20240718801298

ÅRSREDOVISNING

2023-01-01 -- 2023-12-31

för

Optimizely Sweden Holdings AB
559172-2904

Årsredovisningen omfattar: **Sida**

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FASTSTÄLLELSEINTYG

Undertecknad styrelseledamot intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på ordinarie bolagsstämma den 28 juni 2024. Stämman beslöt tillika godkänna styrelsens förslag till resultatdisposition.

Stockholm den 28 juni 2024.

Myles Johnson
Styrelseordförande

20240718011299

Optimizely Sweden Holdings AB
559172-2904

ÅRSREDOVISNING FÖR OPTIMIZELY SWEDEN HOLDINGS AB

Belopp är angivna i tkr

Styrelsen för Optimizely Sweden Holdings AB avger härmed årsredovisning för räkenskapsåret 2023-01-01 -- 2023-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhet

Optimizely Sweden Holdings AB med säte i Stockholm bildades i september månad 2018 i syfte att förvärva Optimizelys verksamhet. Optimizely tillhandahåller branschens ledande digitala upplevelse plattform, som kombinerar innehåll, e-handel och marknadsföring med patenterad AI-driven experimentering, personalisering och kunddatahantering. Mer än 10 000 företag världen över använder Optimizelys lösningar och 6,5 miljarder användare världen över exponeras för Optimizely-drivna experiment.

Försäljningen sker genom en kombination av direktförsäljning och marknadsföringsaktiviteter i Nordamerika, Europa, Asien Stillahavsområdet, Mellanöstern och Australien, tillsammans med ett omfattande nätverk av mer än 700 lösnings orienterade partners i över 30 länder. Tjänsten Digital Experience Platform riktar sig till både digitalt mogna organisationer med storskaliga kundbaser som vill driva kontinuerliga experiment och optimering av sina digitala upplevelser, såväl som medelstora organisationer som vill komma igång snabbt med mindre digitala upplevelser och utnyttja AI att skala snabbare. Optimizelys lösningar kan levereras genom molnet via Software-as-a-Service ('SaaS') eller på plats för att bäst passa kundernas krav.

Optimizelys Digital Experience Platform är en enda prenumerationstjänst som inkluderar allt kunden behöver utan att behöva köpa servrar, licenser, support eller hosting separat. Optimizelys lösning kan enkelt integreras i en organisations befintliga teknikmiljö och utnyttjar vår marknadsplats med mer än 120 förbyggda tredjepartsintegrationer.

Optimizely kombinerar stabilitet och skalbarhet för kommersiella produkter med proaktiv vägledning och support genom våra dedikerade kundframgångsteam, personlig utbildning och onlineutbildning med certifiering och vår aktiva onlinegemenskap med mer än 40 000 utvecklar medlemmar.

Väsentliga risker och osäkerhetsfaktorer

Optimizely utsätts genom sin verksamhet för ett antal olika finansiella risker: marknadsrisk (valutarisk), och likviditetsrisk.

Optimizely verkar internationellt och utsätts för valutarisker som uppstår från olika valutaexponeringar, framför allt avseende GBP, USD och EUR. Valutarisker uppstår när framtida affärstransaktioner eller redovisade tillgångar eller skulder uttrycks i en valuta som inte är Optimizely funktionella valuta (SEK). Koncernens policy är att minimera valutaexponeringar genom att säkra vissa flöden.

Företagsledningen följer rullande prognoser för koncernens likviditetsreserv för att säkerställa att koncernen har tillräckligt med kassamedel för att möta behovet i den löpande verksamheten samtidigt som de löpande bibehåller tillräckligt med utrymme på avtalade kreditfaciliteter som inte nyttjats så att koncernen inte bryter mot lånelimiter eller lånevillkor.

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Optimizely Sweden Holdings AB
559172-2904

Väsentliga händelser

Episerver har varit det generiska namnet för hela organisationen och varumärket man har sålt och opererat under. I början av år 2021 beslutades att byta varumärke till Optimizely, till följd av förvärvet av bolaget Optimizely som gjordes 19 oktober 2020. Den 2:a januari 2023 byttes också det legala namnet på bolaget från Episerver Sweden Holdings AB till Optimizely Sweden Holdings AB.

Styrelsen och ledningen har noga övervakat och granskat den nuvarande och potentiella framtida effekten av inflation och levnadskostnadskris på bolaget. Detta har inneburit att modellera en rad scenarier under åren 2022 och 2023, såsom minskade bokningar, försämring av inkommande kassaflöde och den resulterande effekten på koncernens åtaganden om covenanter. Modellerna visade att det fanns rimliga åtgärder tillgängligt inom ledningens kontroll, inklusive kostnadsbesparingsinitiativ, för att säkerställa att koncernen har tillräckligt med utrymme för covenants under prognosperioden.

I januari 2023 fusionerades dotterbolaget Endeavour Aquisition AB in i detta bolag efter att Revres Holding AB fusionerats in i Endeavour Aquisition AB och Revres AB fusionerats in i Revres Holding AB. I december 2023 fusionerade även Optimizely Group AB som förut låg under Revres AB in i detta bolag och ägandet av Optimizely Groups dotterbolag togs över. Som gamla ägarbolag och utan någon verksamhet eller transaktioner föregående år fyllde inte längre de fusionerade bolagen någon funktion.

Koncernöversikt

Optimizely Sweden Holdings AB 559172-2904, säte i Stockholm ägs till 100% av koncernens moderföretag Epsilon Group New Holdings Ltd, 130265, säte i Jersey.

Optimizely Sweden Holdings är svenskt moderbolag i koncernen som består av det svenska helägda koncernföretagen Optimizely AB 556208-3435 samt fem helägda koncernföretag i Nederländerna, Finland, Danmark, Storbritannien och Vietnam.

Fusion

Vid förvärvet genom fusion av Endeavour Aquisition AB i början av året och fusionen av Optimizely Group AB i slutet av 2023 tillämpas de allmänna rådet om upplysning av värderingsprincip enligt 5 kap. 4 § årsredovisningslagen (1995:1554). Vid fusionerna har man tagit hänsyn till de initiala förvärvsvärdet från 2018. Därefter har man gjort nedskrivnings test på de övertagna bolagen och skrivit ner värdet i Optimizely AB till verkligt värde idag. Se not 5 för ytterligare information om värdena.

Fusionerna har lett till förändringar i eget kapital. Av 6 kap. 2 § andra stycket ÅRL följer att förändringar i eget kapital jämfört med föregående års balansräkning ska specificeras i förvaltningsberättelsen vilket görs nedan under rubrik förändringar i eget kapital.

20240718013O1

Optimizely Sweden Holdings AB
559172-2904

Förändring i eget kapital

	Aktie-kapital	Överkurs-fond	Balanserad vinst	Årets resultat
Belopp vid årets ingång	**50**	0	**5,208,230**	**-137,023**
Aktieägartillskott*			23,292	
Fusion av Endeavour Aquisition AB			-4,349,466	
Fusion av Optimizely Group AB			-472,609	
Resultatdisposition enligt beslut vid årets bolagsstämma			-137,023	137,023
Årets resultat				-96,292
Utgående balans	**50**	**0**	**272,424**	**-96,292**

*Ovillkorat

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar samt tilläggsupplysningar. Alla belopp uttrycks i svenska kronor där ej annat anges.

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserade vinstmedel	272,423,240
Årets resultat	-96,291,343
	176,131,897

Styrelsen föreslår att

I ny räkning balanseras	**176,131,897**

20240718013O2

Optimizely Sweden Holdings AB
559172-2904

RESULTATRÄKNING

(TKR)

	Not	1/1/2023 12/31/2023	1/1/2022 12/31/2022
Rörelsens intäkter mm			
Rörelsens kostnader			
Rörelseresultat		**0**	**0**
Resultat från finansiella investeringar			
Ränteintäkter och liknande resultatposter	1	128,210	142,350
Räntekostnader och liknande resultatposter	2	-382,945	-508,883
Resultat efter finansiella poster		**-254,735**	**-366,533**
Bokslutsdispositioner		186,907	234,533
Skatt på årets resultat	3	-28,464	-5,023
ÅRETS RESULTAT		**-96,292**	**-137,023**

20240718013O3

Optimizely Sweden Holdings AB
559172-2904

BALANSRÄKNING
(TKR)

	Not	12/31/2023	12/31/2022
TILLGÅNGAR			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	2,715,698	6,882,357
Fordringar hos koncernföretag		1,196,120	967,564
Uppskjutna skattefordringar		1,929	0
		3,913,747	**7,849,921**
Summa anläggningstillgångar		**3,913,747**	**7,849,921**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		216,209	978,558
		216,209	**978,558**
Kassa och bank		111	0
Summa omsättningstillgångar		**216,320**	**978,558**
SUMMA TILLGÅNGAR		**4,130,067**	**8,828,479**

20240718013O4

Optimizely Sweden Holdings AB
559172-2904

BALANSRÄKNING (TKR)	Not	12/31/2023	12/31/2022
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	7	50	50
		50	**50**
Fritt eget kapital			
Balanserade vinstmedel		272,424	5,208,230
Årets resultat		-96,292	-137,023
		176,132	**5,071,207**
Summa eget kapital		**176,182**	**5,071,257**
Långfristiga skulder			
Skulder till kreditinstitut	8	3,578,880	3,638,672
		3,578,880	**3,638,672**
Kortfristiga skulder			
Skulder till kreditinstitut		38,427	38,856
Skulder till koncernföretag		304,493	56,598
Skatteskulder		32,085	23,096
		375,005	**118,550**
SUMMA EGET KAPITAL OCH SKULDER		**4,130,067**	**8,828,479**

20240718013O5

Optimizely Sweden Holdings AB
559172-2904

TILLÄGGSUPPLYSNINGAR

Redovisnings- och värderingsprinciper

Årsredovisningen upprättas med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Följande värderings- och omräkningsprinciper är tillämpade i årsredovisningen:

Skatter

Periodens skattekostnad eller skatteintäkt består av aktuell och uppskjuten skatt. Aktuell skatt är den skatt som beräknas på det skattepliktiga resultatet för en period. Uppskjuten skatt beräknas utifrån den s.k. balansansatsen, vilket innebär att en jämförelse görs mellan redovisade och skattemässiga värden på bolagets tillgångar respektive skulder. Skillnaden mellan dessa värden multipliceras med aktuell skattesats, vilket ger beloppet för den uppskjutna skattefordringen/-skulden. Uppskjutna skattefordringar redovisas i balansräkningen i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga resultat.

Finansiella instrument

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden.

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Med upplupet anskaffningsvärde avses det belopp till vilket tillgången eller skulden initialt redovisades med avdrag för amorteringar, tillägg eller avdrag för ackumulerad periodisering enligt effektivräntemetoden av den initiala skillnaden mellan erhållet/betalat belopp och belopp att betala/erhålla på förfallodagen samt med avdrag för nedskrivningar.

Effektivräntan är den ränta som vid en diskontering av samtliga framtida förväntade kassaflöden över den förväntade löptiden resulterar i det initialt redovisade värdet för den finansiella tillgången eller den finansiella skulden.

Fordringar

Fordringar är redovisade till det belopp varmed de beräknas inflyta.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta redovisas och omräknas till bokslutsdagens valutakurs. Kursdifferenser på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursdifferenser på finansiella fordringar och skulder redovisas i finansnettot.

