illness was 2.0% in 2021 (2020: 3.4%).

Equality and discrimination

The company strives to promote equality, ensure equal opportunities and rights and to prevent discrimination on the grounds of ethnicity, national origin, descent, skin colour, language, religion and belief.

As at 31 December 21, 72% of the Company's employees identified as male and 28% as female (2020: 71% male, 29% female).

The Directors of the company consist of 1 owner representative and 1 employee representative.

The Company aims to be a workplace where there is no discrimination due to differences and has employees with different ethnic backgrounds and nationalities.

Events after the reporting period

Information can be found in note 0.

Future developments

The Company continues to support all its customers through the development and expansion of its products and relationships. It is well placed to deliver the requirements demanded by its customers and the marketplace in which they operate.

Insurance

The Company has entered into qualifying third-party indemnity arrangements for the benefit of the Company and its Directors. The arrangements were in force throughout the year and remain in force.

By order of the Board, 7 November 2022

DocuSigned by: Andrew Woolley C6A696DF5238484...	DocuSigned by: Per-Herman Puck 15F8FADBA1764B0...
Andrew Woolley	Per-Herman Puck

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 NOK	2020 NOK
Revenue	5	103,833,266	109,863,664
Cost of sales		(11,629,833)	(12,183,002)
Gross profit		**92,203,433**	**97,680,662**
Operating expenses	8	(89,385,895)	(92,474,292)
Operating profit		**2,817,538**	**5,206,370**
Interest income from group companies	22	2,799,977	2,382,416
Other financial income	11	5,336	407,292
Other financial costs	11	(435,351)	(371,625)
Profit before tax		**5,187,500**	**7,624,453**
Income tax expense	12	(2,460,642)	(2,733,763)
Profit and total comprehensive income for the year		**2,726,858**	**4,890,690**

All the activities of the Company in the current and prior years are classed as continuing.

The Company has no recognised gains or losses other than the profit for the current and preceding years as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2021

	Notes	2021 NOK	2020 NOK
Assets			
Non-current assets			
Capitalised development	13	939,513	1,915,062
Deferred tax assets	12	454,197	639,986
Property, plant and equipment	14	522,866	931,099
Right of use assets	15	6,465,545	3,974,620
Investments	16	1	6
Total non-current assets		**8,382,122**	**7,460,773**
Current assets			
Trade and other receivables	17	109,507,165	63,631,831
Cash and cash equivalents	18	17,831,485	18,937,496
Total current assets		**127,338,650**	**82,569,327**
Total assets		**135,720,772**	**90,030,100**
Equity attributable to the owners of the parent company			
Share capital	19	1,556,192	1,556,192
Share premium	19	28,075,911	28,075,911
Retained earnings		22,599,286	19,872,428
Total equity		**52,231,389**	**49,504,531**
Liabilities			
Non-current liabilities			
Lease liabilities	15	4,920,002	2,636,317
Total non-current liabilities		**4,920,002**	**2,636,317**
Current liabilities			
Trade and other payables	21	45,005,045	6,029,073
Corporation tax payable	12	2,333,179	1,267,774
Other taxation payable		4,401,617	5,319,585
Contract liabilities	5	24,999,269	23,593,213
Lease liabilities	15	1,830,271	1,679,607
Total current liabilities		**78,569,381**	**37,889,252**
Total equity and liabilities		**135,720,772**	**90,030,100**

The accompanying accounting policies and notes form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised by the Board of Directors on 7 November 2022 and signed on their behalf by:

DocuSigned by: Andrew Woolley C6A696DF5238484...
Andrew Woolley, Chairman

DocuSigned by: Per-Herman Puck 15F8FADBA1764B0...
Per-Herman Puck, Director

Statement of Cash Flow

For the year ended 31 December 2021

	Notes	2021 NOK	2020 NOK
Cash flows from operating activities			
Profit before tax		**5,187,500**	7,624,453
Adjustments to reconcile profit before tax to net cashflows			
Depreciation and amortisation	8	**3,611,146**	2,408,928
Loss on disposal of property, plant and equipment	8	**479,224**	-
Net financial items		**(2,369,962)**	(2,418,083)
Working capital movements			
Increase in receivables		**(4,516,269)**	(5,242,165)
Increase / (decrease) in payable		**118,866**	(516,419)
Increase / (decrease) in other working capital items		**(1,874,087)**	5,513,046
		636,418	7,369,760
Taxes paid		**(4,697,000)**	(10,126,926)
Net cash flow used in operating activities		**(4,060,582)**	(2,757,166)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(870,933)**	(331,208)
Net cash flow used in investing activities		**(870,933)**	(331,208)
Cash flows from financing activities			
Lease liability capital payments		**(2,106,512)**	(1,811,537)
Net interest paid		**(424,625)**	(248,250)
Advance of loans to group companies		**(58,924,420)**	(40,249,027)
Repayment of loans from group companies		**65,429,131**	43,702,608
Net cash flows from financing activities		**3,973,573**	1,393,794
Net cash flow for the period		**(957,941)**	(1,694,581)
Cash and cash equivalents at 1 January		**18,937,496**	20,632,076
Exchange difference on opening cash		**(148,070)**	-
Cash and cash equivalents at 31 December	18	**17,831,485**	18,937,496

The accompanying accounting policies and notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
	NOK	NOK	NOK	NOK	NOK
Balance at 1 January 2020	**1,556,192**	**28,075,911**	**1,289,012**	**13,692,726**	**44,613,841**
Share based payment expired	-	-	(1,289,012)	1,289,012	**-**
Profit for the year	-	-	-	4,890,690	**4,890,690**
At 31 December 2020	**1,556,192**	**28,075,911**	**-**	**19,872,428**	**49,504,531**
Profit for the year	-	-	-	2,726,858	**2,726,858**
At 31 December 2021	**1,556,192**	**28,075,911**	**-**	**22,599,286**	**52,231,389**

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1. General information

The Company is a private company limited by shares, incorporated and domiciled in Norway. The address of its registered office, which is also its principal place of business, is Storgata 2A, N-1767 Halden, Norway.

2. New accounting standards

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

- Definition of material – Amendments to IAS 1 and IAS 8;
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 4, IFRS 9, IFRS 7, IFRS 16 and IAS 39; and
- Revised Conceptual Framework for Financial Reporting.

These amendments did not have any impact on amounts recognised in the prior or current periods and are not expected to significantly affect the future periods.

Standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the IASB. None of these have been adopted early by the Company.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after their effective dates. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. These include:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- IFRS 17 Insurance Contracts;
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16;
- Onerous Contracts – Cost of Fulfilling a Contract - Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018–2020;
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

3. Principle accounting policies

Basis of preparation

The company accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as established by the EU. The preparation of financial statements in accordance with IFRS requires the requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Basis of consolidation

The Company is exempt from preparing consolidated financial statements as, taken with its subsidiary undertaking, this company is consolidated into the group accounts headed by Brady Acquisition Ltd. Brady Acquisition Ltd is a company registered and domiciled in England and Wales (registration number: 12248237) and its accounts are publicly available from Companies House.

These financial statements present information about the Company as an individual undertaking and not about its group.

Basis of presentation

The presentation of the captions of financial statements, including its related notes for the year ending 31 December 2021, have been updated to align with those of its Group and with more commonly seen IFRS presentation. This structure and presentation are considered to be more relevant to the users of the financial statements and will continue in the foreseeable future. Comparative information has been presented in line with the amended presentation.

Going concern

The Company made a profit before tax in the year ended 31 December 2021 of NOK 5.2 million and had net assets of 52 million at 31 December 2021. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 October 2023. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company. In assessing the cash flows, the Directors' have applied sensitivities to assumptions in revenue and cost base.

Based on the Directors' assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Foreign currency translation

Functional currency and presentation currency

The accounts are presented in NOK, which is both the functional currency and the presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the Statement of Comprehensive Income within “financial items”. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and sales tax) of goods and services in the normal course of business. The Company has multiple revenue streams and the policy for each is detailed below. The Company acts as the principal in all sales.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative stand alone selling prices.

Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to ‘go-live’, until the contract end date. Software subscription contracts are under a ‘right to access’ model and the Company retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to ‘go-live’. Software term licence contracts are under a ‘right to use’ model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Company’s software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.

Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Company has an enforceable right to payment for work completed to date on a time and materials basis.

The Company performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Contract asset and liabilities

The Company recognises the following contract assets in the Statement of Financial Position:

Amounts recoverable on contracts, if the Company satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Company invoices the customer.

Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met:

- The costs directly relate to a contractual performance obligation;
- The costs relate to satisfaction of a performance obligation in the future; and
- The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Company expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the Statement of Financial Position. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

Financing elements

The Company does not expect to have any contracts where the period between revenue recognition and payment by the customer exceeds one year. Consequently, the Company applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

Contract modifications

From time to time, there is a change in scope of the original contract between the Company and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the stand alone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Company accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

Employee benefits

Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within other current liabilities in the statement of financial position.

Retirement benefits

The company operates a defined contribution pension arrangement. The amount charged to the Statement of Comprehensive Income represents the contributions payable in the period. Differences between the contributions payable in the period and the contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

Non-recurring items

Material, non-recurring and incremental costs and income are identified and reported as non-recurring items separately from the underlying operating expenses and income in the notes to the financial statements. They comprise material amounts outside of the course of normal trading activities which are one off/non-recurring.

Tax

The tax charge or credit comprises current tax payable and deferred tax:

Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with the tax base. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity

Research and development costs

Expenditure on research activities is recognised as an expense in the Statement of Comprehensive Income in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;

- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the Statement of Comprehensive Income. The amortisation period for development costs incurred in the Company is up to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the Statement of Comprehensive Income so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Fixtures, fittings & equipment: 3 - 5 years
- Computer equipment: 3 years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Leased assets

Identification of a lease

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Company recognises a right-of-use (RoU) asset and a lease liability on the Statement of Financial Position .

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Company;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. To determine the incremental borrowing rate, the Company uses recent third-party financing arrangements as a starting point, adjusted to reflect changes in the Company's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Company depreciates the RoU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Company also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

Practical expedients

The Company has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets (leases with initial lease liability of under NOK 55,000) using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Investments

Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

4. Critical accounting judgements and key sources of estimation uncertainty

Preparation of these financial statements in accordance with IFRS requires the Directors to make certain accounting judgements and estimates that affect the amounts reported in the financial statements and accompanying notes. The resulting estimates will, by definition, seldom equal the actual result.

The Directors consider the following to be critical accounting judgements or key sources of estimation uncertainty affecting the results of the Company in the current and preceding financial years:

Revenue recognition

Significant judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. The Directors consider recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer, typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is generally recognised on the basis of work done but where issues of client acceptance are identified, then revenue is deferred until issues are resolved.

Non-recurring items
Material, non-recurring and incremental costs are identified and reported as non-recurring items separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the Company.

Tax
The Company is subject to corporation taxation and judgement is required in determining the provision for income and deferred taxation. The Company recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Company carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the Statement of Comprehensive Income in the period in which such determination is made.

5. Revenue

Revenue by type

	Note	2021 NOK	2020 NOK
Revenue from external customers		**82,252,944**	82,431,186
Revenue from group companies	22	**21,580,322**	27,432,478
Total revenue		**103,833,266**	109,863,664

Year ended 31 December 2021	Licences and recurring support, maintenance and rentals NOK	Services including development NOK	Revenue from group companies NOK	Total NOK
Total revenue	65,133,815	17,119,129	21,580,322	**103,833,266**
Timing of revenue recognition				
At a point in time	785,247	7,124,933	-	**7,910,180**
Over time	64,348,568	9,994,196	21,580,322	**95,923,086**
Year ended 31 December 2020				
Total revenue	69,044,456	13,386,730	27,432,478	**109,863,664**
Timing of revenue recognition				
At a point in time	1,071,855	1,541,508	-	**2,613,363**
Over time	67,972,601	11,845,222	27,432,478	**107,250,301**

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Revenue by product

	Note	2021 NOK	2020 NOK
EDM		**40,827,247**	39,653,057
ETRM		**39,694,206**	39,927,034
Others		**1,731,491**	2,851,095
Revenue from group companies	22	**21,580,322**	27,432,478
		103,833,266	109,863,664

Revenue by geography

	Note	2021 NOK	2020 NOK
Revenue from external customers			
Norway		**43,043,824**	41,490,268
Rest of Europe		**35,092,644**	34,483,425
North America		**1,924,502**	1,347,688
Australia		**2,191,973**	5,109,805
		82,252,944	82,431,186
Revenue from group companies			
Europe	22	**21,580,322**	27,432,478
		103,833,266	109,863,664

Assets and liabilities related to contracts with customers

The Company has the following contract assets and liabilities related to contracts with customers included in the Statement of Financial Position.

	Note	2021 NOK	2020 NOK
Current contract assets relating to:			
Licences and recurring support, maintenance and rentals		**122,878**	-
Services including development		**673,030**	165,611
Loss allowance		**-**	-
Total current contract assets	17	**795,908**	**165,611**
Current contract liabilities relating to:			
Licences and recurring support, maintenance and rentals		**22,746,272**	23,220,313
Services including development		**2,252,997**	372,900
Loss allowance		**-**	-
Total current contract liabilities		**24,999,269**	23,593,213

The Company recognised the following revenue in the current year that was included in contract liabilities at the beginning of the year.

	2021 NOK	2020 NOK
Advance billing for licences and recurring maintenance, hosting and subscription revenues	**23,220,313**	16,301,187
Completion of contractual obligation in relation to Professional services, development and licenses	**372,900**	2,672,394
	23,593,213	18,973,581

6. Employee numbers, remuneration and pension

The Company had the following employees at the balance sheet date.

	2021 No.	2020 No.
Number of full time equivalents	**32**	38
Number of employees	**33**	38

The Company incurred the following expenses in relation to employee remuneration during the year.

	2021 NOK	2020 NOK
Wages and salaries	**25,127,012**	29,359,562
Social security costs	**3,255,978**	3,536,728
Defined contribution pension arrangements	**2,817,802**	3,132,536
Other benefits	**(878,825)**	(1,158,423)
	30,321,967	34,870,403

The Company is obliged to have an occupational pension scheme pursuant to the Act relating to compulsory occupational pensions. The employees of the Company have a defined contribution pension scheme, which is significantly better than the requirements of the law.

The scheme covers 34 employees as at 31 December 2021 (2020: 40).

Total payments to the scheme in 2021 amounted to NOK 2,817,802 (2020: NOK 3,132,536).

7. Remuneration and loans to senior executives

The senior executives are residents of the UK and employed by Brady Technologies Ltd, the immediate parent company. They do not receive salaries, benefits or other fees from Brady Energy Norway AS. Brady Energy Norway AS is charged for the share of group costs, in which the senior executives' costs are included. No board fees have been paid.

No loans have been made to senior executives during the year (2020: none). There are no balances outstanding at 31 December 2021 (31 December 2020: none).

8. Operating expenses

The following items have been charged / (credited) to the Statement of Comprehensive Income in arriving at operating loss for the year.