20240718013306

Uppskattningar och bedömningar

Vid upprättandet av årsredovisning enligt K3 krävs att antaganden görs om framtiden och andra viktiga källor till osäkerhet i uppskattningar på balansdagen, som innebär en betydande risk för en väsentlig justering av de redoviade värdena för tillgångar och skulder under nästa räkenskapsår. Det görs även bedömningar som har betydande effekt på de redovisade beloppen i denna årsredovisning.

De uppskattningar och bedömningar som görs ses över årligen och baseras på tidigare erfarenheter men även andra faktorer som anses vara rimliga att beakta. Det slutliga utfallet av uppskattningar och bedömningar kan komma att avvika från nuvarande uppskattningar och bedömnningar och effekterna av ändringar i dessa redovisas i reslutaträkningen under det räkenskapsår som ändringen görs, samt under framtida räkenskapsår om ändringen påverkar både aktuellt och kommande räkenskapsår.

Noter

Not 1 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Intern ränteintäkt koncern	128,210	101,703
Kursdifferens och övriga poster	0	40,647
Summa	**128,210**	**142,350**

Not 2 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader banklån	-401,926	-256,884
Kursdifferens och övriga poster	18,981	-251,999
Summa	**-382,945**	**-508,883**

Not 3 Skatt på årets resultat

	2023	2022
Aktuell skatt	-30,393	-5,023
Uppskjuten skatt	1,929	0
Summa	**-28,464**	**-5,023**
Avstämning av effektiv skattesats		
Resultat före skatt	-67,828	
Gällande skattesats (%)	***20.60%***	
Skatt enligt gällande skattesats	13,973	
Skatteffekt av ej avdragsgilla kostnader	-44,440	
Skatteffekt av ej skattepliktiga intäkter	74	
Redovisad effektiv skatt	**-30,393**	

Not 4 Immateriella anläggningstillgångar

	2023	2022
Ingående anskaffningsvärde	4,510	4,510
Inköp	0	0
Utgående ackumulerade anskaffningsvärden	**4,510**	**4,510**
Ingående avskrivningar enligt plan	-4,510	-4,510
Årets avskrivningar enligt plan	0	0
Utgående ackumulerade avskrivningar	**-4,510**	**-4,510**
Utgående planenligt restvärde	**0**	**0**

20240718013O7

Not 5 Uppgifter om fusion

17:e januari 2023 fusionerades dotterbolaget Endeavour Aquisition AB in i detta bolag efter att Revres Holding AB fusionerats in i Endeavour Aquisition AB och Revres AB fusionerats in i Revres Holding AB. Som gamla ägarbolag och utan någon verksamhet eller transaktioner föregående år fyllde inte längre de fusionerade bolagen någon funktion. Den 29:e december 2023 fusionerades även Optimizely Group AB, tidigare ägt av Endeavour Aquisition, in i Optimizely Sweden Holding AB som då tog över andelarna av de dotterbolagen som ägdes direkt av Optimizely Group AB.

Företagets namn	Org. nummer	Säte	Fusionsdag	Ej övertaget rörelseresultat 2(	Förvärvs-resultat
Endeavour Acquisition AB	556989-1509	Stockholm	1/17/2023	0	-4,349,466
Optimizely Group AB	556733-2506	Stockholm	12/27/2023	3,466	-472,609

Balansräkning Endeavour Acquisition AB innan fusion

Andelar i koncernföretag	667,218
Fodringar koncernföretag	219,291
Eget Kapital	(152,309)
Skulder koncernföretag	(734,200)

Balansräkning Optimizely Group AB innan fusion

Andelar i koncernföretag	314,444
Kortfristiga fodringar	22
Eget Kapital	(197,229)
Skulder koncernföretag	(117,237)

Not 6 Andelar i koncernföretag

	12/31/2023	12/31/2022
Ingående anskaffningsvärde	6,882,357	6,874,572
Förvärv vid fusion	2,715,698	0
Lämnade aktieägartillskott	0	7,785
Försäljning	0	0
Nedskrivningar vid fusion	-6,882,357	0
Utgående anskaffningsvärde	**2,715,698**	**6,882,357**

Företagets namn	Org. nummer	Säte	Bokfört värde	Andel %	Årets resultat	Eget Kapital
Optimizely AB	556208-3435	Stockholm	2,600,000	100	11,157	1,391,024
Optimizely OY	2168676-9	Helsingfors	4,174	100	122	5,247
Optimizely B.V	34304195	Amsterdam	3,768	100	4,197	7,473
Optimizely Ltd	6060169	London	107,042	100	-56,118	249,877
Optimizely ApS	32761747	Köpenhamn	192	100	591	399
Optimizely UAE		Dubai	522	100	-14,960	30,343
Summa			**2,715,698**		**-55,011**	**1,684,363**

Not 7 Antal aktier

Antal aktier 50 000 stycken.

20240718013085

Not 8 Skulder till kreditinstitut

Episerver erhöll i samband med ägarbytet den 8 oktober 2018 ny finansiering, ett låneavtal bestående av tre olika valuta lånetrancher samt en Revolving Credit Facility (RCF). Golub Capital Markets LCC, är agent för finansieringen. I samband med en refinansiering i Gruppen gjordes 9:e april 2021 en avtalsändring på befintliga lån som nu löper till 9:e april 2026 istället för tidigare 9:e oktober 2024.

USD Tranche
Ett lån av USD 136,5 miljoner togs 9 oktober 2018. Amortering började 31:a mars 2019 och fortsätter kvartalsvis till ett belopp av 0,25% ($0,341m) av ursprungslånet. Kvarvarande beloppet som inte amorterats löper till förfallodagen 9 april år 2026.

Lånet har en ränta på 5,25% på SOFR variabel och räntan betalas kvartalsvis.

GBP Tranche
Ett lån av GBP 44.8 miljoner togs 9 oktober 2018. Amortering började 31:a mars 2019 och fortsätter kvartalsvis till ett belopp av 0,25% (£0,112m) av ursprungslånet. Kvarvarande beloppet som inte amorterats löper till förfallodagen 9 april år 2026.

Lånet har en ränta på 5,78% över SONIA och räntan betalas kvartalsvis.

EUR Tranche
Ett lån av EUR 170,0 miljoner togs 9 oktober 2018. Amortering började 31:a mars 2019 och fortsätter kvartalsvis till ett belopp av 0,25% (€0,425m) av ursprungslånet. Kvarvarande beloppet som inte amorterats löper till förfallodagen 9 april år 2026.

Lånet har en ränta på 5,50% över EURLIBOR och räntan betalas kvatalsvis.

Gruppen har en RCF på USD 30 miljoner som förfaller a) 9 april 2026 och b) datumet när lånet är fullt betald. Beloppet av outnyttjad facilitet 31 december 2022 var USD 30 miljoner. En avgift på 0,5% debiteras på det outnyttjade beloppet.

Långfristiga skulder	12/31/2023	12/31/2022
Skulder som förfaller mellan ett och fem år från balansdagen	3,612,168	3,691,403
Skulder som förfaller efter fem år från balansdagen	0	0
Aktiverade upplåningskostnader	-33,288	-52,731
Totalt långfristiga skulder	**3,578,880**	**3,638,672**

Räntebärande skulder i SEK fördelat på valutor		
USD (129 675)	1,305,911	1,365,113
GBP (42 560)	547,044	543,717
EUR (161 500)	1,797,640	1,821,429
Totalt räntebärande skulder	**3,650,595**	**3,730,259**

Kortfristiga skulder	12/31/2023	12/31/2022
Skulder som förfaller inom ett år från balansdagen	38,427	38,856
Totalt långfristiga skulder	**38,427**	**38,856**

20240718013309

Optimizely Sweden Holdings AB
559172-2904

Not 9 Uppgift om moderbolag

Moderföretag i den koncernen som Episerver Sweden Holdings AB är dotterföretag i är Epsilon Group New Holdings Ltd, 130265, med säte i Jersey.

Bolaget upprättar inte koncernredovisning med hänvisning till Årsredovisningslagen kap 7 § 2.

Not 10 Ställda säkerheter och eventualförpliktelser

Tillgångarna i Optimizely AB på 1 391 024 tkr 2023 är ställda som säkerhet för lånet i Optimizely Sweden Holding AB.

Stockholm den 28 juni 2024

Myles Johnson
Styrelsens ordförande

Christoffel Baylis
Styrelseledamot

Alexander Atzberger
Styrelseledamot

Vår revisionsberättelse har avgivits den 28 juni 2024
Öhrlings PricewaterhouseCoopers AB

Valentyn Zhuravel
Auktoriserad revisor

20240718013310

Optimizely Sweden Holdings AB
559172-2904

Not 9 Uppgift om moderbolag

Moderföretag i den koncernen som Episerver Sweden Holdings AB är dotterföretag i är Epsilon Group New Holdings Ltd, 130265, med säte i Jersey.

Bolaget upprättar inte koncernredovisning med hänvisning till Årsredovisningslagen kap 7 § 2.

Not 10 Ställda säkerheter och eventualförpliktelser

Tillgångarna i Optimizely AB på 1 391 024 tkr 2023 är ställda som säkerhet för lånet i Optimizely Sweden Holding AB.

Stockholm den 28 juni 2024

Myles Johnson
Styrelsens ordförande

Christoffer Bayliss
Styrelseledamot

Alexander Atzberger
Styrelseledamot

Vår revisionsberättelse har avgivits den
Öhrlings PricewaterhouseCoopers AB

Valentyn Zhuravel
Auktoriserad revisor

20240718013111

Revisionsberättelse

Till bolagsstämman i Optimizely Sweden Holdings AB, org.nr 559172-2904

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Optimizely Sweden Holdings AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Optimizely Sweden Holdings ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Optimizely Sweden Holdings AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Optimizely Sweden Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övrig upplysning

Revisionen av årsredovisningen för räkenskapsåret 2022 har utförts av en annan revisor vars uppdrag upphörde i förtid och som lämnat en revisionsberättelse daterad 30 Juni 2023 med omodifierade uttalanden i Rapport om årsredovisningen. Tidigare revisor har inte upprättat anmälan om sitt förtida utträde enligt 9 kap. 23 § aktiebolagslagen eller underrättelse enligt 9 kap. 23 a § aktiebolagslagen.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Optimizely Sweden Holdings AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Optimizely Sweden Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- *företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda* ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 28 juni 2024

Öhrlings PricewaterhouseCoopers AB

Valentyn Zhuravel
Auktoriserad revisor

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Epsilon Group New Holdings Limited

Annual Report and Financial Statements
For the year ended 31 December 2023

Company number: 130265

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Epsilon Group New Holdings Limited

Country of incorporation of parent company: Jersey
Legal form: Epsilon Group New Holdings Limited is a private limited company
Registered office: PO Box 536, 13 - 14 Esplanade, St. Helier, JE4 5UR, Jersey

Directors
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Ryan Hinkle
Donna Wilczek
Boris Treskunov

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2023. This strategic report has been prepared for Epsilon Group New Holdings Limited and its subsidiaries (the 'Group') as a whole and therefore gives greater emphasis to those matters which are significant to the Group when viewed as a whole.

Review of the business activities

Epsilon Group New Holdings Limited ('Epsilon') is a holding company incorporated in Jersey on 12 November 2019. It is the parent company of Epsilon US Holdings Inc and Epsilon Sweden Holdings AB which were established to acquire the Episerver Group operations from Endeavour Acquisition UK Limited on 9 October 2018. There has been no change in the ultimate controlling party, Insight Venture Partners X LP (Insight Partners). Optimizely is the generic name for the whole Group of companies and the brand name under which the Group trades and operates.