	Notes	2021 NOK	2020 NOK
Research and development costs		**12,944,003**	17,213,092
Depreciation of property, plant and equipment	14	**799,942**	546,269
Depreciation of right of use assets	15	**1,835,655**	1,862,659
Amortisation of capitalised development costs	13	**975,549**	-
Loss on disposal of property, plant and equipment	14	**479,224**	-
Non-recurring items	9	**652,272**	2,408,980
Auditor's remuneration	10	**755,900**	539,726
Costs from group companies	22	**62,059,091**	59,217,526

The operating expenses presented for 2020 have decreased by NOK 11,331,529 with a corresponding increase in cost of sale to align the classification of expenditure in the current and prior year. This has no effect on the operating profit of the Company.

9. Non-recurring items

	Note	2021 NOK	2020 NOK
Restructuring costs to streamline operations		**652,272**	2,408,980
	8	**652,272**	2,408,980

During 2021, the Company incurred restructuring costs totalling NOK 652,272 (2020: 2,408,980) in order to streamline and boost efficiency of its future operations.

10. Auditor's remuneration

During the year, the Company incurred the following fees from its auditor.

	Note	2021 NOK	2020 NOK
Statutory audit		**737,000**	480,226
Tax advice		**18,900**	59,500
	8	**755,900**	539,726

The group and the Company's statutory audit fees are billed to Brady Technologies Ltd, the immediate parent company. The Company is charged for a share of group costs, in which the statutory audit fee is included.

11. Other financial income and expenses

	Note	2021 NOK	2020 NOK
Other financial income			
Net foreign exchange gains		**-**	389,875
Bank and other interest receivable		**5,336**	17,417
		5,336	407,292
Other financial expenses			
Net foreign exchange losses		**(164,484)**	-
Interest expense on lease liabilities	15	**(210,052)**	(250,745)
Other interest payable		**(60,815)**	(120,880)
		(435,351)	(371,625)

12. Tax

Amounts recognised in the Statement of Comprehensive Income

The tax expense for the year is as follows:

	2021 NOK	2020 NOK
Current tax		
Tax payable on ordinary result	**2,333,179**	2,983,637
Adjustment in respect of prior years	**838**	(135,365)
	2,334,017	2,848,272
Deferred tax		
Change in deferred tax	**126,625**	(114,509)
	126,625	(114,509)
Tax charge for the year	**2,460,642**	2,733,763

The following table reconciles the nominal to actual tax rate.

	2021 NOK	2020 NOK
Profit on ordinary activity before taxation	**5,187,500**	7,624,453
Profit on ordinary activities multiplied by standard rate of tax (22%)	**1,141,250**	1,677,380
Tax effects of:		
Difference to tax return relating to ongoing tax case	**942,491**	1,178,114
Temporary differences	**235,526**	114,509
Permenant differences	**141,375**	13,634
Tax payable on ordinary result	**2,460,642**	2,983,637
Effective tax rate	**47.4%**	39.1%

Amounts recognised in the Statement of Financial Position

The corporation tax payable in the Statement of Financial Position at the period end comprises the following:

	2021 NOK	2020 NOK
Provision for tax receivable relating to previous years	**(3,367,573)**	(1,715,863)
Tax payable relating to current period	**2,333,179**	2,983,637
Net corporation tax (receivable) / payable	**(1,034,394)**	1,267,774

The net deferred tax asset in the Statement of Financial Position at the period end relates to the tax effect of the following temporary differences:

	2021 Asset NOK	2020 Asset NOK
Property, plant and equipment	**(67,328)**	113,871
Receivables	**44,000**	44,000
IFRS 16	**62,640**	75,087
Accounting provisions	**414,884**	363,028
Warranty provisions	**-**	44,000
	454,197	639,986

Brady Energy Norway AS has ongoing tax cases with Tax East and Tax West.

In December 2018, the tax offices, Tax East and Tax West, published tax determination decisions. The tax determination stated that there was a taxable sale of intangible assets and operations in financial years 2011 and 2012 of NOK 54 million and NOK 116 million respectively to Brady Trading Ltd, a sister company registered in England. The tax office's decision means that intangible assets are owned by Brady Trading Ltd and Brady Energy Norway AS must pay royalties on external sales to Brady Trading Ltd. Research and development work that Brady Energy Norway carries out on behalf of Brady Trading Ltd must be recognised as income.

The company has appealed against the decisions with reference to both time and valuation with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner.

After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments), the Company has recognised a tax benefit of NOK 1.7 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities.

The financial statements for the years 2016 - 2018 deviate from the tax returns submitted by the Company. The income statement does not include royalty costs or income from research and development services. The financial statements also do not include the gain of NOK 170 million or associated deferred tax following the tax offices' decision.

The financial statements for 2021 are in accordance with the tax return for 2021, except for NOK 4.3 million income relating to the disputed gain of NOK 170 million which is in the tax return but not financial statements.

13. Capitalised development costs

	Note	Capitalised development costs NOK
Cost		
At 1 January 2020, 31 December 2020 and 31 December 2021		**2,438,678**
Amortisation		
At 1 January 2020 and 31 December 2020		(523,616)
Charge for the year	8	(975,549)
At 31st December 2021		**(1,499,165)**
Net book value		
At 31 December 2021		**939,513**
At 1 January 2020 and 31 December 2020		1,915,062

The net book value of the capitalised development costs is allocated to a single cash-generating unit (CGU).

The recoverable amount of the CGU was determined based on value-in-use calculations, at a level where there are largely independent cashflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2022 and 2023 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. Management has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate, cost growth rate and discount factor, on which the value-in-use (VIU) calculations are based.

Principle assumptions

Management has applied the following key assumptions in calculating the value-in-use:

- Pre-tax discount rate 15.4%
- Contractual revenue indexation 2.0% p.a.
- Annual revenue growth rate 3.0% p.a.
- Cost growth rate 2.0% p.a. average over period
- Growth applied beyond the approved forecast period 5%

Impairment review results

Management has performed sensitivity analyses on the impairment calculations by running a number of different scenarios including reducing the indexation and growth rates to 0%, increasing the discount rate to 20%, reducing the growth rate beyond the approved forecast period to 0% and increasing the cost growth rate to 6%. No impairment would arise in these scenarios.

14. Property, plant and equipment

	Note	Fixtures, fittings and equipment NOK	Computer equipment NOK	Total NOK
Cost				
At 1 January 2020		9,855,694	-	**9,855,694**
Additions		331,208	-	**331,208**
Disposals		(6,994,660)	-	**(6,994,660)**
At 31 December 2020		3,192,242	-	**3,192,242**
Additions		-	870,933	**870,933**
Disposals		(2,116,316)	-	**(2,116,316)**
At 31 December 2021		1,075,926	870,933	**1,946,859**
Depreciation				
At 1 January 2020		(8,709,526)	-	**(8,709,526)**
Charge for the year		(546,269)	-	**(546,269)**
Disposals		6,994,652	-	**6,994,652**
At 31 December 2020		(2,261,143)	-	**(2,261,143)**
Charge for the year	8	(239,707)	(560,234)	**(799,942)**
Disposals		1,637,092		**1,637,092**
At 31 December 2021		(863,759)	(560,234)	**(1,423,993)**
Net book value				
At 31 December 2021		212,167	310,699	**522,866**
At 31 December 2020		931,099	-	931,099

15. Right of use assets

Amounts recognised in the Statement of Financial Position

Set out below are the carrying amounts of right of use assets recognised in the Statement of Financial Position.

	Note	Property NOK
Cost		
At 1 January 2020		9,688,095
Additions		129,035
Disposals		(405,853)
At 31 December 2020		9,411,277
Additions		4,326,580
At 31 December 2021		**13,737,857**
Depreciation		
At 1 January 2020		(3,573,998)
Additions		(1,862,659)
Disposals		-
At 31 December 2020		(5,436,657)
Charge for the year	8	(1,835,655)
At 31 December 2021		**(7,272,312)**
Net book value		
At 31 December 2021		**6,465,545**
At 31 December 2020		3,974,620

Set out below are the carrying amounts of lease liabilities recognised in the Statement of Financial Position. A maturity analysis is also disclosed.

	2021 NOK	2020 NOK
Lease liabilities		
Current lease liability	**1,830,271**	1,679,607
Non-current lease liability	**4,920,002**	2,636,317
	6,750,273	4,315,924
Undiscounted future cash out flows		
Within 12 months	**2,102,708**	2,041,828
Between 12 months and 5 years	**4,658,125**	2,274,097
After 5 years	**736,986**	-
	7,497,819	4,315,925

Amounts recognised in the Statement of Comprehensive Income

	Notes	2021 NOK	2020 NOK
Depreciation charge on right of use assets	15	**1,835,655**	1,862,659
Expense relating to low value assets		**-**	553,591
Expense relating to variable lease payments not included in lease liability		**887,003**	385,839
Interest expense on lease liabilities	11	**210,052**	250,745

16. Investments

	NOK
Cost	
At 1 January 2020 and 31 December 2020	22,998,231
Disposals	(5)
At 31 December 2021	**22,998,226**
Impairment	
At 1 January 2020, 31 December 2020 and 31 December 2021	**(22,998,225)**
Net book value	
At 31 December 2021	**1**
At 1 January and 31 December 2020	6

Unless otherwise stated, all subsidiaries have equity capital consisting solely of ordinary shares that are wholly owned either directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company.

The Company's subsidiaries are set out below.

Subsidiary	Registered address	Place of business / country of incorporation	Principle activity	Ownership	Equity 31-Dec-21 NOK	Result 2021 NOK
Brady Energy Canada Inc	251 Consumers Road, Toronto, Ontario, M2J 1R3	Canada	Product sales and delivery	100%	-	(9,569)
Brady Energy UK Ltd	40 Torpichen street, Edinburgh, EH3 8JB	Scotland	Product sales and delivery	100%	(28,786,699)	(7,231,946)

On 18 November 2021, Brady Energy Canada Inc was liquidated. Prior to the liquidation, the Company forgave a receivable owing from Brady Energy Canada Inc of NOK 4,113.

At the date of liquidation, Brady Energy Canada Inc had nil net assets so there was no gain or loss on disposal recognised in the statement of comprehensive income and no cashflows recognised in the statement of cash flow.

17. Trade and other receivables

	Notes	2021 NOK	2020 NOK
Trade receivables		**13,860,123**	9,343,854
Trade receivables - group companies		**-**	128,394
Loss allowance	23	**(200,000)**	(200,000)
Amounts owed by group undertakngs	22	**90,835,208**	53,791,997
Corporation tax receivable	12	**3,367,573**	-
Prepayments		**803,023**	356,644
Contract assets	5	**795,908**	165,611
Other receivables		**45,330**	45,331
		109,507,165	63,631,831

All amounts disclosed are short-term and their carrying value is a reasonable approximation of fair value. Standard credit terms apply to the majority of trade receivables, which is 30 days.

Due to having effective credit control procedures, the Company is not significantly exposed to the risk of bad debt. The loss allowance is a general provision against trade receivables, which has been determined as follows:

31 December 2021	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	0.0%	0.0%	0.0%	100.0%	**0.0%**
Gross carrying amount trade receivables NOK	13,354,587	205,066	84,625	215,845	**13,860,123**
Gross carrying amount contract assets NOK	795,908	-	-	-	**795,908**
Loss allowance NOK	-	-	-	(200,000)	**(200,000)**

31 December 2020	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	2.0%	0.0%	0.0%	100.0%	**2.1%**
Gross carrying amount trade receivables NOK	9,335,216	-	-	8,638	**9,343,854**
Gross carrying amount contract assets NOK	165,611	-	-	-	**165,611**
Loss allowance NOK	(191,362)	-	-	(8,638)	**(200,000)**

18. Cash and cash equivalents

	2021 NOK	2020 NOK
Unrestricted cash and cash equivalents	**16,153,703**	17,022,367
Restricted cash and cash equivalents		
Relating to employee deductions	**1,108,391**	1,345,738
Relating to rent deposit	**569,391**	569,391
	17,831,485	18,937,496

19. Share capital and premium

	Nominal value NOK	Number of shares	Share capital NOK	Share premium NOK
Class A shares	1	962,307	962,307	27,055,491
Preference B shares	1	343,814	343,814	-
Ordinary B shares	1	250,071	250,071	1,020,420
		1,556,192	**1,556,192**	**28,075,911**

When voting at the general meeting, an A share counts as two B shares.

In the event of liquidation of the company, preference B shares have preferential rights over the other shares to liquidation dividend with an amount per preference B share corresponding to the subscription price of the preference B shares.

100% of each class of shares is owned by Brady Technologies Ltd, a company registered in England and Wales.

20. Share options

On 18 November 2019, Brady Technologies Ltd was acquired by Hanover Active Equity Fund II, S.C.A. SICAV-RAIF and became a private company on 15 July 2020. As a result of this takeover, all share options held by Brady Energy Norway AS employees in Brady Technologies Ltd lapsed.

21. Trade and other payables

	Note	2021 NOK	2020 NOK
Trade payables		**355,293**	236,426
Amounts owed to group undertakngs	22	**40,346,619**	-
Accruals		**1,179,771**	630,586
Other payables		**3,123,362**	5,162,061
		45,005,045	6,029,073

All amounts disclosed are short term.

The trade payables are unsecured and are usually paid within 30 days of recognition. The carrying value of trade payables is considered a reasonable approximation of fair value due to their short-term nature.

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

22. Related party transactions and balances

During the year, the Company had transactions with related parties as set out below. All related party transactions have taken place on an arms-length basis.

Year ended 31 December 2021	Brady Technologies Ltd NOK	Brady Energy UK Ltd NOK	Brady Energy Canada Inc NOK	Brady Trading Ltd NOK	Brady Energy AG NOK	Total NOK
Revenue from group companies						
Consulting services	-	-	-		-	-
Research and development services	21,580,322	-	-	-	-	21,580,322
	21,580,322	**-**	**-**	**-**	**-**	**21,580,322**
Operating expenses from group companies						
Consulting services	-	-	-	-	-	-
Royalty costs	38,498,499	-	-	-	-	38,498,499
Share of group costs	23,556,479	-	-	-	-	23,556,479
Forgiveness of receivable	-	-	4,113	-	-	4,113
	62,054,978	**-**	**4,113**	**-**	**-**	**62,059,091**
Interest income from group companies						
Loan interest receivable	-	479,047	-	2,320,930	-	2,799,977
	-	**479,047**	**-**	**2,320,930**	**-**	**2,799,977**

Year ended 31 December 2020	Brady Technologies Ltd NOK	Brady Energy UK Ltd NOK	Brady Energy Canada Inc NOK	Brady Trading Ltd NOK	Brady Energy AG NOK	Total NOK
Revenue from group companies						
Consulting services	-	300,916	-		-	300,916
Research and development services	-	-	-	27,131,562	-	27,131,562
	-	**300,916**	**-**	**27,131,562**	**-**	**27,432,478**
Operating expenses from group companies						
Consulting services	-	2,777,522	-		85,570	2,863,092
Royalty costs	-	-	-	34,026,875	-	34,026,875
Share of group costs	-	-	-	22,327,558	-	22,327,558
Forgiveness of receivable	-	-	-	-	-	-
	-	**2,777,522**	**-**	**56,354,433**	**85,570**	**59,217,525**
Interest income from group companies						
Loan interest receivable	-	570,975	-	1,811,441	-	2,382,416
	-	**570,975**	**-**	**1,811,441**	**-**	**2,382,416**

The Company's relationship to each relevant related party is set out below.

Name	Nature of relationship
Brady Technologies Ltd	Immediate parent company, owns 100% share capital of the Company
Brady Energy UK Ltd	Subsidiary company, 100% owned by the Company
Brady Energy Canada Inc	Subsidiary company, 100% owned by the Company, liquidated on 18 November 2021
Brady Trading Ltd	Sister company, owned 100% by Brady Technologies Ltd
Brady Energy AG	Sister company, owned 100% by Brady Technologies Ltd

At the year end, the Company had amounts due to and from related parties as set out below.

	2021	2020
	NOK	NOK
Trade receivables		
Brady Energy AG	**-**	128,394
Amounts owed by group undertakings		
Brady Energy UK Ltd	**12,455,245**	11,703,267
Brady Trading Ltd	**78,379,963**	42,088,730
Amounts owed to group undertakngs		
Brady Technologies Ltd	**(40,346,619)**	-

The amounts owed by group companies are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 4% per annum. The loans are secured with a guarantee from Brady Technologies Ltd whereby if the Company requires cash to improve its operating liquidity, Brady Technologies Ltd guarantees this will be provided.

See note 26 for information about changes to amounts owed by and to group undertakings that have occurred between the year end and the date of approval of these financial statements.

23. Financial risk management

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. The Company's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Company has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the period ended 31 December 2021 as the Company's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are set out below.

	2021 Assets NOK	**2021 Liabilities NOK**	2020 Assets NOK	2020 Liabilities NOK
AUD	**176,583**	**-**	208,715	-
CAD	**2,781,911**	**(46,843)**	984,281	(28,468)
EUR	**5,709,915**	**-**	4,210,564	-
GBP	**19,204**	**(12,447,296)**	1,763	13,577
SEK	**315,486**	**(230)**	202,462	-
USD	**1,840**	**-**	11,683	-

Foreign currency sensitivity analysis

The Company is mainly exposed to Euro, Canadian Dollar, Australian Dollar, Swedish Krona, Pound Sterling and US Dollar. The Company seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Company's sensitivity to a 10% increase and decrease in the Norwegian Kroner exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

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	2021	2021	2020	2020
	Income statement	**Equity**	Income statement	Equity
	NOK	**NOK**	NOK	NOK
Effect of a 10% weakening in the relevant exchange rate				
AUD	**17,658**	**17,658**	23,191	23,191
CAD	**273,507**	**273,507**	106,201	106,201
EUR	**570,992**	**570,992**	467,840	467,840
GBP	**(1,242,809)**	**(1,242,809)**	1,704	1,704
SEK	**31,526**	**31,526**	22,496	22,496
USD	**184**	**184**	1,298	1,298
Effect of a 10% strengtening in the relevant exchange rate				
AUD	**(17,658)**	**(17,658)**	(18,974)	(18,974)
CAD	**(273,507)**	**(273,507)**	(86,892)	(86,892)
EUR	**(570,992)**	**(570,992)**	(382,779)	(382,779)
GBP	**1,242,809**	**1,242,809**	(1,395)	(1,395)
SEK	**(31,526)**	**(31,526)**	(18,406)	(18,406)
USD	**(184)**	**(184)**	(1,062)	(1,062)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Company's exposure to currency risk.

Interest rate risk

The Company does not have significant cash at bank nor hold bank deposits and does not have any interest-bearing loans. Consequently, the Company believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk analysis

Risk management

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Company's treasury policy. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2021 were determined as set out in note 0 for both trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk analysis

Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Company's financial liabilities are set out below.

	Current		Non-current	
	Within 6 months	Between 6 - 12 months	Between 1 -5 years	Later than 5 years
	NOK	NOK	NOK	NOK
As at 31 December 2021				
Trade and other payables	**11,393,222**	-	-	-
As at 31 December 2020				
Trade and other payables	12,616,432	-	-	-

Financial assets used for managing liquidity risk
Cash flows from trade and other receivables are contractually due within six months. Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified, these are placed in accounts with access terms of no more than three months.

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 3. The carrying amounts presented in the statement of financial position relate to the categories of financial instrument set out below.

	Notes	2021 NOK	2020 NOK
Financial assets			
Financial assets at amortised cost			
Trade receivables	17	**13,660,123**	9,143,854
Contract assets	5	**795,908**	165,611
Corporation tax receivable	12	**3,367,573**	-
Cash and cash equivalents	18	**17,831,485**	18,937,496
		35,655,089	28,246,961
Financial liabilities			
Liabilities at amortised cost			
Trade payables	21	**355,293**	236,426
Accruals and other payables	21	**4,303,133**	5,792,647
Corporation tax payable	12	**2,333,179**	1,267,774
Other taxation payable		**4,401,617**	5,319,585
Contract liabilities	5	**24,999,269**	23,593,213
		36,392,491	36,209,645

24. Capital commitments

The Company had no capital expenditure contracted for but not provided in the financial statements at 31 December 2021 or 31 December 2020.

25. Contingent liabilities

The Company had no material contingent liabilities at 31 December 2021 or 31 December 2020.

26. Events after the reporting period

No adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

The following non-adjusting event has occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

On 30 April 2022, the loan agreement between Brady Trading Ltd and the Company was novated to Brady Technologies Ltd. The terms of the loan remain the same. The amount owed to the Company at this date was NOK 95,838,915.

The Company has considered the impact of the invasion of Ukraine by Russia in March 2022 and the subsequent sanctions imposed on Russian businesses and individuals. There is no impact on the Company in 2021 or 2022.

27. Controlling party

As at 31 December 2021, the immediate parent undertaking is Brady Technologies Ltd, a company incorporated in England and Wales.

Brady Acquisition (Holding) Ltd, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

The smallest and largest group in which the results of the Company are consolidated for the year ended 31 December 2021 is that headed by Brady Acquisition Ltd. Copies of these financial statements may be obtained from Companies House when available.

BRADY.

Brady Acquisition Limited

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Company number: 12248237

BRADY.

Contents

BRADY.

Company information

Registered office	25 Savile Row London W1S 2ER United Kingdom
Board of Directors	Rebecca Boscott Jason Carley Jeremy Westhead
Bankers	Barclays Bank plc
Auditor	Ernst and Young LLP Cambridge Business Park Cowley Road Cambridge CB4 0WZ

BRADY.

Strategic report

The Directors present their strategic report for the year ending 31 December 2021.

Principal activities and business review

Our business

Brady Acquisition Limited and its subsidiaries (the 'Group' or 'Brady') is a provider of energy and commodities trading, risk and logistics management software. Brady's portfolio of applications covers the entire trading operation from capture of financial and physical trades, through risk management, handling of physical operations, back-office treasury and settlement, for power, oil, gas, coal, foreign exchange, emissions, refined and unrefined metals, and agricultural products. Brady has approximately 140 customers worldwide, including renowned multinationals and Brady software sits at the core of their global trading operations.

Our markets

Brady serves customers across the world who operate across local and international markets. Our energy customers in Europe, in particular, continue to experience market consolidation and deregulation. Increased cross border expansion and greater demand for renewable energy presents Brady with opportunities to meet the challenges that arise for our existing and new customers through the provision of market leading solutions. Fluctuating global commodity prices and the continued drive for efficiencies, means the need to manage risk remains a clear priority for many of our customers.

Our strategy

In 2021, Brady's strategic focus was;

Strategic focus	Outcome
Continue development into our new SaaS platform, PowerDesk, which facilitates the trading of renewable energy supplies.	PowerDesk is an award-winning software as a service (SaaS) solution designed by traders for intraday and day-ahead power trading. The solution empowers traders to grow revenue by seizing opportunities faster and monetising generation assets. Acting as a trader's 'cockpit' the platform offers intelligent visualisation of live P&L and market activity from one central place. PowerDesk provides traders with a flexible framework to launch algorithmic trading strategies and trade value algorithmically, rather than simply trading high volumes at high speed. Patented features are now being delivered and algobots are already profitable. The Group spent £1.6 million on PowerDesk development during the year, which has been recognised as an intangible asset. In May 2022, Brady's first customer went live with PowerDesk in a production environment, marking a

BRADY.

	significant milestone in the road to success for this innovative platform.
Widen the Group's SaaS footprint in Credit Risk and ETRM markets	The Group acquired CRisk Software ApS in September 2021, a company based in Denmark, whose software enables physical and financial trading participants to globally manage their credit and liquidity risk on a modern, intuitive platform. There are strong synergies between CRisk and the existing Brady group with heritage in the European energy markets and this acquisition strengthens the Group's extensive risk management and analytics capabilities. The volatility in the energy markets following covid-19 and the Russian invasion of Ukraine makes this modern platform attractive. The Group acquired Igloo Trading Solutions Limited ('Igloo') in October 2021, a UK company whose software is a next generation, cloud-native, SaaS trading and risk management platform for European energy markets. Igloo's platform for trading and managing positions and risk across numerous asset classes, combined with Brady's PowerDesk solution for short-term power trading provide customers with a powerful single solution to enable profitability in a highly volatile market.
Continue development into our other existing platforms in the Energy and Risk markets to enhance customer experience and reduce the level of customer churn.	The Group continued to innovate and develop its existing products in the Energy and Risk markets. During 2021, the Group spent £6.2 million on research and development of its existing products, of which £1.1 million was capitalised. This continued development in our products has led to improved customer retention, evidenced by a reduction in customer churn rate from 10% in 2019 to 3% in 2021. Three new customers were won in 2021, with a further five in 2022 to date.
Tight management of cost base and outsourcing costs	The Group continued to focus on tight cost control to deliver its operations efficiently, whilst still maintaining quality outputs. Gross margin has improved by six percentage points to 78% and adjusted EBITDA before non-recurring items* has improved by 14 percentage points to 15%. Brady utilises outsourced development resources to ensure that the Group has access to world-class talent whilst maintaining flexibility with its future cost commitments. *'Adjusted EBITDA before non-recurring items' is defined as operating profit or loss, excluding depreciation, amortisation and non-recurring items.

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Financial performance and position

Brady Acquisition Limited was incorporated on 7 October 2019. On 18 November 2019, the company acquired 100% of the share capital of Brady Technologies Limited. The financial performance and position reflected in these consolidated financial statements reflect the 2021 calendar year for the current period, whilst the comparatives cover the fifteen-month period from incorporation to 31 December 2020.

Revenue, adjusted EBITDA and cash are the financial key performance indicators of the Group.

Group revenues for the period ended 31 December 2021 were £18.8 million (2020: £20.0 million), of which £14.6 million are annual recurring revenues (2020: £15.6 million). Adjusted EBITDA before non-recurring items was a profit of £2.7 million (2020: £0.3 million profit). Operating loss for the period ended 31 December 2021 was £3.6 million (2020: £6.8 million loss). Cash and cash equivalents at 31 December 2021 was £3.8 million (2020: £3.0 million). The performance for the year and the financial position at year end is in line with management expectations.

Impact of covid-19 pandemic

The covid-19 pandemic continued during 2021 and Brady had to adapt quickly in response to the constantly fluctuating landscape of the global pandemic. Throughout this period of uncertainty, the business had to manage different local and national requirements, particularly as its operations are spread across a number of countries. We appreciate how mission critical our software can be to our customers and we are pleased to report that our customers remain fully supported, and did so throughout the pandemic. We are also pleased to report that there was no adverse financial impact on the business as a result of covid-19.

Impact of Russian invasion of Ukraine

As Brady has customers with ultimate Russian beneficiaries, the business had to act swiftly to understand and act of sanctions imposed following the invasion of Ukraine by Russia in February 2022. Brady engaged external experts to assist and determined that no existing customer of the Group is subject to sanctions. The Group signed a contract with a new customer in early 2022 but subsequently terminated this contract due to that new customer being subject to sanctions.

Environment issues

Brady's new product, PowerDesk, is at the forefront of green energy trading allowing users to drive profitable growth in this volatile and evolving market.

Brady is committed to minimising its own environmental impact and has achieved certification as a carbon neutral company. This is achieved my minimising emissions where possible and by subscribing to two gold standard carbon offset renewable energy projects. In order to minimise its own emissions, Brady promotes environmental awareness among its employees and encourages sustainable processes to reduce its carbon footprint on the environment. Employees are encouraged to use collaborative technologies to reduce the need for business travel and is part of the UK Cycle to Work scheme to encourage carbon-free methods of commuting.

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Outlook

Following a review of strategic direction, the Board decided to divest the Group's commodities operations in order to enable focus on product innovation and growth strategies in the energy trading and credit risk markets. In July 2022, Brady sold its Commodities business to STG, a California-based private equity firm.

This sale marks a significant milestone in the transformation of Brady, as the Group accelerates its product innovation and expansion plans in energy and credit risk markets. In the past twelve month, Brady has launched its first SaaS short-term power trading solution (PowerDesk) and made two key acquisitions in the energy trading and risk software space (Igloo and CRisk). Building on this throughout 2022, we will continue to strengthen our leadership position in this dynamic sector, supporting operators and traders through macro-economic challenges. We will drive growth by continuing to develop innovative solutions that capitalise on emerging market opportunities in the green energy transition with increasing ESG focus.

Principal risks and uncertainties

The Group considers risk management a high priority and has in place processes designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risks facing the business are as follows:

Product delivery

The Group's products are critical to our customers' businesses. Any delay or failure in quality would be of the highest significance to our customers and could lead to missed revenue and cash targets as well as compromise our reputation.

Contract renewals and customer retention

The Group has a dedicated account management team who maintain regular communications with customers, maintain detailed account plans and organise user group meetings at least once per annum.

Technology risk

The Group continues to invest significantly in both people and quality control processes within its research and development team to ensure high quality products which remain at the forefront of this technology for our clients. Brady has been awarded ISO 27001 in 2022.

Dependence on key executives and personnel

The Group has invested and will continue to invest in applicable resources to ensure the success of both recruitment and onboarding of employees and subsequent training.

Currency risk

Whilst the Group has a reporting currency of Sterling, it has significant Norwegian Kroner, US Dollar and Swiss Francs denominated revenues and Norwegian Kroner cost bases from locations of its offices and workforce. Significant changes to Norwegian Kroner, US Dollar and Swiss Francs exchange rates against Sterling could impact the Group's results. The Group closely monitors this exposure.

Liquidity risk

The Group maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate.

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Tax

The tax treatment of the Group's cross-border operations is subject to the risk of challenge under tax rules and initiatives targeting multinationals' tax arrangements.

Economic conditions and current economic weakness

The markets in which the Group offers its products and services are directly affected by many local and international factors that are beyond the Group's control. The Group continuously reviews opportunities to diversify and broaden its product base to appeal to a wider clientele in a larger range of industries with an increased geographical diversity.