Optimizely provides the industry's leading Digital Experience Platform, combining content and commerce management with patented AI-powered experimentation, personalization and customer data management. More than 10,000 businesses worldwide use Optimizely's solutions to deliver more than 1 billion digital experiences every day.

Sales are made through a combination of direct sales and marketing activities across North America, Europe, APJ and MEA; alongside an extensive network of more than 700 solution partners in over 30 countries. The Digital Experience Platform service is targeted at both digitally mature enterprise organizations with large-scale customer bases looking to drive continuous experimentation and optimization of their digital experiences, as well as mid-market organizations looking to get started quickly with smaller digital experiences and leverage AI to scale faster. Optimizely's solutions are primarily purchased as a single subscription and delivered through the cloud via Software-as-a-Service ('SaaS').

Optimizely's core strategy revolves around addressing the fragmentation of the MarTech stack, a challenge that has escalated as the market expanded from hundreds to thousands of companies over the last decade. This fragmentation raised ownership costs, decreased technology adoption, and led to uneven marketing technology performance. Through strategic acquisitions, Optimizely aims to consolidate and improve the efficiency of marketing technologies, emphasizing the critical role of content in digital experiences. Optimizely's strategy merges creativity with data-driven decisions through experimentation and optimization, enabling marketers to predict outcomes with greater accuracy.

In 2023, Optimizely introduced the new 'Optimizely One' platform as the world's first operating system for marketing. Optimizely One aims to solve key challenges by reimagining the marketing lifecycle, ensuring work flows seamlessly through organizations, and empowering teams to create and optimize personalized digital experiences efficiently. By integrating leading assets in their categories onto a single platform, Optimizely One enables marketers to drive revenue growth and operational efficiency, significantly reducing TCO (Total Cost of Ownership) and improving ROI (Return on Investment).

Optimizely One represents Optimizely's continued investment in post-acquisition technology integration and underpins the Group's strategy to drive sustained growth through multi-product adoption, as evidenced by the higher average sales price (ASP) and better retention rates among customers who leverage several Optimizely products. By facilitating seamless integration across different marketing functions — from content management to personalization and experimentation — Optimizely One enables clients to tailor their MarTech stack to their specific needs while benefiting from the efficiency and effectiveness of a unified platform. This not only enhances customer satisfaction and loyalty but also significantly expands Optimizely's addressable market within each client organization, tapping into the "whitespace" of unmet needs and opportunities for further penetration. As Optimizely continues to evolve and expand its product offerings, the emphasis on multi-product adoption is expected to drive both customer success and Optimizely's long-term growth. The Directors are pleased with the early success of Optimizely One and believe the Group is in a good position to achieve its growth strategy and to build on the achievements delivered in 2023.

Optimizely combines stability and scalability of commercial products with proactive guidance and support through it's dedicated customer success teams, in-person and online training & certification, and active online community with more than 40,000 developer members.

Business review

The Group's key performance indicators (KPIs) and growth measures are as follows:

KPIs	Year ended 2023 $000	Year ended 2022 $000
Revenue	394,879	378,343
Recurring revenue (note 5)	361,837	345,503
Gross profit	272,580	257,226
Administration expenses (excluding exceptional items of $11.3m (2022: $11.7m)	223,991	281,727
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) [1]	102,329	55,572
Net debt (excluding preference shares of $262.2m as at 31 December 2023 (2022: $231.4m)) [2]	600,005	585,619

[1] A reconciliation from Gross Profit, the most directly comparable IFRS measure, to Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) is shown on page 2.

[2] A reconciliation from total loans and borrowings, the most directly comparable IFRS measure, to Net Debt is shown on page 33.

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Business review continued

The Directors are pleased with the improvements made and the financial results and believe the Group is in a good position to achieve its growth strategy and is able to build on the achievements delivered in 2023.

The Group's revenues are primarily recurring in nature and consist of software delivered through a cloud based service. Recurring revenue from maintenance and support services form a small and decreasing share of revenue following the discontinuation of the sale of perpetual licences during 2019. This gives the Group increased visibility and certainty over future revenue. The KPIs above show this continued recurring revenue growth from 2022 to 2023. For detail on revenue see note 5 to these financial statements. The gross margin improved slightly in the current year at 69% (2022: 68%).

The Group made a loss before tax of $62.9m (2022: $113.9m). This includes finance costs of $100.6m (2022: $79.1m) and exceptional costs of $11.3m (2022: $11.7m). Further information regarding exceptional costs can be found in note 7 to these financial statements.

The effects of macro-economic uncertainty and rising interest rates has encouraged businesses to rationalise their investments in digital experience technologies, and Optimizely is well positioned to benefit from this trend by offering an integrated suite of products with lower TCO.

In 2023 significant market interest grew in the potential for AI technology to enhance the effectiveness of digital experiences, and the efficiency of marketing teams. Optimizely has leveraged its existing AI capabilities, alongside new R&D investment to offer an integrated AI enhancements to its product suite, supporting its multi-product adoption strategy.

On 5 March 2021 the UK Financial Conduct Authority announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative. LIBOR, which appeared as a base benchmark rate in many corporate loans has ceased at the end of 2021 for Sterling and will stop by June 2023 for the US dollar. Most UK lenders are transitioning to a new "risk free rate" known as SONIA, the "Sterling Overnight Index Average" and this transition was reflected in the revised financing arrangements entered into on 26 May 2021. No other financing arrangements in place at the balance sheet date use LIBOR as a benchmark.

Exceptional items (Note 7) of $11,309,000 (2022: $11,702,000) within administrative expenses relate to:

- $1,176,000 of acquisition related costs (2022: $2,801,000).
- $2,475,000 of costs relating to one off restructuring projects, other refinancing costs and some of the aged costs being written off (2022: $2,503,000).
- $3,696,000 of costs relating to system implementations and transformation projects (2022: $3,859,000).
- $2,270,000 of costs relating to Tax Services (2022: $nil).
- $1,692,000 of costs relating to Onerous Contracts (2022: $2,539,000).

A reconciliation from Gross Profit, the most directly comparable IFRS measure, to Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) is shown below:

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Gross profit	272,580	257,226
Less administrative expenses excluding exceptional items	(223,991)	(281,727)
Add depreciation and amortisation	54,844	57,080
Add other income	138	1,241
Add foreign exchange gain/(loss)	(1,242)	21,752
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss)	102,329	55,572

A reconciliation from total revenue, the most directly comparable International Financial Reporting Standards (IFRS) measure, to recurring revenue is shown in Note 5.

Adjusted EBITDA removes exceptional expenses to reflect earnings from the underlying trading of the Group. This measure is used for assessing management remuneration and forms part of bank covenant calculations.

Future Developments

The Group will continue to invest in significant research and development in order to ensure that the products and software are kept at the leading edge of their market in order to allow the customers to derive significant benefits from their deployment.

The Directors will continue to look for acquisitions that are complementary to the Group's product portfolio or that would allow geographic or industry expansion.

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Dividends

Dividends accrue on the preference shares issued on 9 October 2018. For the year ended 31 December 2023 $30.8m (2022: $28.9m) has been recorded as a finance charge.

No dividend on ordinary shares was paid during the year (2022: $nil) and the Directors do not recommend the payment of a final dividend.

Principal risks and uncertainties

The principal risks facing the Group are the retention of skilled employees and the financial risks explained below.

The business must maintain a high level of technical expertise within its staff. The risk is mitigated by trying to maintain low staff turnover through investment in training and ensuring staff compensation and benefits are commensurate with the markets in the locations where employed.

The Group must continue to offer products at the forefront of its technology and mitigate this risk by continuing investment in research and development.

Regulation of data collection, data security and user privacy continue to evolve globally, which may impact the ability to collect data and optimize the performance of digital experiences. The Directors and management are confident that the impacts of data regulation are manageable by the Group, and given Optimizely's software relies on the use of 1st party collected rather than 3rd party collected user data, Optimizely aligns positively to the market direction of consent-driven digital experiences.

In addition to the specific risks above, the impact of inflation and rising interest rates globally may impact the discretionary spend of customers and management will continue to monitor it closely.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors operate a credit approval policy that seeks to prevent shipment of software to resellers or customers whose accounts are high risk. Credit control regularly reports to management and reviews are undertaken to ensure risks are minimised. The majority of bank deposits are held with BNP Paribas, Silicon Valley Bank, and Swedbank.

Currency risk

The Group is exposed to currency risk with 31% (2022: 29%) of revenues being generated in currencies other than USD. The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. Therefore the Group's exposure has not been subject to any hedging.

Liquidity risk

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group has sufficient cash reserves to meet its liabilities when they become due.

Interest rate cash flow risk

Optimizely has exposure to interest rate cash flow risk. Loan interest is subject to risk in movement of the SONIA, SOFR and Eurocurrency rates. Cash deposits earn interest at a variable rate.

Approved by the Board and signed on its behalf by:

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Alex Atzberger
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Alex Atzberger
Chief Executive Officer
Epsilon Group New Holdings Limited
31 May 2024

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Directors' Report

The Directors present their annual report together with the audited financial statements and auditors' report for Epsilon Group New Holdings Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023.

The preparation of financial statements is in compliance with IFRS. The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its Group.

Principal activities

Epsilon Group New Holdings Limited (Epsilon) is a holding company. It is the parent company of Epsilon Group Holdings Limited which was established to acquire the Episerver Group operations in October 2018. On 27 January 2021, Episerver rebranded to Optimizely, following its acquisition of the business on 19 October 2020.

Optimizely provides the industry's leading digital experience optimization platform, in the form of Optimizely One, which includes AI-powered personalization and experimentation, which encompasses A/B testing, multivariate testing, and server-side testing.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the year's operations, future developments and key risks is contained in the Strategic Report.

Directors

The Directors who held office during the financial year and up to the date of this report are set out below:

Adam Berger
Alex Atzberger
Ryan Hinkle
Donna Wilczek
Boris Treskunov

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Post balance sheet events

No event occurred after the reporting period that provides further evidence of the conditions that existed at the end of the reporting period.

Research and development activities

Optimizely continues to invest in research and development and is focused on developing the existing product portfolio together with additional functionality that will complement and expand the product offering.

The total expenditure in the year was $56.2m (2022: $52.4m) before capitalisation of $11.7m (2022: $1.5m) and amortisation of capitalised development costs of $3.1m (2022: $4.8m). The capitalised portion of the total expenditure was incurred on product development and enhancement.

Financial risk management

Details of financial risk management are provided in the strategic report in these financial statements.

Political and charitable contributions

The Group made charitable contributions of $0.13m (2022: $0.03m) and no political contributions during the year (2022: $nil).

Directors' Report continued

Group policy on employment of disabled persons

Through its diversity policy, the Group seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities.

The Group's policies and procedures fully support it's disabled colleagues. Optimizely takes active measures to do so via a robust reasonable adjustment policy and processes to ensure colleagues are fully supported.

The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their tenure, Optimizely will actively retrain that employee and make reasonable adjustments to their environment where possible, in order to keep the employee with the Group. It is the policy of the Group that the recruitment, placement, promotion, termination, retirement, layoff, transfer, discipline, benefits, leaves of absence, compensation, and training of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

The Group recognises the importance of engaging with its employees and therefore strives to maintain a dialogue between management and the workforce. Employees are encouraged to share their feedback on a regular basis. Regular employee engagement surveys generate feedback on employees' level of motivation, involvement and commitment and findings are reported to the board. Management regularly communicates with the employees through a range of formal and informal channels, including via emails from the Chief Executive Officer and other senior executives, webcasts, townhalls and team meetings.