Cyber and data security

A cyber-attack or a breach of data security on the Group's IT systems could significantly disrupt its operations, damage its reputation, result in loss of customers and potentially expose it to fines for regulatory breaches. The Group is ISO 27001 compliant and adheres to industry best practice for secure management of digital information.

By order of the board

Jeremy Westhead
Director

29 September 2022

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Directors' report

Directors

The Directors who served the Group during the period and to the date of this report, except as stated otherwise, were as follows:

Rebecca Boscott

Jason Carley (appointed 29 December 2021)

Jeremy Westhead (appointed 10 September 2021)

Matthew Peacock (resigned 10 September 2021)

Jan Lundqvist (resigned 29 December 2021)

The Directors had no individual interests in the shares, or debentures, or loan stock of the Company or Group companies, or in options to acquire shares in the Company or Group companies.

The Group has purchased and maintained throughout the period Directors' and Officers' liability insurance in respect of itself and its Directors.

Principal activities

The principal activity of the Company is that of a holding company and the principal activity of the Group is as a provider of trading and risk management software for the Commodity and Energy markets.

Future developments

Following the Group's exit from the commodities market, Brady is focussing on accelerating its product innovation and expansion plans in energy and credit risk markets. More details on the future developments of the Group can be found in the Outlook section of the Strategic Report on page 6.

Results and dividends

The results for the period are set out in the consolidated income statement on page 11. The Directors do not recommend the payment of a dividend (2020: nil).

Going concern

The Group made a loss before tax in the period ended 31 December 2021 of £3.6 million and at 31 December 2021 had net current liabilities of £6.7 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 December 2023. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Group will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

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Based on the Directors' assessment of the Group's and Parent Company's financial position and of the enquiries made of the ultimate controlling party, the Directors have a reasonable expectation that the Group and Parent Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these financial statements.

Events since the balance sheet date

Details of important events affecting the Group and Company which have taken place since the end of the financial period are given in note 30 to the financial statements.

Accounting records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 regarding adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function.

Research and development activities

The Group continually invests in its products to maintain and enhance its portfolio. During the period, the Group incurred £7.8 million of research and development costs (2020: £7.5 million) of which £2.7 million was capitalised (2020: £1.0 million).

Financial risk management objectives and policies

Information can be found in note 23 of the financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group consolidated and parent company financial statements for each financial period. Under that law the Directors have elected to prepare Group consolidated financial statements in accordance with UK adopted International Accounting Standards (IFRSs). The parent company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed for the Group consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable FRSs have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements; and

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prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors confirm that:

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

the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 485 of the Companies Act 2006, a resolution to appoint Ernst and Young LLP as the auditor will be proposed at the forthcoming Annual General Meeting.

By order of the board

Jeremy Westhead
Director

29 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADY ACQUISITION LIMITED

Opinion

We have audited the financial statements of Brady Acquisition Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, Consolidated and Parent Company Statements of Change in Equity, the Consolidated Statement of Cashflows, and the related notes, for the Group notes 1 to 30, and for the Parent Company notes 1 to 11, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance in with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the countries which the Group operates.
- We understood how Brady Acquisition Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We tested managements entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through our discussions with management to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested internal controls designed by the group to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

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

Use of our report

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

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
30 September 2022

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Consolidated income statement

For the year ended 31 December 2021

	Notes	Year ending 31 December 2021 £'000	Period from 7 October 2109 to 31 December 2020 £'000
Revenue	5	**18,822**	20,033
Cost of sales		**(4,058)**	(5,616)
Gross profit		**14,764**	14,417
Operating expenses		**(18,329)**	(21,232)
Operating loss		**(3,565)**	(6,815)
Analysed as:			
Gross profit		**14,764**	14,417
Other operating expenses		**(12,017)**	(14,146)
Adjusted EBITDA		**2,747**	271
Non-recurring items		**(2,018)**	(1,741)
Deprecation and amortisation		**(4,294)**	(5,345)
Operating loss		**(3,565)**	(6,815)
Net finance expenses	10	**(4)**	(265)
Loss before tax		**(3,569)**	(7,080)
Tax credit / (expense)	11	**165**	(1,949)
Loss and total comprehensive result for the year		**(3,403)**	(9,029)

The accompanying notes are an integral part of these financial statements.

BRADY.

Consolidated statement of comprehensive income

For the year ending 31 December 2021

	Notes	Year ending 31 December 2021 £'000	Period from 7 October 2109 to 31 December 2020 £'000
Loss for the period		**(3,403)**	(9,029)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on retranslation of foreign operations	22	**(51)**	962
Items that will not be reclassified subsequently to profit and loss			
Remeasurment of post-employment benefit obligation	20	**23**	99
Other comprehensive income for the period		**(28)**	1,061
Total comprehensive loss for the period		**(3,431)**	(7,968)

The accompanying notes are an integral part of these financial statements.

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Consolidated statement of financial position

At 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	12	28,642	19,623
Goodwill	12	17,742	13,941
Property, plant and equipment	13	173	118
Right of use assets	14	2,870	3,265
Deferred tax assets	15	38	-
Total non-current assets		**49,465**	**36,947**
Current assets			
Trade and other receivables	16	4,861	3,619
Corporation tax receivable	16	401	205
Cash and cash equivalents	17	3,823	3,001
Total current assets		**9,085**	**6,825**
Total assets		**58,550**	**43,772**
Liabilities			
Current liabilities			
Trade and other payables	18	(12,523)	(10,125)
Corporation tax payable		(258)	(913)
Lease liabilities	14	(788)	(969)
Provisions	19	(2,257)	-
Total current liabilities		**(15,826)**	**(12,007)**
Non-current liabilities			
Lease liabilities	14	(2,226)	(2,676)
Provisions	19	(4,278)	(7,180)
Deferred tax liabilities	15	(7,010)	(3,728)
Pension obligations	20	(138)	(1,278)
Total non-current liabilities		**(13,652)**	**(14,862)**
Total liabilities		**(29,478)**	**(26,869)**
Net assets		**29,072**	**16,903**
Equity attributable to the owners of the parent company			
Share capital	21	40,471	24,871
Foreign exchange reserves	22	911	962
Retained earnings		(12,310)	(8,930)
Total equity		**29,072**	**16,903**

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The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2022 and signed on its behalf by:

Jeremy Westhead
Director

Brady Acquisition Limited

Registered Number: 12248237

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Consolidated statement of changes in equity

For the year ending 31 December 2021

	Note	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 7 October 2019		-	-	-	-
Loss for the period		-	-	(9,029)	**(9,029)**
Other comprehensive income		-	962	99	**1,061**
Total comprehensive loss for the period		-	962	(8,930)	**(7,968)**
Shares issued in the period	21	24,871	-	-	**24,871**
Balance as at 31 December 2020		**24,871**	**962**	**(8,930)**	**16,903**
Loss for the year		-	-	(3,403)	**(3,403)**
Other comprehensive income		-	(51)	23	**(28)**
Total comprehensive loss for the period		-	(51)	(3,380)	**(3,431)**
Shares issued in the year	21	15,600	-	-	**15,600**
Balance as at 31 December 2021		**40,471**	**911**	**(12,310)**	**29,072**

The accompanying notes are an integral part of these financial statements.

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Consolidated statement of cashflows

For the year ended 31 December 2021

	Notes	Year ending 31 December 2021 £'000	Period from 7 October 2109 to 31 December 2020 £'000
Cash flows from operating activities			
Loss before tax		**(3,569)**	(7,080)
Depreciation of property, plant and equipment and right of use assets	13, 14	**809**	1,334
Amortisation of acquired intangible assets	12	**3,844**	3,997
Amortisation of other intangibles	12	**209**	14
Non-cash movement of defined benefit pension charge	20	**(1,064)**	(1,362)
Net finance expense	10	**157**	265
Operating cash flows before working capital movement		**386**	(2,832)
Change in receivables		**99**	(1,844)
Change in contract assets		**71**	(97)
Change in payables		**(41)**	1,247
Change in contract liabilities		**251**	1,151
Change in provisions		**(3,387)**	(1,176)
Cash used in operations before tax		**(2,621)**	(3,551)
Income tax received / (paid)		**300**	(223)
Net cash flow used in operating activities		**(2,321)**	(3,774)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	25	**(8,240)**	(15,457)
Purchase of property, plant and equipment	13	**(108)**	(538)
Capital expenditure on intangible assets	12	**(2,911)**	(1,081)
Net cash flow used in investing activities		**(11,259)**	(17,076)
Cash flows from financing activities			
Issuance of share capital	21	**15,600**	24,871
Interest paid on borrowings	14	**(144)**	(175)
Payment of principal portion of lease liabilities		**(1,003)**	(845)
Net cash flows from financing activities		**14,453**	23,851
Net cash flow for the period		**873**	3,001
Cash and cash equivalents at start of period		**3,001**	-
Cash flow movement during the period		**873**	3,001
Exchange differences on cash and cash equivalent		**(51)**	-
Cash and cash equivalents at 31 December	17	**3,823**	3,001

The accompanying notes are an integral part of these financial statements.

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Notes to the consolidated financial statements

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is 25 Savile Row, London, United Kingdom, W1S 2ER. The principal place of business is Centennium House, 100 Lower Thames Street, London, EC3R 6DL.

Accounting period

These annual financial statements cover the year from 1 January 2021 to 31 December 2021. Brady Acquisition Limited was registered as a company on 7 October 2019. The comparative figures in these financial statements cover the period 7 October 2019 to 31 December 2020.

2. New accounting standards

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

Definition of material – Amendments to IAS 1 and IAS 8;
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 4, IFRS 9, IFRS 7, IFRS 16 and IAS 39; and
Revised Conceptual Framework for Financial Reporting.

These amendments did not have any impact on amounts recognised in the prior or current periods and are not expected to significantly affect the current or future periods.

Standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the IASB. None of these have been adopted early by the Group.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after their effective dates. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. These include:

Reference to the Conceptual Framework – Amendments to IFRS 3;
IFRS 17 Insurance Contracts;
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16;
Onerous Contracts – Cost of Fulfilling a Contract - Amendments to IAS 37;
Annual Improvements to IFRS Standards 2018–2020;
Classification of Liabilities as Current or Non-current – Amendments to IAS 1;
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
Definition of Accounting Estimates – Amendments to IAS 8;
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

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3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Brady Acquisition Limited have been prepared in accordance applicable law and UK adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The preparation of these financial statements in conformity with IFRS as adopted by the UK requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

IAS 1 permits an entity to present additional information for specific items to enable users to assess the underlying financial performance. In practice, these items are commonly referred to as 'specific' or 'non-underlying' items although such terminology is not defined in IFRS and accordingly there is a level of judgement required in determining what items to separately identify. The Board has adopted a policy to separately disclose those items that it considers are outside the underlying operating results for the particular period under review and against which the Group's performance is assessed.

Items within non-underlying operating result include amortisation of intangibles and depreciation costs and non-recurring items in the consolidated statement of income statement which, in the Directors' judgement, need to be disclosed separately (see note 8) by virtue of their nature, size and incidence in order for users of the financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. This policy is reviewed by the Board of Directors on an on-going basis.

Going concern basis

The Group made a loss before tax in the period ended 31 December 2021 of £3.6 million and at 31 December 2021 had net current liabilities of £6.7 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 December 2023. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Group will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

Based on the Directors' assessment of the Group's and Parent Company's financial position and of the enquiries made of the ultimate controlling party, the Directors have a reasonable expectation that the Group and Parent Company will continue in operational existence and

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meets its liabilities as they fall due for the foreseeable future. Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these financial statements.

Consolidation

The Group financial statements include the results, financial position and cash flows of the Company and all of its subsidiary undertakings. Subsidiary undertakings are those entities which the Company has power over, is exposed to variable returns from and can use its power to affect those returns.

Coterminous financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Businesses acquired or disposed of during the period are accounted for using acquisition method principles from, or up to, the date control passed. Intra-group transactions and balances are eliminated on consolidation. All subsidiaries use uniform accounting policies for like-for-like transactions and other events and similar circumstances.

Foreign currencies

(i) Functional and presentation currency

The functional currency of each Group entity is the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of each Group entity using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the income statement within "operating expenses". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(iii) Consolidation

For the purpose of presenting consolidated financial statements, the results and financial position of all the Group subsidiaries (none of which have the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rate at the period end date; and
- income and expenses for each income statement are translated at the average exchange rate ruling at the time of each period the transaction occurred and all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid and the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and VAT) of goods and services in the normal course of business. The Group has multiple revenue streams and the policy for each is detailed below. The Group acts as the principal in all sales.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative standalone selling prices.

(i) Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software subscription contracts are under a 'right to access' model and the Group retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Group's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.

(ii) Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Group has an enforceable right to payment for work completed to date on a time and materials basis.

The Group performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

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(iii) Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a fair depiction of the transfer of goods or services.

(iv) Contract assets and liabilities

The Group recognises the following contract assets in the consolidated statement of financial position:

Amounts recoverable on contracts, if the Group satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Group invoices the customer.
Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met:
The costs directly relate to a contractual performance obligation;
The costs relate to satisfaction of a performance obligation in the future; and
The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Group expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the consolidated statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(v) Financing elements

The Group does not expect to have any revenue contracts where there is a material financing element due to the period between revenue recognition and payment by the customer exceeding one period. Consequently, the Group applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

(vi) Contract modifications

From time to time, there is a change in scope of the original contract between the Group and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

The change order includes distinct goods or services; and
The price changes relative to the standalone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Group accounts for the change order as if it were part of the performance obligations in

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the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

Employee benefits

(i) Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within trade and other payables in the consolidated statement of financial position.

(ii) Retirement benefits

The Group operates various defined contribution and defined benefit pension arrangements for its employees.

For defined contribution pension arrangements, the amount charged to the income statement represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position.

For defined benefit pension arrangements, the cost of providing the benefit is calculated annually by independent actuaries. The estimate of its post retirement benefit obligation is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each period-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plans have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Any movement in actuarial gains and losses arising from experience adjustments and changes in assumptions is included within other comprehensive income.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

Leased assets

Identification of a lease

For any new contracts entered into the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Group recognises a right-of-use (RoU) asset and a lease liability in the consolidated statement of financial position.

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Group;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease, or if not available, the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses recent third-party financing arrangements as a starting point, adjusted to reflect changes in the Group's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Group depreciates the RoU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Group also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss so as to produce a constant periodic rate of interest of the remaining balance

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of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

Practical expedients

The Group has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Interest income and expense

Interest income and expense is included in the consolidated income statement on a time basis, using the effective interest method by reference to the principal outstanding.

Tax

The tax charge or credit comprises current tax payable and deferred tax:

(i) Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Group's taxable profits. It is based on an interpretation of existing tax laws and calculated based on the rate enacted at the balance sheet date. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes certain items of income and expense that are taxable or deductible in other periods or are never taxable or deductible.

(ii) Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

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Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

For further information about the Group's accounting for trade receivables, impairment policies and the calculation of the loss allowance, see note 23.

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the net fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is derecognised at the point of disposal of a subsidiary or group.