Environmental matters

Although the Group's principal activity has minimal environmental impact, the board believes that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as positively impacting staff morale and the customer experiance.

The Group is committed to minimising carbon and other greenhouse gases emitted from the operations of the business. The Group seeks to encourage energy and waste saving initiatives wherever possible whilst ensuring delivery of the highest quality of care in the communities that the Group serves.

Optimizely's core value is improving the state of the world for all its stakeholders, including investors, customers, partners, employees, community, environment and society. As part of Optimizely's commitment to environmental sustainability, the Group is dedicated to achieving carbon neutral cloud by implementing comprehensive emission reduction strategies, and reductions in carbon footprint, adoption of renewable energy solutions, and robust carbon offset initiatives, to achieve it's goal of 100 percent renewable energy for global operations by 2028. Furthermore, Optimizely has taken the lead in human capital management efforts to promote equality across four pivotal domains: equitable rights, fair compensation, accessible education and ample opportunities. Optimizely also believes comparable and consistent disclosures on climate related risks and opportunities are important. The Group is working to align with the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and of the Sustainability Accounting Standard's Board (SASB).

Going Concern

The Directors have considered the going concern basis of preparation of these financial statements and concluded it to be appropriate on the basis that the Company and the consolidated Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of this report.

At the balance sheet date, the group has a significant cash balance of $21.8m which is supported by net cash inflows from operations of $79.7m in 2023, representing a high cash conversion rate on $102.3m of Adjusted EBITDA in 2023. At the balance sheet date, the Group had net assets of $325.2m, and although the Group has net current liabilities of $81.8m this includes $179.5m of deferred revenue which does not present a cash liability to the group. Adjusted to exclude deferred revenue the Group has net current assets of $97.7m.

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While the Group does have significant debt on the balance sheet, leading to a gearing ratio of 73%, none of these debts fall due during the assessment period. Furthermore, the Board is confident that, based on the ongoing Adjusted EBITDA profitability and continued growth of the Group, refinancing could be secured will in advance of any repayment date. There are covenants associated with the debt but both historically and in the Board approved forecast there is significant covenant headroom in all periods.

The Directors believe, based on Board approved forecasts, that the Group will continue to have the financial and operating means to meet its liabilities, including its debt covenants, for a period of at least 12 months from the date of this report. The Group has historically experience strong revenue growth which is forecast to continue. This is supported by revenue growth in Q1 2024 of 8% on Q1 2023. In preparing the forecasts management considered a number of severe downside scenarios driven by external global factors and inflationary price pressures resulting in potential impacts such as declines to bookings, deterioration of cash collection and the resulting impact on the Group's covenants obligations. At the conclusion of this exercise, the Directors were satisfied that there were reasonable mitigations available within management's control, including cost savings initiatives, to ensure the Group maintains sufficient headroom on covenants over the forecast period.

Based on these forecasts, the nature of the products and services offered by the Group, and market position enjoyed by the Group the Directors believe that revenue and cash inflows will continue to grow in future.

In conclusion, based on the assessment summarised above, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the approval of these financial statements. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Statement of disclosure to the auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. However, the directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

Directors' Report continued

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board

DocuSigned by:
Alex Atzberger
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Alex Atzberger
Chief Executive Officer
31 May 2024

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Independent auditors' report to the members of Epsilon Group New Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

• Epsilon Group New Holdings Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's loss and the Group's cash flows for the year then ended;

• the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

• the Company financial statements have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework"; and

• the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated and Company Statement of Financial Position as at 31 December 2023; Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Company Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

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Reporting on other information

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

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

Strategic report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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Report on the audit of the financial statements Continued

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Companies (Jersey) Law, 1991and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Held discussions with management, including inquiries of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Evaluated the design effectiveness of management's control activities designed to prevent and detect irregularities;
- Reviewed meeting minutes of the board of directors for consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Challenged assumptions and judgements made by management in their significant accounting estimates and material judgements and assessed the business rationale for significant contracts and transactions entered. This included and evaluation of whether there was evidence of management bias that represented a risk of material misstatement due to fraud;
- Identified and tested journal entries based on our risk assessment;
- Incorporated elements of unpredictability into our audit procedures; and
- Reviewed the disclosures in the Annual Report against the specific legal requirements.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

Alex Upton
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
31 May 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Revenue	5	394,879	378,343
Cost of sales		(122,299)	(121,117)
Gross profit		**272,580**	**257,226**
Other income	6	138	1,241
Administrative expenses (including depreciation and amortisation)		(223,991)	(281,727)
Exceptional items	7	(11,309)	(11,702)
Profit/(Loss) from operations	8	37,418	(34,961)
Finance income	10	223	103
Finance expense	10	(100,584)	(79,065)
Finance expense analysed as:			
Finance expense on loans and borrowings	10	(69,834)	(50,125)
Finance expense on 12.5% preference shares dividends	10	(30,750)	(28,940)
Total finance expense		**(100,584)**	**(79,065)**
Loss before taxation		**(62,943)**	**(113,924)**
Income tax credit	11	1,357	13,339
Loss for the period attributable to equity holders of the parent company		**(61,586)**	**(100,585)**
Total other comprehensive income/(expense):			
Exchange gain/(loss) arising on the translation of foreign subsidiaries that will not be reclassified subsequently to gain/(loss)		12,716	(50,183)
Total comprehensive loss attributable to equity holders of the parent company		**(48,870)**	**(150,768)**

The results reflected above relate to continuing activities.

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

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Consolidated Statement of Financial Position
As at 31 December 2023

	Note	31 December 2023 $'000	31 December 2022 $'000
Non-current assets			
Property, plant and equipment	12	4,642	5,518
Intangible assets	13	414,422	446,103
Goodwill	13	881,482	865,506
Right-of-use assets	14	5,529	5,429
Deferred tax assets	20	59,808	50,939
Other receivables	15	24,591	20,799
Total non-current assets		**1,390,474**	**1,394,294**
Current assets			
Trade and other receivables	15	130,622	108,565
Current tax receivable		10,406	6,028
Cash and cash equivalents	17	21,784	32,269
Total current assets		**162,812**	**146,862**
Total assets		**1,553,286**	**1,541,156**
Current liabilities			
Trade and other payables	18	228,464	202,359
Lease liability	14	2,938	4,761
Current tax payable		6,486	6,440
Loans and borrowings	19	6,687	6,595
Total current liabilities		**244,575**	**220,155**
Net current liabilities		**(81,763)**	**(73,293)**
Non-current liabilities			
Trade and other payables	18	239	5,236
Lease liability	14	3,975	3,971
Loans and borrowings	19	879,702	843,700
Deferred tax liabilities	20	99,481	94,446
Provisions	21	125	-
Total non-current liabilities		**983,522**	**947,352**
Total liabilities		**1,228,097**	**1,167,508**
Net assets		**325,189**	**373,648**
Issued capital and reserves attributable to owners of parents			
Share capital	22	8,853	8,849
Share premium	22	219,017	218,857
Merger reserve	24	673,086	673,086
Foreign exchange reserve	24	(53,377)	(66,093)
Share based payment reserve	24	13,170	12,923
Accumulated losses	24	(535,560)	(473,974)
Total equity		**325,189**	**373,648**

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2024 and were signed on its behalf by:

DocuSigned by:
Alex Atzberger
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Alex Atzberger
Chief Executive Officer
Company Registration Number: 130265

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

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Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital $'000	Share premium $'000	Merger reserve $'000	Foreign exchange reserve $'000	Share based payment reserve $'000	Accumulated losses $'000	Total $'000
Equity as at 1 January 2022	**8,846**	**218,697**	**673,086**	**(15,910)**	**9,843**	**(373,389)**	**521,173**
Loss for the year	-	-	-	-	-	(100,585)	(100,585)
Exchange loss arising on the translation of foreign subsidiaries	-	-	-	(50,183)	-	-	(50,183)
Total comprehensive expense	**-**	**-**	**-**	**(50,183)**	**-**	**(100,585)**	**(150,768)**
Issue of share capital (note 22)	3	160	-	-	-	-	163
Credit to equity for equity-settled share-based payments	-	-	-	-	3,080	-	3,080
Equity as at 31 December 2022	**8,849**	**218,857**	**673,086**	**(66,093)**	**12,923**	**(473,974)**	**373,648**
Equity as at 1 January 2023	**8,849**	**218,857**	**673,086**	**(66,093)**	**12,923**	**(473,974)**	**373,648**
Loss for the year	-	-	-	-	-	(61,586)	(61,586)
Exchange gain arising on the translation of foreign subsidiaries	-	-	-	12,716	-	-	12,716
Total comprehensive expense	**-**	**-**	**-**	**12,716**	**-**	**(61,586)**	**(48,870)**
Issue of share capital (note 22)	4	160	-	-	-	-	164
Credit to equity for equity-settled share-based payments	-	-	-	-	247	-	247
Equity as at 31 December 2023	**8,853**	**219,017**	**673,086**	**(53,377)**	**13,170**	**(535,560)**	**325,189**

Note 24 describes the nature and purpose of each reserve within equity.

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Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Operating activities			
Loss before taxation		(62,943)	(113,924)
Adjusted by:			
Amortisation of intangible assets	13	49,277	51,982
Depreciation on property, plant and equipment	12	2,882	2,700
Depreciation of right-of-use assets	14	2,685	2,398
Loss on derecognition of right-of-use assets		-	2,876
Amortisation of contract costs	16	11,116	17,772
Finance income	10	(223)	(103)
Finance expense	10	100,584	79,065
(Decrease)/increase in loss allowance provision	15	(3,638)	240
Increase in other provisions	21	125	-
Loss on disposal of property, plant and equipment		195	-
Share based payment expense		247	3,080
Foreign exchange (gain)/loss	8	(1,242)	21,752
Operating profit before working capital changes		**99,065**	**67,838**
(Increase)/decrease in trade and other receivables		(18,823)	696
Increase in trade and other payables		20,109	14,384
Payments for contract costs		(12,977)	(15,855)
Cash inflow generated from operations		**87,374**	**67,063**
Income tax paid		(7,630)	(12,441)
Net cash inflow from operating activities		**79,744**	**54,622**
Investing activities			
Purchase of property, plant and equipment	12	(2,190)	(3,574)
Investment in intangible assets	13	(11,764)	(1,523)
Interest received		223	103
Net cash used in investing activities		**(13,731)**	**(4,994)**
Financing activities			
Payment of principal on bank loans		(6,565)	(6,399)
Payment of interest on bank loans		(65,886)	(45,543)
Repayment of capital element of finance lease		(118)	(18)
Payments for lease obligation liabilities (IFRS 16)	14	(5,255)	(5,521)
Proceeds on issue of shares		164	163
Net cash used in financing activities		**(77,660)**	**(57,319)**
Net decrease in cash and cash equivalents		**(11,647)**	**(7,691)**
Cash and cash equivalents at beginning of period		**32,269**	**40,712**
Effect of foreign exchange translation on cash and equivalents		1,162	(753)
Cash and cash equivalents at end of period		**21,784**	**32,269**

Notes to the consolidated financial statements

1 General information

Epsilon Group New Holdings Limited (the "Company") is a company limited by shares incorporated and registered in Jersey. Its ultimate controlling party is Insight Venture Partners X LP (Insight Partners). The address of the Company's registered office is shown after the title page. The Company was incorporated on 12 November 2019 as the immediate parent entity and holding company of Epsilon Group Holdings Limited ("Epsilon") with 100% of the shares. Under the common control approach, the financial statements of the Company and Epsilon are consolidated, and the comparative period results are presented retrospectively.

The principal activities of the Company and its subsidiaries (the 'Group') and the nature of the Group's operations are set out in the Strategic Report on page 1.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollar ($), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2 Accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except as noted in the following accounting policies. The accounting policies have been consistently applied to the periods presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the IASB.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Separate financial statements are not required for the parent Company under IAS 27 as the Company has not elected to account for its investments in subsidiaries, joint ventures and associates either at cost, in accordance with IFRS 9 Financial Instruments, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate financial statements if consolidated financial statements for the Company are prepared, unless required to do so by the member of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and in the Directors' opinion, the Company meets the definition of a holding Company. As permitted by law, the Company's board of Directors have elected not to prepare full set of separate financial statements for the Company and excluded statement of Profit and Loss and Cash flow statements from separate financial statements.

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New and amended standards that are effective for the current year

In the current year, the Group has applied the below standards and amendments that are effective for annual periods that begin on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These amendments had no effect on the annual consolidated financial statements of the Group.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not yet effective:

Amendments to IFRS 16 Leases
Amendments to IAS 1 Presentation of Financial Statements

The amendments listed above are effective for annual reporting periods beginning on or after 1 January 2024. The Group does not expect any of the amendments to have a material impact on the financial statements in future periods.

b. Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions, balances and unrealised gains and losses (where they do not provide evidence of impairment of the asset transferred) on transactions between Group companies are eliminated.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss from the date on which control is obtained.

With the acquisition of Epsilon Group Holdings Limited by Epsilon Group New Holdings Limited on 12 November 2019, management has applied the requirements of FRS 101 to determine that this occurred under common control given the combining businesses are ultimately controlled by the same party both before and after the business combination. The requirements of FRS 101 were applied as the most relevant authoritative guidance in the UK given transactions under common control are scoped out of IFRS 3 Business Combinations. The resulting impact on the consolidated financial statements is to present results retrospectively in the comparative period and the shares issued by Epsilon Group New Holdings Limited as if the transaction had occurred at the beginning of the earliest reporting period presented.

c. Going concern

The Directors have considered the going concern basis of preparation of these financial statements and concluded it to be appropriate on the basis that the Company and the consolidated Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of this report.

At the balance sheet date, the group has a significant cash balance of $21.8m which is supported by net cash inflows from operations of $79.7m in 2023, representing a high cash conversion rate on $102.3m of Adjusted EBITDA in 2023. At the balance sheet date, the Group had net assets of $325.2m, and although the Group has net current liabilities of $81.8m this includes $179.5m of deferred revenue which does not present a cash liability to the group. Adjusted to exclude deferred revenue the Group has net current assets of $97.7m.

While the Group does have significant debt on the balance sheet, leading to a gearing ratio of 73%, none of these debts fall due during the assessment period. Furthermore, the Board is confident that, based on the ongoing Adjusted EBITDA profitability and continued growth of the Group, refinancing could be secured will in advance of any repayment date. There are covenants associated with the debt but both historically and in the Board approved forecast there is significant covenant headroom in all periods.

The Directors believe, based on Board approved forecasts, that the Group will continue to have the financial and operating means to meet its liabilities, including its debt covenants, for a period of at least 12 months from the date of this report. The Group has historically experience strong revenue growth which is forecast to continue. This is supported by revenue growth in Q1 2024 of 8% on Q1 2023. In preparing the forecasts management considered a number of severe downside scenarios driven by external global factors and inflationary price pressures resulting in potential impacts such as declines to bookings, deterioration of cash collection and the resulting impact on the Group's covenants obligations. At the conclusion of this exercise, the Directors were satisfied that there were reasonable mitigations available within management's control, including cost savings initiatives, to ensure the Group maintains sufficient headroom on covenants over the forecast period.

Based on these forecasts, the nature of the products and services offered by the Group, and market position enjoyed by the Group the Directors believe that revenue and cash inflows will continue to grow in future.

In conclusion, based on the assessment summarised above, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the approval of these financial statements. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

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d. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes value added tax, returns, rebates, discounts and amounts collected on behalf of third parties and after eliminating intercompany revenue within the Group. The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Separate performance obligations are identified by the below revenue streams.

Sale of software and related services

1. Software as a Service (SaaS)

Sale of SaaS is for terms that can vary from one to five years. SaaS can then be renewed annually consistent with the terms of the contract. Under the SaaS model, the customer purchases the cost of infrastructure through an arrangement with Amazon and Azure cloud services, the right to use the software, hosting, maintenance and support through a subscription fee.

The performance obligation is satisfied over the contract period and revenue in respect of SaaS subscription fee is recognised on a straight-line basis. This reflects the way customers expect and experience the Group's satisfying of the performance obligation.

2. Software licensing

Sale of software licences (perpetual and term)

Revenue from the sale of software licences is recognised on delivery, when there are no performance obligations remaining.

3. Maintenance and support (M&S)

Maintenance and support (M&S) is typically sold for a one-year term when a perpetual or term software licence contract is signed, which can then be renewed annually consistent with the terms of the contract. The performance obligation is to stand ready to provide technical product support and standard software updates, upgrades and enhancements pursuant to the particular service offering. Customers simultaneously receive and consume the benefits of these support services as they are performed.

4. Subscription licences

Subscription licences is a hybrid product that delivers a licence along with maintenance services over a term length. Revenue is allocated to the licence and maintenance elements. The revenue related to the licence is recognised up front when the obligation to deliver the licence key is satisfied and the maintenance element is recognised on a straight-line basis over the contract period.

5. Managed services

Managed services are sold for terms that can vary from one to three years. Under a managed services agreement, the Company provides the required infrastructure and technical support to manage the software of its customers. This involves providing the customer with technical oversight of its websites, ensuring that these sites are available pursuant to the contract terms and conditions. The customer will have already licenced perpetual rights to use the software.

Revenue from managed services fees is recognised on a straight-line basis over the contract period.

6. Professional services

Professional services and education services consist of software implementation services and training services applicable to both the on premises and SaaS licensing models. Professional services do not generally involve customising or modifying the licenced software, but rather assisting customer deployment of the software to their specific business processes. Education services provide customers with training solutions relating to the operation of the Company licenced software.

These services are billed on a time and materials or fixed price basis. Generally, implementation and consulting services are sold on a time and materials basis. Training services are billed on a fixed-price basis. Subscription based training is also available and customers are able to utilise training over the period of the contract. Customers are provided with e-learning material and instructor led training. Revenue is recognised evenly over the contract period as the customer is able to utilise the resource at any point during that period.

Revenue from professional services is recognised as the service is performed at the rate contracted on a time and materials basis or on a percentage completion basis over the life of the contract.

7. Hosting services

The Company provides hosting services to the customer in the form of hardware and connectivity infrastructure where the customer can deploy the Company licenced software through an arrangement with Amazon and Azure cloud services where the customer maintains ownership of the licenced software.

Revenue from hosting services is recognised on a straight-line basis over the contract period.

8. Multiple element arrangements

When a sales contract contains multiple elements, such as a perpetual software licence and M&S, each element is treated as a single performance obligation, and is allocated a selling price using the residual method. Under the residual method, the fair value of the delivered elements is recognised as revenue according to the revenue recognition criteria for that element. The remaining portion of the contract fee is allocated to the undelivered elements and deferred and recognised on a straight-line basis over the contract period.

Fair value is based on its vendor specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or best estimated selling price ("BESP") if neither VSOE nor TPE is available.

When customers are offered discounts on multiple-element sales arrangements, the combined discount is allocated to the constituent elements of the arrangement, based upon their relative selling prices.

Deferred income and reimbursement of expenses

Invoices that have been recorded before the services have been performed are recognised as deferred income in the consolidated statement of financial position.

Reimbursement received for out-of-pocket expenses is recorded as revenue with the corresponding costs recorded as cost of revenue.

Incremental costs of obtaining contracts

Incremental costs of obtaining contacts, such as sales commissions, are capitalised and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates (i.e. over the estimated period of benefit). If the expected amortisation period is one year or less, then the costs are expensed when incurred.

e. Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

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

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The contributions are recognised as an expense in the Statement of Profit or Loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Share based payments

Share based compensation benefits are provided to management and other key employees of the Group via share option plans. The compensation is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Information relating to the plans is set out in note 26 .

f. Exceptional items

The identification of adjusting items is a judgement in terms of which costs or credits are not associated with the underlying trading of the business or otherwise impact the comparability of the Group's results year on year. Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and is stated before any charges or credits relating to non-recurring items including impairment and transformational, board approved projects such as restructuring, integration costs and acquisition-related costs. Adjusted EBITDA is a non-statutory reporting measure and, as such, is not presented in the primary financial statements of the Group, however it is an important element of the Group's internal reporting and impacts certain performance-related remuneration costs, as reported in the financial statements.

Note 7 contains further details on exceptional items.

g. Finance costs

Finance costs are charged to the statement of profit or loss over the term of the loans and approximate as if the effective interest method was used so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

h. Foreign currency

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The exchange rates used for translating the consolidated financial statements for the Group's entities at 31 December 2023 are shown in the table below:

	31 December 2023		**31 December 2022**	
	Financial position – closing rate $	Comprehensive income – average rate $	Financial position – closing rate $	Comprehensive income – average rate $
Swedish Krona	0.10	0.09	0.10	0.10
British £	1.28	1.26	1.21	1.21
Euro	1.11	1.09	1.07	1.05
Danish Krona	0.15	0.15	0.14	0.14
Bangladesh Taka - BDT	0.0091	0.0091	-	-
Australian $	0.68	0.67	0.68	0.69
Singapore $	0.76	0.75	0.75	0.74

Notes to the consolidated financial statements continued

Foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

b) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.

• Income and expenses for each statement of profit or loss are translated at the rate of exchange at the transaction date. Where this is not possible, the average rate for the period is used but only if there is no significant fluctuation in the rate; and

• Share capital, share premium, brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

i. IFRS 16 Leases

As a lessee, the Group leases a portfolio of assets including properties, motor vehicles and other equipment. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise :

• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

• The amount expected to be payable by the lessee under residual value guarantees;

• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentive received. The Group has assessed its right-of-use assets for impairment and has concluded that there is no indication that the right-of-use assets are impaired.

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The Group has lease contracts for properties used in its operations. Leases of properties generally have lease terms between two and ten years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. The Group also has certain property leases with lease terms of twelve months or less and leases of other equipment with low-value underlying assets. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following recognition exemptions and practical expedients are expected to be applied:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- exclusion of low value leases – leases for which the underlying assets is below the Group's capitalisation threshold;
- exclusion of short-term leases – leases with lease term ending within twelve months of the date of initial application.

j. Property, plant and equipment

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

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

Equipment	3 to 10 years
Furniture, fixtures and fittings	3 to 5 years
Purchased software	3 years
Leasehold improvement	shorter of life of lease or estimated useful life
Right-of-use assets	shorter of life of lease or estimated useful life

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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

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

k. Intangible Assets

(i) Goodwill

Goodwill is recognised to the extent that it arises through a business combination. It represents the difference between the cost of the acquisition and the fair value of net identifiable assets and liabilities acquired. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Any contingent consideration payable in shares is classified as 'shares to be issued' in equity and remeasured subsequently through to this account if its not issued yet. When the shares are issued, they will be transferred from 'shares to be issued' to share capital and share premium. Acquisition-related costs are expensed as incurred.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination). Goodwill is not amortised but is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Negative goodwill (bargain purchase) is written back to the statement of profit or loss in the period it is incurred.