Other intangible assets

Intangible assets acquired through a business combination and purchased intangible assets such as goodwill, brand, technology, customer relationships, software are initially measured at fair value and amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements as disclosed in note 4).

Amortisation is shown within operating expenses in the consolidated income statement. The useful economic lives are:

Acquired intangible assets:
Brand – 5 to 8 years
Technology – 5 to 11 years
Customer relationships – 5 to 7 years
Software: 3 years, or period of the licence if different.

Research and development

Expenditure on research activities is recognised as an expense in the consolidated income statement in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;

- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the consolidated income statement. The amortisation period for development costs incurred in the Group is up to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the income statement so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

Leasehold improvements: period of the lease
Computer equipment: 3 years
Fixtures, fittings & equipment: 3 to 5 years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses in the consolidated income statement.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

Provisions

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

4. Critical accounting judgements and key sources of estimation and uncertainty

The following are judgements management makes when applying its significant accounting policies and that have the most significant effect on amounts that are recognised in the consolidated financial statements.

Judgements

Capitalisation of development costs

The Group invests in the development of future products in accordance with its accounting policy above. The assessment as to whether this expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgment, as is the forecasting of how the product will generate future economic benefit. Finally, the period of time over which the economic benefit associated with the expenditure occurred will arise is also a matter of judgment. These judgments are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products. The carrying amount of capitalised development costs at 31 December 2021 is £3,771,000 (2020: £1,069,000). Further consideration of the carrying amount of development costs is included in note 12.

Revenue recognition

Significant management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. Management considers recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer,

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typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is recognised when the work has been delivered to the customer and they have the ability to 'go-live', but where issues of customer acceptance are identified, then revenue is deferred until issues are resolved. The carrying amounts at 31 December 2021 for contract assets is £226,000 (2020: £218,000) and contract liabilities is £7,013,000 (2020: £5,842,000) as disclosed in note 5.

Provisions

Significant management judgement is applied to the recognition and measurement of provisions as they are subject to the future outcome of various situations. The Group recognises a provision at management's best estimate when it is probable that economic outflow will occur and reconsiders the estimate based on the latest information at each reporting date. To the extent that the outcome is different from the amounts recorded, the difference will impact the consolidated income statement in the period in which the matter is concluded. See note 19 for further details.

Pension obligations

Significant management judgement is applied to the assessment of the defined benefit pension obligation, supported by the advice of professional actuaries. The carrying amount of the defined benefit pension obligation at 31 December is £138,000 (2020: £1,278,000).

Non-recurring items

Material, non-recurring and incremental costs or income are identified and reported as non-recurring items separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the group. Details are shown in note 8.

Accounting estimates

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Impairment of goodwill and intangible assets

The Group tests goodwill for impairment annually and other intangible assets when an indicator of impairment exists. This requires an estimation of the value in use and the fair value less costs of disposal of the cash-generating units to which the goodwill and intangible assets are allocated. Identifying the cash-generating units requires judgment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of net assets at acquisition

The following valuation techniques were used to estimate the fair values of intangible assets acquired:

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Customer relationships – multi-period excess earnings method which considers the present value of net cash flows expected to be generated by customer relationships excluding any cash flows from contributory assets.

Technology – other earnings method which considers the present value of net cash flows expected to be generated by the technology, after assuming an expected attrition rate on revenue and royalty rate.

Brand – relief from royalty which considers the discounted estimated royalty payments, assumed to be between 1% and 6%, that are expected to be avoided as a result of patents being owned.

Tax

The Group is subject to corporate taxation in various countries and judgement is required in determining the provision for income and deferred taxation. The Group recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Group carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the consolidated income statement in the period in which such determination is made.

Uncertain tax position

The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary. The conclusion of the matter is uncertain as the Group has lodged an appeal in March 2020 with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner and estimates current year tax expense in Norway in accordance with the tax authorities determination.

The Board has assessed the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments). Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities. In relation to this matter, during 2021 a tax charge of £nil (2020: £0.2 million charge) has been included in the consolidated income statement. The tax asset estimated under IFRIC 23 in the statement of financial position at 31 December 2021 is £0.1 million (2020: £0.1 million). See note 16.

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5. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Directors consider that the business has three revenue streams with different characteristics, which are generated from the same assets and cost base. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended 31 December 2021	Recurring maintenance, hosting & subscription £'000	Services including development £'000	Software licences £'000	Total £'000
Total revenue	14,610	3,649	563	**18,822**
Timing of revenue recognition				
At a point in time	-	1,199	563	**1,762**
Over time	14,610	2,450	-	**17,060**
Period ended 31 December 2020				
Total revenue	15,607	3,981	445	**20,033**
Timing of revenue recognition				
At a point in time	-	1,128	445	**1,573**
Over time	15,607	2,853	-	**18,460**

Information about major customers

There were no individual customers in the period who contributed 10% or more of the Group's total revenue (2020: none).

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Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Notes	2021 £'000	2020 £'000
Current contract assets relating to:			
Recurring maintenance, hosting & subscription		**24**	1
Services including development		**112**	169
Software licences		**90**	48
Loss allowance		**-**	-
Total current contract assets	16	**226**	**218**
Current contract liabilities relating to:			
Recurring maintenance, hosting & subscription		**(5,936)**	(5,455)
Services including development		**(844)**	(176)
Software licences		**(233)**	(194)
Loss allowance		**-**	(17)
Total current contract liabilities	18	**(7,013)**	(5,842)

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities:

	2021 £'000	2020 £'000
Advance billing for licences and recurring maintenance, hosting and subscription revenues	**(5,455)**	-
Completion of contractual obligation in relation to Professional services, development and licenses	**(370)**	-
	(5,825)	-

Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset of £nil (2020: £2,000) in relation to costs to fulfil a long-term contract. This is presented within other current assets in the consolidated statement of financial position.

BRADY.

6. Employee information

Employee numbers

The average monthly number of people, including Directors, employed by the Group during the period was:

	2021 No.	2020 No.
Sales, services and client support	**43**	42
Development	**71**	79
Administration	**31**	28
Management	**7**	7
	152	**156**

Employee benefits

	Note	2021 £'000	2020 £'000
Wages and salaries		**11,355**	12,842
Social security costs		**1,204**	1,486
Defined contribution pension arrangements	20	**834**	762
Defined benefit pension arrangements	20	**(58)**	(211)
Shared based payment credit		**-**	(183)
		13,335	14,696

Directors' remuneration

No Directors were remunerated by the group for the current year or prior period. The Directors are associated with Hanover Investors Management LLP, the management entity for Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, which is the ultimate controlling party of the group.

Key management compensation

Key management includes Directors (executive and non-executive) and members of the Executive Management Team. The compensation paid or payable to key management for their services is shown below:

	2021 £'000	2020 £'000
Wages and salaries	**1,556**	1,911
Consultancy fees	**64**	-
Defined benefit pension arrangements	**38**	70
	1,658	1,981

BRADY.

7. Operating loss

The following items have been charged / (credited) to the consolidated income statement in arriving at operating loss from continuing operations:

	Notes	2021 £'000	2020 £'000
Research and development costs		**5,115**	6,559
Depreciation of property, plant and equipment	13	**70**	72
Depreciation and amortisation of right of use assets	14	**739**	1,262
Release of spare space provision against depreciation of right of use assets	19	**(667)**	-
Amortisation of acquired intangible assets	12	**3,844**	3,997
Amortisation of other intangible assets	12	**209**	14
Net foreign currency (gains) / losses		**(83)**	216
Gain on lease modification		**(93)**	-
Non-recurring items	8	**2,018**	1,741

8. Non-recurring items

	Notes	2021 £'000	2020 £'000
Restructuring costs		**1,014**	1,152
Transformation programme costs		**663**	871
Defined benefit pension credit	20	**(697)**	(1,373)
Professional and other fees relating to acquisitions	25	**1,038**	1,744
Unwind of spare space provision	19	**-**	(653)
	7	**2,018**	1,741

Restructuring costs

During the year, the Group incurred costs of £1,014,000 (2020: £1,152,000) relating to reorganisation activities to streamline operations.

Transformation programme costs

During the year, the Group incurred £663,000 (2020: £871,000) in transformation programme costs encompassing the review of procurement contracts, talent management, incentive scheme set up, mergers and acquisition advice, and financing advice.

Professional and other fees

During the year, the Group incurred £1,038,000 for professional and other fees relating the acquisition of CRisk ApS and Igloo Trading Solutions Limited. See note 25.

In the prior period, the Group incurred £1,744,000 for professional and other fees relating the acquisition of Brady Technologies Limited, delisting activities, recruitment, strategy and tax reviews, legal and loan arrangement fees.

Defined benefit pension credit

During the period, the Group received a non-recurring pension credit of £697,000 (2020: £1,373,000) following restructuring activities in Switzerland.

Unwind of spare space provision

As part of the fair value assessment of the net assets at the date of acquisition of Brady Technologies Ltd, a spare space provision was created for unused office space across the group. During the prior period, the Group released £653,000 of the provision to the income statement and classified it as a non-recurring costs.

In the current period, the release from the spare space provision has been included as a credit in operating expenses, depreciation and finance costs as this reflects the classification of the costs which the provision is against. Of the £1,531,000 release from the provision, £1,223,000 relates to office space in the UK, £214,000 relates to Norway and £94,000 relates to Switzerland. See note 19.

9. Auditor's remuneration

During the period, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2021	2020
	£'000	£'000
Fees payable to the Group's auditors for the audit of the parent company financial statements	**6**	5
Fees payable to the Group's auditors for the audit of the consolidated and subsidiary financial statements	**250**	237
	256	242

10. Net finance expense

	Note	**2021**	2020
		£'000	£'000
Interest income from cash and cash equivalents		**-**	5
Other finance income		**38**	59
Interest expense on loans		**-**	(2)
Other finance costs		**(20)**	(117)
Lease liability interest costs	14	**(157)**	(210)
Release of spare space provision against lease liability interest costs	19	**135**	-
		(4)	(265)

BRADY.

11. Taxation

Income tax recognised in the consolidated income statement

	Note	2021 £'000	2020 £'000
Current tax			
UK corporation tax charge at 19.00% on loss for the period		**-**	-
Adjustment in respect of prior years - R&D tax credits		**(98)**	-
Adjustment in respect of prior years - others		**(538)**	-
UK corporation tax credit		**(636)**	-
Overseas tax charge on loss for the period		**184**	321
Adjustment in respect of prior years - others		**(515)**	408
Overseas tax (credit) / charge		**(331)**	729
Current yax (credit) / charge		**(967)**	729
Deferred tax			
(Increase) / decrease in deferred tax assets - current	15	**(38)**	107
Increase in deferred tax liabilities - current period	15	**840**	1,113
Total deferred tax expense		**802**	1,220
Total income tax (credit) / charge for the period		**(165)**	1,949

The adjustments in respect of prior years mainly relate to release of excess provisions relating to withholding tax payable and subsequent receipt of a partial refund of this withholding tax. The receipt of this refund was not probable at 31 December 2020 so was not recognised in the prior period.

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The tax expense differs from the standard rate of corporation tax in the UK for the period of 19.00% for the following reasons:

	2021	2020
	£'000	£'000
Loss before taxation	**(3,569)**	(7,080)
Loss before taxation multiplied by standard rate of tax in the UK of 19%	**(678)**	(1,345)
Tax effects of:		
Expenses not deductible for tax purposes	**670**	1,354
Differential on overseas tax rates	**62**	29
Adjustments in respect of prior periods	**(1,151)**	408
Remeasurement of deferred tax liabilities due to change in future UK tax rates	**(1,177)**	-
Enhanced deduction for R&D	**662**	-
Tax losses for which no deferred tax asset was recognised	**1,786**	1,503
Use of group relief and carried forward losses	**(339)**	-
Tax (credit) / expense	**(165)**	1,949

Factors that may affect future tax charges

The Group has tax losses of £43.0 million (2020: £34.6 million) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries whose future taxable profits are uncertain. The potential deferred tax asset not recognised is £10.7 million (2020: £6.5 million). No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries, because the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

BRADY.

Uncertain tax position

The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary. The conclusion of the matter is uncertain as the Group has lodged an appeal in March 2020 with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner. After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments), the Board has recognised a tax asset of £0.1 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities. In relation to this matter, during 2021 a tax charge of £0.4 million has been included in the consolidated income statement.

12. Intangible assets

	Goodwill £ '000	Acquired customer relationships £ '000	Acquired technology £ '000	Acquired brand £ '000	Internally generated software and computer software £ '000	Total £ '000
Cost						
At 1 January 2021	13,941	12,235	7,865	2,451	1,083	**37,575**
Acquisition through business combinations	3,810	1,307	8,487	416	-	**14,020**
Additions	-	-	-	-	2,911	**2,911**
Foreign exchange	(9)	(12)	(34)	(4)	(9)	**(68)**
At 31 December 2021	**17,742**	**13,530**	**16,318**	**2,863**	**3,985**	**54,438**
Amortisation						
At 1 January 2021	-	(1,931)	(1,727)	(339)	(14)	**(4,011)**
Charge for the year	-	(1,774)	(1,748)	(322)	(209)	**(4,053)**
Foreign exchange	-	-	1	-	9	**10**
At 31 December 2021	**-**	**(3,705)**	**(3,474)**	**(661)**	**(214)**	**(8,054)**
Net book value						
At 31 December 2021	**17,742**	**9,825**	**12,844**	**2,202**	**3,771**	**46,384**
At 31 December 2020	13,941	10,304	6,138	2,112	1,069	33,564

The net book amount of intangible assets is allocated to a single cash-generating unit ('CGU').

BRADY.

Impairment review

The recoverable amounts for the cash-generating unit ('CGU') were determined based on value-in-use calculations, at a level where there are largely independent cash inflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2022 and 2023 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount.

The Board has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate, cost growth rate and discount factor, on which the value-in-use (VIU) calculations are based.

The net book amount of intangible assets has been allocated to the single cash-generating unit of Brady Technologies Limited and its subsidiaries.

Principal assumptions

The Group has applied the following key assumptions in calculating the value-in-use.

Pre-tax discount rate 15.4%
Contractual revenue indexation 2.0% p.a.
Annual revenue growth 3.0% p.a.
Cost growth rate 2.0% p.a. average over the period
Growth applied beyond the approved forecast period 5%

Impairment review results

Management has performed sensitivity analyses on the impairment calculations by running a number of different scenarios including reducing the indexation to 1.0%, increasing the discount rate from 15.4% to 17.0% and reducing the growth rate beyond the approved forecast period from 5% to 2.5%. No impairment would arise in these scenarios.

BRADY.