(ii) Externally acquired intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date. All intangible assets acquired through business combination are amortised over their useful lives.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in a business combination are as follows:

Intangible asset	**Useful economic life**	**Valuation method**
Trademarks	3 to 7 years	Relief from royalty
Non-competition agreement	5 years	With or without method
Customer relationships	14 to 20 years	Excess earnings
Developed technology	7 years	Relief from royalty

(iii) Research and development

Expenditure on research activities as defined in IFRS is recognised in the statement of profit or loss as an expense as incurred.

Expenditure on internally developed software products and substantial enhancements to existing software product is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Group is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimate to be three years.

l. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Those intangible assets including goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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An impairment charge is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

m. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts is included.

n. Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

• where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

• in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

• where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects either the accounting profit or loss nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

o. Share-based payment

In accordance with IFRS 2 'Share-based payments', the Group reflects the economic cost of awarding shares and share options to employees and Directors by recording an expense in the statement of profit or loss equal to the fair value of the benefit awarded. The expense is recognised in the statement of profit or loss over the vesting period of the award.

Fair value is measured by the use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised for awards that ultimately vest, as long as the option holder remains in employment with the Group.

p. Financial assets

In accordance with IFRS 9, the Group's financial assets are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, all financial assets are measured at amortised cost. The Group's financial assets are primarily loans and receivables.

Loans and receivables

Short term trade receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

The Group assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables; see Note 4 (Credit Risk) for further details.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

q. Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through profit or loss or loans and payables as appropriate.

Loans and payables

The Group's loans and payables comprise all trade and other payables (excluding other taxes and social security costs and deferred income) and loans. Short term payables are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

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r. Fair value hierarchy

All financial instruments measured at fair value must be classified into of the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Fair Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

s. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group has several classes of ordinary shares, denominated as $ ordinary shares, as set out in Note 22.

The Company's different classes of ordinary shares are classified as equity instruments.

t. Dividends

Dividend distributions to shareholders are recognised as financial liabilities upon declaration.

u. Events after the reporting date

Any post year end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year end events that are not adjusting events, if any, are disclosed when material to the financial statements. Details of such events are disclosed in note 27.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, the Directors make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Judgements and accounting estimates and assumptions

The preparation of financial information in conformity to IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key judgements and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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The accounting estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Amortisation period of capitalised contract costs

Sales commissions are contract costs which are capitalised under IFRS 15 (Note 16). Management has estimated the amortisation period of between three to five years, reflecting the average customer retention period by using the initial customer value life cycle of the products.

(b) Impairment of intangible assets, including goodwill, and property, plant and equipment

The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist, no such indicator have been identified in the current year, however the assets are captured within the goodwill assessment when comparing the carrying value of non-current assets against the recoverable amount. The recoverable amount is determined by with reference to the higher of fair value less costs to sell and for future periods, value in use. Value in use is estimated using discounted future cashflow. Significant assumptions are made in estimating future cashflows about future events including future market conditions, future growth rates and appropriate discount rates. Changes in these assumptions could affect the outcome of impairment reviews. The key assumptions used and the sensitivities in the assessment of the carrying value of the Group's cash generating unit are set out in Note 13.

(c) Impairment of investments and intercompany balances (applies to the Company Financial Statements only).

The Directors have reviewed the carrying value of cost of investments in subsidiaries of the Company with reference to current and future trading conditions. The investments have been reviewed with reference to a valuation based on a discounted free cash flow which the Directors consider to be an appropriate valuation methodology, in conjunction with the goodwill impairment review. The key assumptions used and the sensitivities in the assessment of the carrying value of the Company's investments and intercompany balances are set out in Note 13.

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4 Financial risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in US Dollar. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below and also set out in the Strategic Report.

(i) Financial instruments by category - financial assets and liabilities

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings, finance leases and preference shares.

Trade and other receivables are initially measured at fair value and subsequently at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of profit or loss in the relevant period.

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value.

A summary of the financial instruments held by category is provided below:

Financial assets

	31 December 2023	31 December 2022
	$'000	$'000
Cash and cash equivalents	21,784	32,269
Trade receivables - due at reporting date	30,025	31,786
Trade receivables - not due at reporting date	70,735	58,827
Gross trade receivables	**100,760**	**90,613**
Less: bad debt provision	(3,054)	(6,692)
Trade receivables - net of provision	**97,706**	**83,921**
Restricted cash	2,449	1,006
Other receivables	9,289	9,383
Financial assets at amortised cost	**131,228**	**126,579**

Trade receivables principally comprise amounts outstanding for sales to customers and are net of provision for doubtful recoverability. An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for.

Financial liabilities

	31 December 2023	31 December 2022
	$'000	$'000
Trade payables	11,843	10,456
Accruals	31,650	34,103
Trade and other payables	**43,493**	**44,559**
Bank loans	624,116	618,776
12.5% preference shares	262,151	231,401
Finance lease and hire purchases	122	118
Loans and borrowings	**886,389**	**850,295**
Lease incentive accruals	-	21
Financial liabilities at amortised cost	**929,882**	**894,875**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Financial instruments not measured at fair value includes all of items above. The carrying value of these items approximates their fair value. The fair values of these items are based on their carrying values and the Directors consider that there were no material differences between the book values and fair values of these items at period-end.

Cash and cash equivalents

Cash and cash equivalents are mainly held in Swedish Krona (SEK) and US dollars ($) with others in Euro (EUR), Australian dollars (AUD) and other currencies for offices based in Asia Pacific region.

The Group's activities expose it to a variety of financial risks, mainly credit risk, interest rate risk, liquidity risk and foreign exchange risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2023 the Group has net trade receivables of $97.7m (2022: $83.9m).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate by entering contracts with customers with agreed credit terms. In addition, for new customers only, a time-limited licence is offered which will be withdrawn unless payment is received.

Customer credit risk is subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group's exposure to credit risk on its cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

The Group's trade receivables arising from all revenue are subject to the expected credit loss model. While cash and cash equivalents and other contract assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The average credit period on sales of goods is 30 days. The expected loss rates are based on the payment profiles of trade receivables over a period of 12 months to 31 December 2023, and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the receivables.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

		Trade receivables – days past due					
	Not past due	**< 30**	**31 - 60**	**61-90**	**91-120**	**>120**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss (ECL) rate	1.5%	1.3%	4.5%	12.8%	21.6%	11.9%	3.0%
Estimated total gross carrying amount at default	70,735	11,738	5,954	2,748	587	8,998	100,760
Lifetime ECL allowance	1,083	156	267	353	127	1,068	3,054

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The amounts shown in the table above represent the Group's maximum assessed disclosure to credit risk at the end of year.

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown in Note 15.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due (unless specific negotiations in place), whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. The Group's bank borrowings and other borrowings at 31 December 2023 were $624.2m (2022: $618.9m). The Group's exposure to interest rate risk on the finance leases is considered low as the outstanding balance at year end is not significant.Further details about the interest rate risk are set out in note 19.

The following table demonstrates the sensitivity to a 1 percent change (lower/higher) to the interest rates of the following borrowings at 31 December 2023 to the profit before tax and net assets for the period:

	Year ended 31 December 2023 Increase/(decrease) of profit before tax and net assets $'000	Year ended 31 December 2022 Increase/(decrease) of profit before tax and net assets $'000
USD-denominated bank borrowings	+/- 4,058	+/- 4,099
GBP-denominated bank borrowings	+/- 540	+/- 543
EUR-denominated bank borrowings	+/- 1,781	+/- 1,756

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The table below analyses the Group's financial liabilities by contractual maturities. All amounts disclosed in the table are the undiscounted contractual cash flows as at 31 December 2023:

31 December 2023	Within 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables and accruals	49,171	-	-	-
Bank loans (secured)	6,565	623,820	-	-
Finance leases and hire purchases	3,344	2,851	1,488	202
Total	**59,080**	**626,671**	**1,488**	**202**

31 December 2022	Within 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables and accruals	54,171	-	-	-
Bank loans (secured)	6,476	6,476	610,443	-
Finance leases and hire purchases	3,937	658	829	335
Total	**64,584**	**7,134**	**611,272**	**335**

Foreign exchange risk

Functional and presentational currency

Items included in the financial statements are measured using the currencies of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which are considered by the Directors to be the Swedish Krona (SEK) and US Dollars ($). The financial statements are presented in US Dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Transactions in the financial statements of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the year end. All differences are taken to the statement of profit or loss.

Foreign exchange risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow customers to settle liabilities denominated in the customer's functional currency, being primarily $ or SEK.

The Group is predominantly exposed to currency risk on sales and purchases made from customers and service providers based in the USA and the Euro-zone and Sweden. Sales and purchases from customers, service providers and suppliers are made on a central basis and the risk is monitored centrally. Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The Group has not entered into any forward exchange contracts for the current period but are looking into this type of derivative for the next financial year to manage its foreign exchange risk.

As at 31 December 2023, the Group's net exposure to foreign exchange risk was as follows for those entities with Pound Sterling, Swedish Krona, Euro and other functional currencies:

As at 31 December 2023	SEK $'000	GBP $'000	EURO $'000	Other Currencies $'000	Total $'000
Trade and other receivables	18,417	5,094	3,690	6,745	33,946
Cash and cash equivalents	233	4,210	3,801	5,141	13,385
Trade and other payables	(60,568)	(4,569)	(6,285)	(5,255)	(76,677)
Loans & borrowings	-	(54,275)	(178,472)	-	(232,747)
Financial (liabilities)/assets	**(41,918)**	**(49,540)**	**(177,266)**	**6,631**	**(262,093)**

As at 31 December 2022	SEK $'000	GBP $'000	EURO $'000	Other Currencies $'000	Total $'000
Trade and other receivables	18,588	12,820	7,999	11,011	50,418
Cash and cash equivalents	1,828	2,070	3,887	6,692	14,477
Trade and other payables	(48,803)	(4,244)	(2,550)	(123)	(55,720)
Loans & borrowings	-	(52,144)	(174,679)	-	(226,823)
Financial (liabilities)/assets	**(28,387)**	**(41,498)**	**(165,343)**	**17,580**	**(217,648)**

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The impact of 10% movement in foreign exchange rate of $ will result in an increase/(decrease) of profit after tax and financial assets/(liabilities) by $26.2m for 2023 (2022: $21.8m).

The average exchange rate and closing rate used are as follow:

	31 December 2023		31 December 2022	
	$ Average rate	$ Closing rate	$ Average rate	$ Closing rate
SEK	0.09	0.10	0.10	0.10
GBP	1.26	1.28	1.21	1.21
EUR	1.09	1.11	1.05	1.07

Capital risk management

The Group's capital is made up of share capital, foreign currency reserve and retained losses.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- To minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to a manageable level.

To meet these objectives, the Group reviews the budgets and forecasts on a quarterly basis to ensure there is sufficient capital to meet the needs of the Group through to profitability and positive cash flow.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

Whilst the Group does not currently pay dividends it is part of the capital strategy to provide returns for shareholders and benefits for other members in the future. However, the Group is planning growth and it will continue to be important to maintain the Group's credit rating and ability to borrow should acquisition targets become available.

Capital for further development of the Group's activities will, where possible, be achieved by share issues or other finance as appropriate.

The Group also monitors capital on the basis of gearing ratio. The gearing ratio is based on the net debt as a percentage of total capital. The gearing ratios are as follows:

	31 December 2023	31 December 2022
	$'000	$'000
Total interest bearing bank borrowings and finance leases	624,238	618,894
12.5% preference shares	262,151	231,401
Total loans and borrowings	**886,389**	**850,295**
Less: cash and cash equivalents (Note 17)	(21,784)	(32,269)
Less: restricted cash (Note 15)	(2,449)	(1,006)
Net debt	**862,156**	**817,020**
Total equity	325,189	373,648
Total capital	1,187,345	1,190,668
Gearing ratio	73%	69%
Gearing ratio excluding preference shares	51%	49%

Notes to the consolidated financial statements continued

An analysis of changes in net debt is shown below:

	Total Loans and $'000	Obligations under finance leases $'000	Less: cash and cash equivalents $'000	Less: restricted cash $'000	Net Debt $'000
At 1 January 2023	**850,177**	**118**	**(32,269)**	**(1,006)**	**817,020**
Cashflow from operations	-	-	(79,744)	-	(79,744)
Movement on restricted cash	-	-	-	(1,443)	(1,443)
Cash outflow due to investing activities	-	-	13,731	-	13,731
Foreign exchange movements	8,487	122	(1,162)	-	7,447
Proceeds from loans and borrowings	-	-	-	-	-
Cash outflow on principal and interest payments	(72,451)	-	72,451	-	-
Preference shares dividend accrual	30,750	-	-	-	30,750
Finance expense	69,304	-	-	-	69,304
Finance leases	-	(118)	5,373	-	5,255
Payment of bank loans of acquired subsidiaries	-	-	-	-	-
Proceeds on issue of ordinary shares	-	-	(164)	-	(164)
At 31 December 2023	**886,267**	**122**	**(21,784)**	**(2,449)**	**862,156**

	Total Loans and $'000	Obligations under finance leases $'000	Less: cash and cash equivalents $'000	Less: restricted cash $'000	Net Debt $'000
At 1 January 2022	**840,363**	**136**	**(40,712)**	**(809)**	**798,978**
Cashflow from operations	-	-	(54,622)	-	(54,622)
Movement on restricted cash	-	-	-	(197)	(197)
Cash outflow due to investing activities	-	-	4,994	-	4,994
Foreign exchange movements	(16,491)	-	753	-	(15,739)
Proceeds from loans and borrowings	-	-	-	-	-
Cash outflow on principal and interest payments	(51,942)	-	51,942	-	-
Preference shares dividend accrual	28,940	-	-	-	28,940
Finance expense	49,307	-	-	-	49,307
Finance leases	-	(18)	5,539	-	5,521
Payment of bank loans of acquired subsidiaries	-	-	-	-	-
Proceeds on issue of ordinary shares	-	-	(163)	-	(163)
At 31 December 2022	**850,177**	**118**	**(32,269)**	**(1,006)**	**817,020**

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5 Revenue

(a) Revenue by product segment

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Recurring software licence revenue (including maintenance and support)	361,837	345,503
Professional services and training	32,556	32,368
Non-recurring software licence revenue	486	472
Total revenue	**394,879**	**378,343**

(b) Geographic segment – secondary basis

The Group operates in five main geographic areas: the Nordic region, United Kingdom and Ireland, Continental Europe, the Americas, and the rest of the world. The following analysis of the Group's revenue is based on the geographic location of customers irrespective of the origin of the goods or services.

	Year ended 31 December 2023 Revenue $'000	Year ended 31 December 2022 Revenue $'000
The Americas	218,746	211,376
Nordic region	65,065	61,447
United Kingdom and Ireland	43,941	39,539
Continental Europe	40,796	39,834
Rest of world	26,331	26,147
Total	**394,879**	**378,343**

6 Other income

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Release of historic provisions	-	1,235
Miscellaneous	138	6
Total	**138**	**1,241**

7 Exceptional items

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Acquisition expenses	1,176	2,801
Restructuring costs	2,475	2,503
System implementation and integration costs	3,696	3,859
Tax Services	2,270	-
Onerous contracts	1,692	2,539
Total	**11,309**	**11,702**

Acquisition expenses of $1.2m relates to retention bonuses paid to retain key employees from acquired entities and legacy entity balances and rationalisation. IFRS 3 acquisition accounting requires any acquisition related costs that are not specifically related to issuing debt or an entity's own equity shares to be expensed as incurred.

Restructuring costs of $2.5m were incurred in relation to severance payments, legal costs related to restructuring, and facility costs related to the Nashua and Berlin office relocations.

System implementation and integration costs of $3.7m were incurred in relation to post acquisition integration activities, implementation of new software and costs related to contractors working on different projects.

Onerous contracts costs of $1.7m were incurred in relation to lease contract from which the Group expects no future economic benefit and duplicate software contracts in previously acquired subsidiaries.

Tax expenses incurred are mainly related to voluntary disclosure agreement (VDA) for sales tax purposes, in addition to one-off s382 and s174 tax studies.

These expenses are labelled as exceptional items on the basis that they do not relate to the underlying trading of the Group.

8 Profit/(Loss) from operations

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
The Profit/(Loss) from operations is stated after charging:		
Audit fees - Company	550	212
- Company's subsidiaries	455	713
Non-audit fees - tax advisory, compliance and other assurance services	-	815
Net (decrease)/increase in bad debt provision (Note 15)	(3,638)	240
Staff costs (Note 9)	185,547	193,314
Direct costs including hosting service costs	64,138	61,968
Amortisation of intangible assets included in administrative expenses (Note 13)	49,277	51,982
Research and development expenses (after R&D capitalisation and amortisation)	44,562	50,933
Depreciation of property, plant and equipment (Note 12)	2,882	2,700
Depreciation of right-of-use asset (Note 14)	2,685	2,398
Exceptional items (Note 7)	11,309	11,702
Foreign exchange (gain)/losses	(1,242)	21,752

Research and development expenses exclude $11.76m (2022: $1.5m) of capitalised development costs.

9 Staff numbers and costs

Staff costs (including directors' emoluments) incurred in the period included in cost of sales and administrative expenses were as follows:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Wages and salaries	162,818	167,231
Social security costs	16,901	16,617
Defined contribution pension cost	5,616	6,318
Share based payment expense	212	3,148
Total	**185,547**	**193,314**

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Notes to the consolidated financial statements continued

Included in wages and salaries

The average number of employees (including directors) during the period was made up as follows:

	31 December 2023 Number	31 December 2022 Number
Management	10	11
Operations and administration	1,483	1,428
Total staff	**1,493**	**1,439**

Key management personnel (comprising directors) compensation was made up as follows:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Salaries	556	758
Defined contribution pension cost	8	15
Short-term benefits	15	13
Share based payments	203	456
Total	**782**	**1,242**

Only one director is directly remunerated by the Group. One additional director receives share based compensation. Not other directors received compensation from the Group during the year. Information regarding the highest paid director is as follows:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Salaries	556	758
Defined contribution pension cost	8	15
Short-term benefits	15	13
Share based payments	79	169
Total	**658**	**955**

10 Finance income and finance expense

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Bank interest income	197	36
Unwinding of interest on lease receivable	26	67
Total	**223**	**103**

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Finance expenses		
Interest on bank loans and overdrafts	65,821	45,543
Accretion of interest on lease obligation liability (note 14)	530	818
Dividends on 12.5% preference shares	30,750	28,940
Amortisation of debt issue costs	3,418	3,764
Other interest charges	65	-
Total	**100,584**	**79,065**

Notes to the consolidated financial statements continued

11 Income tax credit

Analysis of the tax credit

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Current period	-	-
Adjustments in respect of prior years	(304)	(2,815)
Overseas tax	4,457	5,009
Total current tax charge	**4,153**	**2,194**

The standard rate of corporation tax applied to the UK reported profit is 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax		
Origination and reversal of timing differences	(4,414)	(15,285)
Adjustments in respect of prior years	(987)	(248)
Tax rate change relating to future periods	(109)	-
Total deferred tax credit	**(5,510)**	**(15,533)**
Total tax credit	**(1,357)**	**(13,339)**

Finance Act 2021 increased the UK corporation tax rate from 19% to 25% effective 1 April 2023. Deferred tax for temporary/timing differences that are forecast to unwind in the UK on or after 1 April 2023 has been re-measured and recognised at 25%.

In addition to the amount charged to profit or loss, the following amount relating to tax has been recognised in other comprehensive income as items that may be reclassified subsequently to profit or loss:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Deferred tax		
Exchange loss on translation of foreign operations	(1,676)	(5,762)

Factors affecting the tax charge

The reasons for the difference between the actual tax charge for the period and the applicable rate of corporation tax applied to the result for the period are as follows:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Loss before tax	(62,943)	(113,924)
Applicable rate of corporation tax	23.5%	20.6%
Loss before tax multiplied by the applicable rate of corporation tax	**(14,791)**	**(23,468)**
Tax effects of:		
Non-deductible expenses and non-taxable income	313	2,332
Non-deductible interest	12,095	10,999
Movement in unrecognised deferred tax	(6,269)	(2,612)
Adjustments in respect of prior years	(1,291)	(3,062)
Different tax rates of subsidiaries operating in other jurisdictions, current and future tax rates	8,585	2,472
Total tax credit	**(1,357)**	**(13,339)**

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The applicable rate of corporation tax in 2023 is 23.5%. This is the effective tax rate in UK where the parent of the Group is resident. The applicable rate in 2022 is 20.6% being the tax rate for Sweden which was considered the most representative rate for the Group given the relative levels of operations across the jurisdictions. The profile of the group operations are evolving and the changes in the composition of the tax charges and credits make UK tax rate more appropriate.

The Group has unrecognised carried forward losses, research and development and accelerated timing differences amounting to $115,174,000 as at 31 December 2023 (2022: $101,700,000). The majority of the unrecognzed deferred tax assets relate to entity losses in the United States.