13. Property, plant and equipment

	Notes	Computer equipment £'000	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 Januray 2021		87	39	64	**190**
Transfer from right of use assets	14	244	-	-	**244**
Additions		52	46	10	**108**
Foreign exchange		11	(6)	4	**9**
At 31 December 2021		**394**	**79**	**78**	**551**
Depreciation					
At 1 Januray 2021		(34)	(6)	(32)	**(72)**
Transfer from right of use assets	14	(244)	-	-	**(244)**
Charge for the year	7	(43)	(5)	(22)	**(70)**
Foreign exchange		-	3	5	**8**
At 31 December 2021		**(321)**	**(8)**	**(49)**	**(378)**
Net book value					
At 31 December 2021		**73**	**71**	**29**	**173**
At 31 December 2020		53	33	32	118

BRADY.

14. Right of use assets and associated lease liabilities

Amounts recognised in the consolidated statement of financial position

	Note	Property £'000	Software £'000	Hardware £'000	Total £'000
Cost					
At 1 January 2021		4,076	186	244	**4,506**
Transfer to property, plant and equipment		-	-	(244)	**(244)**
Acquisition through business combinations	25	86	-	-	**86**
Additions in period		1,728	383	-	**2,111**
Disposals in the period		(2,203)	(145)	-	**(2,348)**
Foreign exchange		(70)	-	-	**(70)**
At 31 December 2021		**3,617**	**424**	**-**	**4,041**
Depreciation					
At 1 January 2021		(874)	(123)	(244)	**(1,241)**
Transfer to property, plant and equipment		-	-	244	**244**
Charge for the period		(535)	(204)		**(739)**
Disposals in the period		393	145	-	**538**
Foreign exchange		27	-	-	**27**
At 31 December 2021		**(989)**	**(182)**	**-**	**(1,171)**
Net book value					
At 31 December 2021		**2,628**	**242**	**-**	**2,870**
At 31 December 2020		3,202	63	-	3,265

Property leases are leases for office space in various locations. Hardware and software leases relate to various assets. The total cash outflow for leases in the period was £1,147,000 (2020: £1,181,000).

The additions to the right of use property assets in the period relate to agreements where the rental amounts are set to increase or the duration or the duration of the lease is extended.

The disposals to the right of use property assets in the period relate to termination of certain lease agreements.

The maturity analysis of the lease liability is as follows:

	2021 £'000	2020 £'000
Lease liabilities		
Current - payable within 12 months	**788**	969
Non-current - payable after 12 months	**2,226**	2,676
	3,014	3,645

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The undiscounted future cash flows associated with the lease liability at 31 December 2021 were as follows:

	2021 £'000	2020 £'000
Undiscounted future cash out flows		
Within 12 months	**911**	1,123
Between 12 months and 5 years	**1,594**	2,343
After 5 years	**879**	588
	3,384	4,054

Amounts recognised in the consolidated statement of income statement

	Note	2021 £'000	2020 £'000
Depreciation charge on right of use assets			
Property		**535**	887
Computer equipment		**-**	244
	7	**535**	1,131
Amortisation charge relating to right of use assets			
Software	7	**204**	123
Included in other operating costs			
Expenses relating to short-term leases		**3**	13
Expenses relating to low -value leases		**4**	12
Expenses relating to variable lease payments not included in lease		**37**	52
		44	77
Included in net finance expense			
Interest expense	10	**157**	210

BRADY.

15. Deferred tax assets and liabilities

The movement in deferred tax in the consolidated statement of financial position during the period is as follows:

	Note	Asset 2021 £'000	Liability 2021 £'000	Asset 2020 £'000	Liability 2020 £'000
At start of period		**-**	**(3,728)**	-	-
Effect of movements in exchange rates		**-**	**11**	-	-
Acquisition through business combinations		**-**	**(2,453)**	-	(2,108)
Adjustments through PPA unwinds		**-**	**-**	-	(400)
Deferred tax credited/(charged) to the consolidated income statement - current period	11	**38**	**(840)**	-	(1,220)
At 31 December		**38**	**(7,010)**	-	(3,728)

The components of deferred tax included in the consolidated statement of financial position are as follows:

	Asset 2021 £'000	Liability 2021 £'000	Asset 2020 £'000	Liability 2020 £'000
Development costs capitalised	**-**	**(887)**	-	(203)
Intangible assets recognised on acquisition of subsidiaries	**-**	**(6,123)**	-	(3,525)
Timing differences	**38**	**-**	-	-
At 31 December	**38**	**(7,010)**	-	(3,728)

16. Trade and other receivables

	Notes	2021 £'000	2020 £'000
Trade receivables, gross	23	**3,358**	2,887
Loss allowance	23	**(287)**	(429)
Trade receivables, net		**3,071**	2,458
Contract assets	5	**226**	218
Corporation tax receivable		**401**	-
Other taxation receivable		**568**	-
Other receivables		**996**	943
		5,262	3,619

All amounts disclosed are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value. Standard credit terms extended to the majority of trade receivables is 30 days.

Due to having effective credit control procedures, the Group is not significantly exposed to the risk of bad debt.

The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. Any impairment is assessed on a customer-by-customer basis following a detailed review of the particular circumstances and these balances are considered to be in default. The trade receivable balances that are not in default share similar credit risk characteristics and are considered to be of sound credit rating. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 23.

17. Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash and cash equivalents	**3,823**	3,001

The carrying amount of cash and cash equivalents approximates to fair value because of the short-term maturity of these instruments.

18. Trade and other payables

		2021	2020
	Notes	**£'000**	£'000
Trade payables	23	**2,259**	721
Contract liabilities	5	**7,013**	5,842
Accruals and other payables		**3,251**	3,562
		12,523	10,125

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying value of trade payables is considered a reasonable approximation of fair value due to their short-term nature.

BRADY.

19. Provisions

	Spare space £'000	Taxation £'000	Contractual dispute £'000	Employment dispute £'000	Onerous contract £'000	Contingent consideration £'000	Others £'000	Total £'000
At 31 December 2020	**3,065**	**1,669**	**616**	**406**	**558**	**-**	**866**	**7,180**
Acquisitions through business combinations	-	563	-	-	-	1,788	249	2,600
Unused provision released	-	(68)	-	(145)	(226)	-	(117)	(556)
Amounts used during the period	(1,531)	(734)	(2)	(261)	(68)	-	(82)	(2,678)
Effects of movement in exchange rates	-	(3)	(8)	-	-	-	-	(11)
At 31 December 2021	**1,534**	**1,427**	**606**	**-**	**264**	**1,788**	**916**	**6,535**
Disclosed as								
Current provisions	469	946	-	-	132	-	710	**2,257**
Non-current provisions	1,065	481	606	-	132	1,788	206	**4,278**
At 31 December 2021	**1,534**	**1,427**	**606**	**-**	**264**	**1,788**	**916**	**6,535**

Spare space

The Group has a number of leases for properties which are not fully occupied and has established a provision after assessing the level of spare capacity. The provision is expected to be utilised over the period of the respective lease terms of between two and ten years. In the year to 31 December 2021, £1,531,000 (2020: £653,000) of the provision was used. £729,000 was charged to other operating expenses, £667,000 was charged to depreciation and £135,000 was charged to finance costs (2020: charged to non-recurring items) in the income statement.

Taxation

The Group has created a provision for various potential UK and overseas taxation exposures in relation to transfer pricing arrangements, historical payroll engagements and other general taxation exposures.

The provision increased by £563,000 as a result of the acquisition of two subsidiary companies during the year (see note 25).

The provision is expected to be utilised over six years or as assessments arise. In the year to 31 December 2021, £802,000 (2020: £nil) of the provision was released and charged to operating expenses (£46,000), non-recurring items (£75,000), finance costs (£41,000) and taxation (£640,000).

Contractual dispute

The Group is involved in certain contractual disputes. After taking appropriate legal advice, the Group has established provisions after taking into account the facts of each case at the balance sheet date. The provision is expected to be utilised over the next 12 months. In the year to 31 December 2021, £2,000 (2020: £233,000) of the provision was used and charged to operating expenses.

Employment dispute

The Group was involved in certain employment disputes. All have been resolved prior to the reporting date and all provisions released.

Onerous contract

The Group has established a provision for unfulfilled contractual obligations. The provision is expected to be utilised over the next two years. In the year to 31 December 2021, £294,000 (2020: £nil) of the provision was used and charged to operating expenses.

Contingent consideration

Contingent consideration relating to the acquisition of Igloo Trading Solutions Limited of £1,788,000 has been recognised which is dependent on annual recurring revenues reaching a determined amount (see note 25).

Others

The Group has provisions for various other potential exposures including the potential liabilities arising from the assessment of permanent establishments in overseas territories, warranties from a disposal of a group subsidiary, compliance fines in overseas territories, the cost to assess the ownership of all intellectual property across the business, the cost to restructure the legal entities of the Group and property dilapidation costs.

The provision increased by £249,000 as a result of the acquisition of two subsidiary companies during the year (see note 25).

The provisions are expected to be utilised over the coming 12 months to three years. In the year to 31 December 2021, £82,000 (2020: £17,000) of the provision was used and £117,000 unused provision was released, with amounts being credited to operating expenses.

20. Pension obligations

The Group operates a number of post-employment benefit arrangements throughout the world, the forms and benefits of which vary with conditions and practices in the countries concerned. These arrangements are defined contribution retirement arrangements in nature, except for two arrangements for certain employees of the Group's Swiss subsidiaries, Brady Switzerland SA and Brady Energy AG, which are classified as defined benefit retirement arrangements under IFRS.

Defined contribution pension arrangements

The total expense recognised in profit of loss for the Group relating to employer contributions to defined contribution pension arrangements was £834,000 (2020: £762,000). At 31 December 2021, there were outstanding unpaid contributions of £58,000 (2020: £76,000) included in other payables. These amounts were paid after the end of the period.

Defined benefit pension arrangements

The arrangements must be fully funded under LPP/BVG law (Swiss law) on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both. The Group has three plans, relating to two subsidiaries. As at 31 December 2021, one plan has active members and two plans are retiree-only plans. The liabilities arising below are a result of different funding assumptions under Swiss law compared to IFRS, and whilst there is an overall net liabilities position shown on the balance sheet at 31 December 2021, it does not represent a shortfall in the funding of the schemes and Brady as an employer is not required to provide additional contributions.

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The Boards of the foundations are composed of an equal number of representatives from both the employer and employees. The Boards of the foundations are required by law to act in the interest of the fund and of all relevant stakeholders in the arrangement, i.e. active employees, inactive employees, retirees, employers. The Boards of the foundations are responsible for the investment policy with regard to the assets of the funds.

The service cost, administrative expenses and the net interest expense for the period are included in the employee benefits expense in the profit or loss within operating expenses. The remeasurement of the net defined liability is included in other comprehensive income. The Group's obligation in respect of defined benefit arrangements is recognised in the consolidated statement of financial position.

Analysis of amounts recognised in the consolidated income statement

For the year ended 31 December 2021	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Current service cost	44	5	**49**
Past service cost	(810)	(245)	**(1,055)**
Administrative expenses	1	-	**1**
Net interest expense	1	-	**1**
Components of defined benefit costs recognised in profit or loss	**(764)**	**(240)**	**(1,004)**

For the period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Current service cost	135	20	**155**
Past service cost	(900)	(856)	**(1,756)**
Administrative expenses	11	6	**17**
Net interest expense	3	2	**5**
Components of defined benefit costs recognised in profit or loss	**(751)**	**(828)**	**(1,579)**

During the period, £697,000 (2020: £1,373,000) of the past service cost was recognised as a non-recurring credit item within the income statement, see note 8.

BRADY.

Analysis of amounts recognised in the consolidated statement of other comprehensive income

For the year ended 31 December 2021	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Remeasurement of the net defined benefit obligation			
Return on plan assets (excluding amounts included in net interest)	86	22	**108**
Actuarial gains/(losses) from changes in demographic assumptions	(44)	-	**(44)**
Actuarial (gains)/losses from changes in financial assumptions	(97)	(63)	**(160)**
Actuarial (gains)/losses from experience adjustments	65	8	**73**
	10	(33)	**(23)**
Effect of movement in exchange rates	(38)	(13)	**(51)**
Components of defined benefit costs recognised in other comprehensive income	**(28)**	**(46)**	**(74)**

BRADY.

For the period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Remeasurement of the net defined benefit obligation			
Return on plan assets (excluding amounts included in net interest)	112	(256)	**(144)**
Actuarial gains/(losses) from changes in demographic assumptions	(303)	171	**(132)**
Actuarial (gains)/losses from changes in financial assumptions	86	39	**125**
Actuarial (gains)/losses from experience adjustments	(58)	110	**52**
	(163)	64	**(99)**
Effect of movement in exchange rates	110	59	**169**
Components of defined benefit costs recognised in other comprehensive income	**(53)**	**123**	**70**

Analysis of amounts recognised in the consolidated statement of financial position

For the year ended 31 December 2021	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Present value of defined benefit obligation	(576)	-	**(576)**
Fair value of plan assets	438	-	**438**
	(138)	**-**	**(138)**

For the period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Present value of defined benefit obligation	(2,660)	(1,886)	**(4,546)**
Fair value of plan assets	1,674	1,594	**3,268**
	(986)	**(292)**	**(1,278)**

BRADY.

Movements in the present value of the defined benefit obligation

For the year ended 31 December 2021	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Benefit obligation at 1 January 2021	(2,660)	(1,886)	**(4,546)**
Current service cost	(44)	(5)	**(49)**
Past service cost	8	-	**8**
Interest cost	(1)	(1)	**(2)**
Contributions from plan participants	(52)	(3)	**(55)**
Actuarial gains/(losses) from changes in demographic assumptions	44	-	**44**
Actuarial gains/(losses) from changes in financial assumptions	97	62	**159**
Actuarial gains/(losses) from experience adjustments	(65)	(8)	**(73)**
Benefits paid	-	8	**8**
Settlements	1,989	1,749	**3,738**
Effect of movements in exchange rates	108	84	**192**
Benefit obligation at 31 December 2021	**(576)**	**-**	**(576)**

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For the period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Benefit obligation at 18 November 2019	(4,313)	(3,159)	**(7,472)**
Current service cost	(135)	(20)	**(155)**
Past service cost	-	-	**-**
Interest cost	(11)	(7)	**(18)**
Contributions from plan participants	(97)	(51)	**(148)**
Actuarial gains/(losses) from changes in demographic assumptions	303	(171)	**132**
Actuarial gains/(losses) from changes in financial assumptions	(86)	(39)	**(125)**
Actuarial gains/(losses) from experience adjustments	58	(110)	**(52)**
Benefits paid	-	(10)	**(10)**
Settlements	1,877	1,868	**3,745**
Effect of movements in exchange rates	(256)	(187)	**(443)**
Benefit obligation at 31 December 2020	**(2,660)**	**(1,886)**	**(4,546)**

Movements in the fair value of plan assets

For the year ended 31 December 2021	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Fair value of plan assets at 1 January	1,674	1,594	3,268
Interest income	2	1	3
Return on plan assets (excluding amounts included in net interest)	(87)	(22)	(109)
Contributions from employers	52	8	60
Contributions from plan participants	52	3	55
Benefits paid	-	(8)	(8)
Settlements	(1,187)	(1,505)	(2,692)
Administrative expenses paid from plan assets	(1)	-	(1)
Effect of movements in exchange rates	(67)	(71)	(138)
Fair value of plan assets at 31 December 2021	**438**	**-**	**438**

BRADY.

For the period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Fair value of plan assets at 18 November 2019	2,426	2,097	4,523
Interest income	8	5	13
Return on plan assets (excluding amounts included in net interest)	(112)	256	144
Contributions from employers	97	65	162
Contributions from plan participants	97	51	148
Benefits paid	-	10	10
Settlements	(977)	(1,012)	(1,989)
Administrative expenses paid from plan assets	(11)	(6)	(17)
Effect of movements in exchange rates	146	128	274
Fair value of plan assets at 31 December 2020	**1,674**	**1,594**	**3,268**

Composition of plan assets

	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
At 31 December 2021			
Insurance contracts	438	-	438
At 31 December 2020			
Insurance contracts	1,674	1,594	3,268

Actuarial valuation: principal assumptions

The most recent actuarial valuation of the plan assets and present value of the defined benefit obligation of both foundations were carried out at 31 December 2021 by Toptima AG. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations for the pension schemes were as follows:

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	Brady Switzerland SA	Brady Energy AG	Brady Switzerland SA	Brady Energy AG
	For year ended 31 December 2021	For year ended 31 December 2021	For period ended 31 December 2020	For period ended 31 December 2020
Weighted average principle assumptions to determine pension obligations				
Discount rate	0.30%	0.40%	0.15%	0.15%
Rate of salary increase	1.50%	1.50%	1.50%	1.50%
Rate of pension increase	0.00%	0.00%	0.00%	0.00%
Rate of price inflation	0.70%	0.70%	0.70%	0.70%
Weighted average principle assumptions to determine net pension cost				
Discount rate	0.15%	0.15%	0.30%	0.30%
Rate of salary increase	1.50%	1.50%	2.00%	2.00%
Rate of pension increase	0.00%	0.00%	0.00%	0.00%
Rate of price inflation	0.70%	0.70%	0.70%	0.70%

Actuarial valuation: sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

£'000 effect on the defined benefit liability of a change of:	Increase	Decrease
At 31 December 2021		
0.25% in discount rate	(29)	32
1.0% in salary growth rate	33	(34)
At 31 December 2020		
0.25% in discount rate	(207)	221
1.0% in salary growth rate	135	(131)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

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21. Share capital and premium

The Company has two classes of ordinary shares which carry no right to fixed income. The share capital of Brady Acquisition Limited consists of fully paid ordinary shares and ordinary A shares with a nominal value of £1.00 per share. These shares carry the following voting rights:

ordinary shares are entitled to one vote each and carry the right to participate in distributions in regards to dividends;
ordinary A shares are not entitled to vote and have no rights to dividends.

	Number of ordinary shares	Number of ordinary A shares	Share capital £'000
At 7 October 2019	1	-	-
Issued during the period	24,868,952	1,580	24,871
At 31 December 2020	**24,868,953**	**1,580**	**24,871**
Purchase and cancellation of own shares		(522)	(1)
Issued during the year	15,600,000	985	15,601
At 31 December 2021	**40,468,953**	**2,043**	**40,471**

On 3 February 2021, the Company purchased at par 522 of its own ordinary A shares and subsequently cancelled these shares.

On 5 August 2022, the Company purchased at par 522 of its own ordinary A shares and subsequently cancelled these shares.

On 15 August 2022, the Company purchased at par 65 of its own ordinary A shares and subsequently cancelled these shares.

The Company issued shares in the year and post-year end period as follows:

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Date	Type of shares	Number of shares	Nominal value £	Purchase price £
23/02/2021	Ordinary	1,000,000	1	1
18/03/2021	Ordinary	1,000,000	1	1
29/04/2021	Ordinary	1,000,000	1	1
07/07/2021	Ordinary	1,000,000	1	1
31/08/2021	Ordinary A	985	1	1
09/09/2021	Ordinary	3,600,000	1	1
29/09/2021	Ordinary	6,500,000	1	1
30/09/2021	Ordinary	750,000	1	1
30/11/2021	Ordinary	750,000	1	1
17/02/2022	Ordinary	1,000,000	1	1
08/03/2022	Ordinary A	250	1	1
21/03/2022	Ordinary	1,000,000	1	1
08/04/2022	Ordinary A	150	1	1

22. Foreign exchange reserve

	Foreign exchange reserve £'000
Balance at 7 October 2019	-
Exchange differences on retranslation of foreign operations	962
Balance at 31 December 2020	**962**
Exchange differences on retranslation of foreign operations	(51)
Balance at 31 December 2021	**911**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency of Sterling are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. On disposal of a foreign operation, the cumulative amount is recycled to the consolidated income statement from other comprehensive income.

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23. Financial risk management

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The Group's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Group has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the period ended 31 December 2021 as the Group's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are as follows:

	2021 Assets £'000	**2021 Liabilities £'000**	2020 Assets £'000	2020 Liabilities £'000
AUD	**15**	**-**	18	-
CAD	**232**	**(1)**	81	(2)
CHF	**5**	**(3)**	11	(15)
DKK	**(1)**	**-**	-	-
EUR	**942**	**(119)**	962	(7)
GBP	**2**	**1**	-	-
NOK	**59**	**-**	-	(2)
SEK	**27**	**-**	17	-
SGD	**138**	**-**	12	-
USD	**995**	**(12)**	537	-

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Euros, Swiss francs, Norwegian kroner, Canadian dollars and Australian dollars. The Group seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Group's sensitivity to a 10% increase and decrease in the Sterling exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the

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above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	2021	**2021**	2020	2020
	Income statement	**Equity**	Income statement	Equity
	£'000	**£'000**	£'000	£'000
Effect of a 10% weakening in the relevant exchange rate				
AUD	**1**	**1**	2	2
CAD	**23**	**23**	8	8
CHF	**1**	**1**	-	-
DKK	**-**	**-**	-	-
EUR	**106**	**106**	106	106
GBP	**-**	**-**	-	-
NOK	**6**	**6**	-	-
SEK	**3**	**3**	-	-
SGD	**14**	**14**	-	-
USD	**101**	**101**	56	56
Effect of a 10% strengtening in the relevant exchange rate				
AUD	**(1)**	**(1)**	(2)	(2)
CAD	**(23)**	**(23)**	(7)	(7)
CHF	**(1)**	**(1)**	-	-
DKK	**-**	**-**	-	-
EUR	**(106)**	**(106)**	(87)	(87)
GBP	**-**	**-**	-	-
NOK	**(6)**	**(6)**	-	-
SEK	**(3)**	**(3)**	-	-
SGD	**(14)**	**(14)**	-	-
USD	**(101)**	**(101)**	(46)	(46)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group does not have bank deposits nor external interest-bearing loans. Consequently the Group believes that fluctuations on the interest rates will not have significant effect on the Group's financial performance.

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Credit risk analysis

Risk management

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in this note, which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Group treasury policy. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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On that basis, the loss allowance as at 31 December 2021 was determined as follows for both trade receivables and contract assets:

31 December 2021	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	0.1%	0.0%	0.0%	86.9%	**8.0%**
Gross carrying amount trade receivables GBP	2,397	628	6	327	**3,358**
Gross carrying amount contract assets GBP	226	-	-	-	**226**
Loss allowance GBP	(3)	-	-	(284)	**(287)**

31 December 2020	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	1.0%	1.1%	1.0%	87.0%	**13.8%**
Gross carrying amount trade receivables GBP	2,133	94	198	462	**2,887**
Gross carrying amount contract assets GBP	218	-	-	-	**218**
Loss allowance GBP	(24)	(1)	(2)	(402)	**(429)**

The closing loss allowances for trade receivables and contract assets as at 31 December 2021 reconcile to the opening loss allowances as follows:

	Note	2021 £'000	2020 £'000
At start of period		**(429)**	-
Additions through business combinations		**-**	(416)
Exchange movement		**11**	(26)
Increase in loss allowance recognised in profit or loss during the period		**(64)**	(14)
Receivables written off and previously provided for		**195**	-
Unused amount reversed		**-**	27
At 31 December	16	**(287)**	(429)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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Liquidity analysis

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Group manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Group's financial liabilities are summarised below:

		Current		Non-current	
		Within 6 months	Between 6 - 12 months	Between 1 -5 years	Later than 5 years
	Note	GBP	GBP	GBP	GBP
As at 31 December 2021					
Trade and other payables	18	**3,965**	**890**	**211**	**-**
As at 31 December 2020					
Trade and other payables	18	3,899	384	-	-

Financial assets used for managing liquidity risk

Cash flows from trade and other receivables are contractually due within six months. Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified, these are placed in accounts with access terms of no more than three months.

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Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 3. The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial instrument:

	Notes	**2021** **£'000**	2020 £'000
Financial assets			
Financial assets at amortised cost			
Trade receivables	16	**3,071**	2,458
Contract assets	5	**226**	218
Corporation and other tax receivable	16	**969**	-
Cash and cash equivalents	17	**3,823**	3,001
		8,089	5,677
Financial liabilities			
Liabilities at amortised cost			
Trade payables	18	**(2,259)**	(721)
Accruals and other payables	18	**(3,251)**	(3,562)
Corporation and other tax payable		**(258)**	(913)
Contract liabilities	5	**(7,013)**	(5,842)
Lease liabilities	14	**(3,014)**	(3,645)
		(15,795)	(14,683)

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24. Group information

Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

Subsidiary	Address of the registered office	Place of business/ country of incorporation	Principal activity	Ownership interest held by the group % 31 Dec 2021	Ownership interest held by the group % 31 Dec 2020
Held directly by Brady Acquisition Limited					
Brady Technologies Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100	100
Brady Technologies (Holding) Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	-
Held indirectly by Brady Acquisition Limited					
Brady Trading Limited	First Floor, Victory House, Vision Park, Histon, Cambridge CB24 9ZR	England & Wales	Software & services	100	100
Brady Energy Norway AS	Storgata 2A, N-1767 Hladen, Norway	Norway	Software & services	100	100
Brady Energy AG	Gubelstrasse 11, CH-6300 – Zug Switzerland	Switzerland	Software & services	100	100
Brady Switzerland SA	18, rue Francois-Perréard, CH 1225-Geneva, Switzerland	Switzerland	Software & services	100	100
Brady USA, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100	100
Brady Asia Service Company PTE Limited	Level 30, Six Battery Road, Singapore 049909	Singapore	Software & services	-	100
Commodities Software (UK) Limited	First Floor, Victory House Vision Park, Histon, Cambridge, England, CB24 9ZR	England & Wales	Dormant	100	100
Brady Credit Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	100
Brady Energy UK Limited	40 Torphichen Street, Edinburgh, EH3 8JB, Scotland	Scotland	Software & services	100	100
Brady Energy Canada, Inc.	251 Consumers Road, 12th Floor, Toronto, ON M2J 4R3, Canada	Canada	Software & services	-	100
Brady Credit Trading Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100	100
Brady Credit, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100	100
Energy Credit Software Services Private Limited	No. 203, Casa Andree, 8, Andree Road, Shanthinagar, Bangalore 560027, Karnataka, India	India	Software & services	100	100
Brady Credit Holding Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	100
Coastdata Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Dormant	100	100
Colplan Systems Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	100
Igloo Trading Solutions Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100	-
CRISK Software ApS	Gammel Køge Landevej 55, 4, Valby, 2500, Denmark	Denmark	Software & services	100	-

During the year, Brady Asia Service Company Private Limited and Brady Energy Canada Inc were dissolved.

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The following changes have occurred between the reporting date and the date of signing these financial statements:

On 8 February 2022, the Company acquired 100% of the share capital of Brady Energy (Holding) Limited.

On 15 July 2022, all of the shares held indirectly by the Company in Brady Trading Limited and Brady Switzerland S.A. were sold.

On 10 August 2022, an application to the Registrar of Companies was made to strike off Coastdata Limited and Colplan Systems Limited.

On 5 September 2022, an application to the Registrar of Companies was made to strike off Commodities Software (UK) Limited.

Nature of ownership interest

Unless otherwise stated, all subsidiaries have equity capital consisting solely of ordinary shares that are wholly owned either directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group.

Reporting dates

All subsidiaries are included in the Group financial statements and prepare local statutory accounts up to 31 December each period except for:

> Energy Credit Software Services Private Limited which prepares accounts up to 31 March as required by company law in India.
> Igloo Trading Solutions Limited, which prepares accounts up to 31 March
> CRisk Software ApS, which prepares accounts up to 30 September.

For subsidiaries, which have a different financial period end to the Group, additional co-terminus accounts are prepared reflecting the same financial reporting as the Group for the purposes of consolidation.

25. Business combinations

Acquisitions in the current period

On 13 September 2021, the Group acquired 100% of the ordinary share capital and voting rights in CRisk Software ApS ('CRisk'), a company based in Denmark and specialising in risk management software. The Group acquired CRisk because it enhances the Group's product offerings in the risk management market.

On 13 October 2021, the Group acquired 100% of the ordinary share capital and voting rights in Igloo Trading Solutions Limited ('Igloo'), a company based in England and specialising in energy trading and risk management (ETRM) software. The Group acquired Igloo because it enhances the Group's product offerings in the ETRM market, notably in the short-term power sector.

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The fair value of the identifiable assets and liabilities of CRisk at acquisition date was as follows:

	Notes	Book value at acquisition £000	Fair value adjustments £000	Fair value on acquisition £000
Property, plant and equipment		-	-	**-**
Right of use assets	14	28	-	**28**
Cash and cash equivalents		341	-	**341**
Trade and other receivables		115	8	**123**
Trade and other payables		(256)	(4)	**(260)**
Provisions	19	-	(215)	**(215)**
Deferred tax liabilities	15	-	(733)	**(733)**
Lease liabilities	14	(28)	-	**(28)**
Net identifiable assets and liabilities		**200**	**(944)**	**(744)**
Acquired intangibles				**-**
Customer relationships	12		781	**781**
Technology	12		2,290	**2,290**
Brand	12		263	**263**
Goodwill	12		609	**609**
Total consideration				**3,199**

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The fair value of the identifiable assets and liabilities of Igloo at acquisition date was as follows:

	Notes	Book value at acquisition £000	Fair value adjustments £000	Fair value on acquisition £000
Property, plant and equipment		3	(3)	**-**
Right of use assets	14	58	-	**58**
Cash and cash equivalents		618		**618**
Trade and other receivables		336	(11)	**325**
Trade and other payables		(406)	(146)	**(552)**
Provisions	19	-	(597)	**(597)**
Deferred tax liabilities	15	-	(1,720)	**(1,720)**
Lease liabilities	14	(58)	-	**(58)**
Net identifiable assets and liabilities		**551**	**(2,477)**	**(1,926)**
Acquired intangibles				**-**
Customer relationships	12		526	**526**
Technology	12		6,197	**6,197**
Brand	12		153	**153**
Goodwill	12		3,201	**3,201**
Total consideration				**8,151**

At the date of acquisitions, the Directors undertook a detailed review of the statement of financial position of each acquiree and identified a number of fair value adjustments as follows;

Write off of property, plant and equipment with no future value
Recognition of a bad debt provision against a trade receivable
Recognition of previously unrecognised prepayments
Recognition of previously unrecognised contract liabilities, accruals and other payables
Recognition of various provisions against potential claims and unrecorded liabilities (see note 19)
Recognition of acquired intangibles assets, which are being amortised over a period of 5 to 11 years and recognition of goodwill
Recognition of a deferred tax liability, calculated in respect of the acquired intangible assets.

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The acquisitions were satisfied by the following consideration:

	Notes	CRisk £000	Igloo £000
Cash paid		3,199	6,000
Amount payable within other payables	18	-	363
Contingent consideration payable	19	-	1,788
Total consideration		**3,199**	**8,151**

For CRisk, the consideration was paid at the acquisition date. For Igloo, £6,000,000 was paid at the acquisition date and £363,000 was paid in January 2022. This amount is included in other payables within the statement of financial position at the reporting date.

In the event that pre-determined annual recurring revenues exceed the target for the period 1 April 2022 to 31 March 2023, additional consideration of up to £2,500,000 could be payable in 2023 in respect of the acquisition of Igloo.

The potential undiscounted amount payable under the agreement is between £nil for annual recurring revenues under £864,000 and £2,500,000 for annual recurring revenues over £1,554,000. The fair value of the contingent consideration was determined to be £1,788,000. This was estimated using probability-adjusted annual recurring revenues of £1,111,000 during the relevant period.

The cash flows resulting from the acquisitions are as follows;

	CRisk £000	Igloo £000
Cash paid to acquire subsidiary	(3,199)	(6,000)
Net cash acquired with the subsidiary	341	618
Net cash outflow on acquisition	**(2,858)**	**(5,382)**

The transaction costs of £1,038,000 were recognised within operating expenses and are classified as non-recurring items (see note 8).

The Group acquired control of CRisk on 13 September 2021 and of Igloo on 13 October 2021 and included the results of these subsidiaries from the respective dates. In the period from acquisition to the reporting date, the acquisitions contributed the following amounts to the Group's financial performance:

	CRisk £000	Igloo £000
Revenue	195	334
Operating profit	52	56
Profit after tax	39	56

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If both acquisitions had occurred on 1 January 2021, the pro-forma consolidated income statement would have been as follows:

	2021
	£000
Revenue	21,455
Cost of sales	(5,026)
Gross profit	**16,429**
Operating expenses	(20,737)
Operating loss	**(4,308)**
Net finance expense	(8)
Loss before tax	**(4,316)**
Income tax expense	405
Loss for the year	**(3,911)**

The amounts have been calculated using the pro-rated subsidiaries results and adjusted for additional amortisation that would have been charged on acquired intangibles, assuming the fair value adjustments has applied from 1 January 2021, together with the consequential tax effects.

Acquisitions in the prior period

Following a recommended cash offer made to the shareholders of Brady Technologies Limited ('Brady', named Brady plc at the time) by the Company on 14 October 2019, the Company acquired all of the ordinary shares between 14 October 2019 and 6 February 2020 in Brady for £15,006,220. On 18 November 2019, the Company owned more than 50 per cent of the shareholding of Brady and therefore gained control on this date.

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The acquisition had the following effect on the Group's assets and liabilities:

	Book value at acquisition	Fair value adjustments	Fair value on acquisition
	£000	£000	£000
Property, plant and equipment	206	(60)	**146**
Right of use assets	4,157	70	**4,227**
Cash and cash equivalents	(486)	35	**(451)**
Trade and other receivables	1,776	(374)	**1,402**
Trade and other payables	(11,225)	1,102	**(10,123)**
Provisions	(231)	(8,125)	**(8,356)**
Deferred tax assets	107	(107)	**-**
Deferred tax liabilities	(2,215)	(1,626)	**(3,841)**
Lease liabilities	(4,490)		**(4,490)**
Net identifiable assets and liabilities	**(12,401)**	**(9,085)**	**(21,486)**
Acquired intangibles			**-**
Customer relationships		12,235	**12,235**
Technology		7,865	**7,865**
Brand		2,451	**2,451**
Goodwill		13,941	**13,941**
Total consideration			**15,006**

On acquisition, intangible assets of £22,551,000 were valued. These intangible assets are being written off between 5 years and 8 years.

Within deferred tax is a liability of £4,285,000 which was calculated in respect of the intangible assets detailed above.

The Directors identified a number of adjustments that were required to the book values, following a detailed review of all statement of financial position categories. These adjustments include a write off of property, plant and equipment items of £60,000, a provision against doubtful debt and prepayments with no further value of £374,000, adjustments to accruals and deferred income within trade and other payables of £1,102,000, and additional provisions against claims and other unrecorded liabilities £8,125,000.

Control was gained over the acquisition on 18 November 2019, therefore the consolidated income statement reflects the revenue and profits as if the acquisition was made on that date.

In the period from 18 November 2019 to 31 December 2020, this acquisition has contributed total revenue of £20.0 million, adjusted EBITDA profit of £0.4 million, and operating loss of £6.8 million.

The net cash invested was £15,457,000 (£15,006,000 cash consideration and overdraft acquired of £451,000).

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If the acquisition had been completed on 1 January 2020, it would have contributed total revenue of £18.2 million and adjusted EBITDA profit of £0.3 million in the 12-month period, as per the pro-forma income statement below:

	2020
	£000
Revenue	18,215
Operating expenses	(21,847)
Operating loss	**(3,632)**
Net finance expense	(388)
Loss before tax	**(4,020)**

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

26. Capital commitments

The Group had no capital expenditure contracted for but not provided in the financial statements at 31 December 2021 or 31 December 2020.

27. Contingent liabilities

The Group had no contingent liabilities at 31 December 2021. The Group has an uncertain tax position, see notes 4 and 11.

28. Related party transactions

Compensation of key management personnel and Directors is disclosed in note 6.

In addition, the following related party transactions occurred during the period:

During the period, the Group was invoiced for £1,615,000 (2020: £984,000) of professional services from Hanover Operating Management Limited, a company affiliated with Hanover Investors Management LLP, who is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £1,545,000 (2020: £979,000) is included within operating costs. In the balance sheet, £2,000 is included within prepayments and £nil is included in accruals at 31 December 2021 (31 December 2020: £nil in prepayments and £73,000 in accruals).

During the period, the Group was invoiced for £302,000 (2020: £231,000) in board fees and expenses from Hanover Investors Management LLP, who is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £202,000 is included within operating costs. In the balance sheet, £100,000 is included within prepayments and £nil is included in accruals at 31 December 2021 (31 December 2020: £nil in prepayments and £nil in accruals).

In the prior period, the Group incurred £126,000 in loan arrangement fees from Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, the fund which ultimately owns 100% of the share capital

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of Brady Acquisition Limited with £nil in the balance sheet at 31 December 2020. No such transactions occurred in 2021.

29. Controlling party

Brady Acquisition (Holding) Limited, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the immediate and ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

30. Events occurring after the reporting period

No adjusting events have occurred between 31 December 2021 reporting date and the date of authorisation.

The following non-adjusting events occurred between 31 December 2021 reporting date and the date of authorisation:

Share capital changes

The Company has issued the following share capital since the reporting date:

On 17 February 2022, the Company issued 1,000,000 £1.00 ordinary shares at par
On 8 March 2022, the Company issued 250 £1.00 ordinary A shares at par
On 21 March 2022, the Company issued 1,000,000 £1.00 ordinary shares at par
On 8 April 2022, the Company issued 150 £1.00 ordinary A shares at par

The Company has purchased its own shares and cancelled those shares since the reporting date as follows:

On 5 August 2022, the Company purchased at par 522 of its own ordinary A shares and subsequently cancelled these shares.
On 15 August 2022, the Company purchased at par 65 of its own ordinary A shares and subsequently cancelled these shares

Group changes

On 15 July 2022, the Group sold Brady Trading Limited and Brady Switzerland SA, wholly owned subsidiaries, for initial consideration of £13.5 million.

Market conditions

The Company, with assistance of external experts, considered the impact of the invasion of Ukraine by Russia in February 2022 and the subsequent sanctions imposed on Russian businesses and individuals. Whilst the Group has customers with ultimate Russian beneficiaries, no existing customer of the Group is subject to sanctions. The Group signed a contract with a new customer in early 2022 but subsequently terminated this contract due to that new customer being subject to sanctions. There is no financial impact on the 2021 financial statements.

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Company statement of financial position

At 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments	5	15,006	15,006
Total non-current assets		**15,006**	**15,006**
Current assets			
Trade and other receivables	6	25,865	9,956
Cash and cash equivalents	7	154	134
Total current assets		**26,019**	**10,090**
Total assets		**41,025**	**25,096**
Net assets		**41,025**	**25,096**
Equity attributable to the owners of the parent company			
Share capital	8	40,471	24,871
Retained earnings		554	225
		41,025	**25,096**

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a comprehensive income statement for the Company alone. The Company's profit for the period was £329,000 (2020: £225,000).

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:

Jeremy Westhead
Director

Company number: 12248237

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Company statement of changes in equity
For the year ending 31 December 2021

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Balance at 7 October 2019	-	-	**-**
Profit and total comprehensive profit for the period	-	225	**225**
Shares issued in the period	24,871	-	**24,871**
Balance at 31 December 2020	**24,871**	**225**	**25,096**
Profit and total comprehensive profit for the period	-	329	**329**
Shares issued in the period	15,600	-	**15,600**
Balance as at 31 December 2021	**40,471**	**554**	**41,025**

The accompanying notes are an integral part of these financial statements.

BRADY.

Notes to the company financial statements

1. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

the requirements of IAS 7: Statement of Cash Flows;
the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; to disclose IFRSs issued but not effective;
the requirements of IFRS 2: Share-based payments (paragraph 45(b) and 46 to 52);
the requirements of IFRS 7: Financial Instruments Disclosures;
the requirements of IFRS 13: Fair Value Measurements;
the requirements of IAS 24: Related Party Disclosures (to present key management personnel compensation and intragroup transactions including wholly owned subsidiaries; and
the requirements of IAS 1: Presentation of Financial Statements, to present certain comparative information and capital management disclosures.

2. Summary of significant accounting policies

The accounting policies adopted by the company are consistent with those adopted by the group and are presented in note 3 to the consolidated financial statements, except for the following:

Investments
Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Amounts owed by subsidiaries
The company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For amounts owed by subsidiaries, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3. Employee information

The average monthly number of people, including Directors, employed by the Company during the period was nil. No employee benefits were incurred during the period.

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4. Auditor's remuneration

Auditor's remuneration in respect of audit services for the Company for the current period was £5,500 (2020: £4,500). These costs were borne by another Group undertaking with no right of recharge.

5. Investment in subsidiaries

	Investment in subsidiaries £'000
Cost and net book amount	
At 7 October 2019	-
Additions in the period ending 31 December 2020	**15,006**
At 31 December 2020 and 31 December 2021	**15,006**

The investment is in Brady Technologies Limited, which was acquired on 18 November 2019 (see note 25 of the consolidated financial statements for details).

Impairment review

The carrying value of investments in subsidiaries are assessed annually to determine if there are any indicators of impairment. At 31 December 2021, Brady Technologies Limited group had net liabilities of £3.8 million (2020: £4.6 million).

The Directors have undertaken an impairment review by comparing value in use to the carrying value of the related investment. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2022 and 2023 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount.

No impairment of the investment was indicated as the value in use exceeds the carrying value of the investment.

6. Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by subsidiary undertakings	**25,865**	9,956

Details about the Company's impairment policies and the calculation methodology of the loss allowance are provided in note 23 of the consolidated financial statements.

Included within amounts owed by subsidiary undertakings is an interest-bearing loan of £15.25 million (2020: £9.75 million). Interest accrues at 2.5% above the Bank of England rate per annum.

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7. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents	**154**	**134**

The carrying amount of cash and cash equivalents approximates to fair value because of the short-term maturity of these instruments.

8. Share capital

A description of the movements in share capital in the period is given in note 21 of the consolidated financial statements.

9. Dividends

No dividends were paid or proposed in respect of the period ended 31 December 2021 (2020: £nil).

10. Related party transactions

Brady Acquisition Limited has a related party relationship with its subsidiaries, its key management personnel and its Directors. The remuneration of Directors is disclosed in note 3 of the Company financial statements. The remuneration of key management personnel, who are the same as the Group key management personnel, is disclosed in note 6 of the consolidated financial statements.

Balances between Brady Acquisition Limited and its subsidiary companies are as follows:

	Note	2021 £'000	2020 £'000
Brady Trading Limited		22,500	9,956
Brady Technologies (Holding) Limited		3,031	-
Brady Technologies Ltd		334	-
	6	**25,865**	**9,956**

11. Controlling party

Brady Acquisition (Holding) Limited, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the immediate and ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

The Norwegian
Tax Administration

Our date	Your date	Case officer
05.05.2021	03.03.2021	Vibeke Horne
800 80 000 skatteetaten.no	Your reference	Telephone +4790518192
Org. nr: 974761076	Our reference 2021/5583626	Postal address P.O. Box 9200 Grønland 0134 OSLO

Confidential

Callers from abroad, please call +47 22 07 70 00

BRADY ENERGY NORWAY AS
Storgata 2A
1767 HALDEN

Att. Andrew Wolley

Permission to prepare the annual accounts and directors' report in English language for Brady Energy Norway AS, org. no 986 455 213

With reference to your letter of 3 March 2021 with respect to the above matter regarding Brady Energy Norway AS.

Based on a total evaluation, the view of the tax office is that Brady Energy Norway AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
Brady Energy Norway AS is a private limited company 100 % owned by a foreign company and is part of the Brady Group.

Brady Energy Norway AS develops software systems for energy trading and physical power delivery for the international market. Many key players and partners in this industry speak and use English. The Company also uses English as the working language. Members of the board are not Norwegians.

Condition for the permission
According to the Norwegian Accounting Act § 3-4, third paragraph shall “the directors' report and annual accounts (…) be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language”.

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

> “The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The

> information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

One of the main goals of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company is owned by a foreign company and is part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
Adviser
Customer Interaction Division, Customer Service
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Brady Energy Norway AS

Qualified opinion

We have audited the financial statements of Brady Energy Norway AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the paragraph *Basis for qualified opinion*, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for qualified opinion

The company does not agree with the decision after a tax review and has sent an appeal to the Norwegian Tax Authorities, as described in note 12. The effects of the tax review will potentially be a gain on sales of intellectual property and corresponding increase on receivables and equity. We have not been able to obtain sufficient audit evidence to conclude on the matters related to the tax review.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal

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control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen, 8 November 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Truls Nesslin
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Truls Nesslin
Partner
On behalf of: EY
Serial number: 9578-5993-4-2263660
IP: 63.117.xxx.xxx
2022-11-08 12:39:22 UTC

bank ID

Truls Nesslin
Statsautorisert revisor
On behalf of: EY
Serial number: 9578-5993-4-2263660
IP: 63.117.xxx.xxx
2022-11-08 12:39:22 UTC

bank ID

Penneo document key: 2K3XE-68JHL-GBXN3-H8FI2-77M8G-T4T7Z