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12 Property, plant and equipment

	Equipment including motor vehicles	Furniture and fixtures	Leasehold improvements	Software	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2022	3,891	1,921	1,701	2,440	9,953
Additions	2,483	8	222	861	3,574
Disposals	(2,206)	6	-	(252)	(2,452)
Foreign exchange movement	(726)	(81)	(113)	(473)	(1,393)
At 31 December 2022	**3,442**	**1,854**	**1,810**	**2,576**	**9,682**
At 1 January 2023	3,442	1,854	1,810	2,576	9,682
Additions	1,719	91	378	2	2,190
Disposals	-	(180)	(864)	-	(1,044)
Foreign exchange movement	93	25	15	71	204
At 31 December 2023	**5,254**	**1,790**	**1,339**	**2,649**	**11,032**
Accumulated depreciation					
At 1 January 2022	2,221	637	1,265	776	4,899
Charge for the period	1,609	69	112	910	2,700
Disposals	(2,206)	6	-	(252)	(2,452)
Foreign exchange movement	(520)	(32)	(36)	(395)	(983)
At 31 December 2022	**1,104**	**680**	**1,341**	**1,039**	**4,164**
At 1 January 2023	1,104	680	1,341	1,039	4,164
Charge for the period	1,738	102	163	879	2,882
Disposals	-	(180)	(669)	-	(849)
Foreign exchange movement	81	19	18	75	193
At 31 December 2023	**2,923**	**621**	**853**	**1,993**	**6,390**
Carrying amount					
At 31 December 2022	2,338	1,174	469	1,537	5,518
At 31 December 2023	**2,331**	**1,169**	**486**	**656**	**4,642**

13 Intangible assets

	Customer relationships	Developed technology	Trademarks	Non Competition Agreements	Capitalised R&D	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 January 2022	446,223	163,582	66,205	500	18,564	1,115,889	1,810,963
Additions	-	-	-	-	1,523	167	1,690
Foreign exchange movement	(25,783)	(11,234)	(6,722)	-	(2,429)	(83,142)	(129,310)
At 31 December 2022	**420,440**	**152,348**	**59,483**	**500**	**17,658**	**1,032,914**	**1,683,343**
At 1 January 2023	420,440	152,348	59,483	500	17,658	1,032,914	1,683,343
Additions	-	-	-	-	11,764	-	11,764
Write-off	-	-	-	-	(50)	-	(50)
Foreign exchange movement	7,180	2,749	1,557	-	608	20,036	32,130
At 31 December 2023	**427,620**	**155,097**	**61,040**	**500**	**29,980**	**1,052,950**	**1,727,187**
Accumulated amortisation							
At 1 January 2022	55,038	50,587	53,615	120	11,003	184,955	355,318
Charge for the period	22,644	22,132	2,290	100	4,816	-	51,982
Foreign exchange movement	(4,450)	(5,449)	(6,722)	-	(1,398)	(17,547)	(35,566)
At 31 December 2022	**73,232**	**67,270**	**49,183**	**220**	**14,421**	**167,408**	**371,734**
At 1 January 2023	73,232	67,270	49,183	220	14,421	167,408	371,734
Charge for the period	22,290	21,600	2,195	100	3,092	-	49,277
Write-off	-	-	-	-	(50)	-	(50)
Foreign exchange movement	1,943	2,170	1,557	-	592	4,060	10,322
At 31 December 2023	**97,465**	**91,040**	**52,935**	**320**	**18,055**	**171,468**	**431,283**
Carrying amount							
At 31 December 2022	347,208	85,078	10,300	280	3,237	865,506	1,311,609
At 31 December 2023	**330,155**	**64,057**	**8,105**	**180**	**11,925**	**881,482**	**1,295,904**

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Notes to the consolidated financial statements continued

The Directors have performed review following an acquisition to identify any intangible assets acquired as part of a business combination. Customer relationships have been identified as an intangible asset as there is an inherent life of the relationship for the customers of the acquired businesses. Additionally, the developed technology and trademark have been identified as intangible assets acquired as part of the acquisitions made during the year.

Trademarks at balance sheet date include Optimizely trademarks of $8,091,000 with remaining useful economic life of 45 months and Zalus trademarks of $14,000 with remaining useful economic life of 3 months.

At the balance sheet date, the following amounts are included in customer relationships:

Recognised on acquisition of the Episerver group (2018)	$ 189,099,000	with remaining useful economic life of 177 months
Recognised on acquisition of Optimizely (2020)	$ 102,128,000	with remaining useful economic life of 165 months
Recognised on other acquisitions (2021)	$ 38,928,000	with remaining useful economic life of 118 to 203 months

At the balance sheet date, the following amounts are included in developed technology:

Recognised on acquisition of the Episerver group (2018)	$ 18,235,000	with remaining useful economic life of 21 months
Recognised on acquisition of Optimizely (2020)	$ 28,834,000	with remaining useful economic life of 45 months
Recognised on other acquisitions (2021)	$ 16,988,000	with remaining useful economic life of 34 to 59 months

Cash generating unit (CSG) assessment

The Directors consider the Group to operate as a single CGU. The Board reviews the financial and operational performance of the Group as a single interdependent entity. All historic acquisitions have been fully integrated with the wider group and there are no subsidiaries, products, regions or business units capable of generating independent cashflows.

Goodwill and impairment review

The Group has goodwill that has been acquired through business combinations but does not hold any other intangible assets that have indefinite lives.

The approach of the Group is to test impairment annually on the carrying value of goodwill, based on the estimated recoverable amount of the CGU to which goodwill has been allocated. All of the Group's goodwill is tested at an aggregate level reflective of the business.

Value in use is used to estimate the recoverable amount of all CGUs. Value in use is calculated as the present value of future cashflows using a discounted cash flow. In preparing the discounted cash flows calculation management uses projected cash flows based on board approved forecasts for the next 5 years for all CGUs.

The assumptions applied in the estimated value in use are level 3 hierarchy based on unobservable market rate. Please refer to sensitivities performed below.

Sensitivity to changes in assumptions - value in use (brought forward Goodwill)

This consists of all subsidiaries. Carrying value of goodwill at year end is $881,482,000.

The key assumptions used by management are operating cash flows which are driven by the discrete year 1 to 5 revenue growth rates with a cumulative annual growth rate (CAGR) of 12.6% (2022: 11.8%), discount rate of 13.7% (2022: 12.1%) and terminal growth rate of 2.5% (2022: 2.3%).

The most significant of these assumptions is the revenue CAGR. This is driven by the launch of Optimizely One and a strategic focus on multi-product deals, both of which will drive revenue growth and improve retention. This growth in revenue is supported by strong early growth seen in Q1 2024 and expected increase in Group's total addressable market over the same period of 14.8%.

The impacts of changes to these assumptions are:

Assumption	Change in assumption (base points)	Change in recoverable amount
Revenue CAGR	+/- 2.5%	+43%/-39%
Discount rate	+/- 0.5%	-22% /+24%
Terminal growth rate	+/- 0.5%	+15%/-14%

If the following changes were made to these assumptions the carrying amount would equal the recoverable amount:

Revenue CAGR - decrease	6.9%
Discount rate - increase	3%
Terminal growth rate - decrease	5% (base points)

As a result of the impairment analysis performed above it was determined that the recoverable amount was higher than the carrying value. As such the group recognised no impairment in the period (2022: $nil).

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14 Right-of-use assets and lease liabilities

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Properties
	$'000
Cost	
At 1 January 2022	14,424
Additions	2,347
Lease modifications	(8)
Derecognition of right-of-use assets	(4,860)
Foreign exchange movement	(828)
At 31 December 2022	**11,075**
Additions	2,480
Lease modifications	278
Derecognition of right-of-use assets	(2,460)
Foreign exchange movement	201
At 31 December 2023	**11,574**
Accumulated amortisation	
At 1 January 2022	5,654
Charge for the period	2,398
Derecognition of right-of-use assets	(1,984)
Foreign exchange movement	(422)
At 31 December 2022	**5,646**
Charge for the period	2,685
Derecognition of right-of-use assets	(2,460)
Foreign exchange movement	174
At 31 December 2023	**6,045**
Carrying amount	
At 31 December 2022	5,429
At 31 December 2023	**5,529**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
	$'000	$'000
At 1 January	8,733	11,505
Additions	2,480	2,347
Lease modifications	388	55
Accretion of interest	530	818
Payments	(5,255)	(5,521)
Foreign exchange movement	37	(471)
At 31 December	**6,913**	**8,733**
Current	2,938	4,761
Non-current	3,975	3,971
At 31 December	**6,913**	**8,732**

The discount rate used is the Group's incremental borrowing rate of 6.2% to 10%, as the interest rate implicit in the leases cannot readily be determined.

During the previous year, three of the leased properties were sub-let by the Group with leases receivable maturing within one year. No properties were sub-let during 2023. The Group recognised no interest income on lease receivables (2022: $67,000).

During the year, right-of-use assets with cost of $2,460,000 (2022: $1,600,000) and carrying amount of $nil were derecognised as a result of lease terminations.

During the previous year, right-of-use assets with cost of $3,260,000 and carrying amount of $2,876,000 were derecognised as a result of the Group vacating properties and subletting one of them. A loss of $2,876,000 is presented as part of exceptional costs.

The Group recognised an expense of $505,000 (2022: $155,000) in profit and loss relating to short-term leases.

Some property leases contain extension and termination options exercisable at a certain point in time of the contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The Group reassesses the likelihood of the option to extend or terminate if a significant event or significant change in circumstances occurs which is within its control. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Extension options have not been included in the lease liability at 31 December 2023 or at 31 December 2022.

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The following table sets out a maturity analysis of lease payments, showing the undiscounted amounts to be paid after the reporting date.

	31 December 2023 $'000	31 December 2022 $'000
Maturity analysis:		
Year 1	3,344	4,962
Year 2	2,054	2,642
Year 3	798	1,409
Year 4	792	230
Year 5	696	235
Onwards	122	362
Total	***7,806***	***9,840***

15 Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade receivables	100,760	90,614
Provision for doubtful debt	(3,054)	(6,692)
Trade receivables	**97,706**	**83,922**
Prepayments	16,657	8,946
Restricted cash	2,449	1,006
Other receivables	5,273	5,667
Contract costs capitalised (note 16)	8,538	9,024
Total	**130,623**	**108,565**
Non-current		
Long term prepaid assets	1,057	1,440
Other long term receivables	4,016	3,716
Contract costs capitalised (note 16)	19,518	15,643
Total	**24,591**	**20,799**

Trade receivables comprise amounts outstanding for trade sales. The average credit period taken for trade sales is 62 days (2022: 62 days). For most customers no interest is charged on the trade receivables for the first five days from the due date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all receivables are paid within the pre-agreed credit terms.

Amounts reclassified out of cash and cash equivalents are shown above in restricted cash. This includes credit card collateral, amounts restricted by letter of credits associated with leases and security deposits from subleases.

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown below:

Bad debt provision

	2023 $'000	2022 $'000
At 1 January	6,692	6,452
(Decrease)/increase in loss allowance	(3,638)	240
At 31 December	**3,054**	**6,692**

16 Contract costs

Incremental costs of obtaining contacts, such as sales commissions, are capitalised and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates (i.e. over the estimated period of benefit). Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less. Capitalised incremental costs are amortised over the period the related revenues are recognised. Movements on the contract costs balance are as follows:

	2023 $'000	2022 $'000
Opening balance as at 1 January	24,667	27,846
Capitalisation during the period	14,086	15,382
Amortisation during the period	(11,116)	(17,772)
Exchange differences	419	(789)
Closing balance at 31 December	**28,056**	**24,667**

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Current	8,538	9,024
Non-current	19,518	15,643
Closing balance at 31 December	**28,056**	**24,667**

17 Cash and cash equivalents

	2023	2022
	$'000	$'000
Cash at bank and in hand	21,784	32,269

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

18 Trade and other payables

	2023	2022
	$'000	$'000
Current		
Deferred income	179,293	153,283
Accruals	31,650	34,103
Trade payables	11,843	10,456
Other taxes and social security costs	5,678	4,517
Total Current	**228,464**	**202,359**
Non-current		
Deferred income	239	5,215
Lease incentive accruals	-	21
Total non-current	**239**	**5,236**
Total	**228,703**	**207,595**

Deferred income relates to the remaining performance obligation that are unsatisfied at the period end. The Group expects to recognise this amount as revenue in line with the revenue recognition policy in Note 2d.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 21 days (2022: 18 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19 Loans and borrowings

	2023	2022
	$'000	$'000
Current		
Syndicate bank loans	6,565	6,477
Obligations under finance lease and hire purchase contracts	122	118
Total Current	**6,687**	**6,595**
Non-current		
Syndicate bank loans	617,551	612,299
Non-redeemable 12.5% preference shares	262,151	231,401
Total Non-current	**879,702**	**843,700**
Total	**886,389**	**850,295**

- The loans and borrowings are initially recognised at fair value and subsequently measured at amortised cost. The carrying value of the loans and borrowings approximates to their fair value at balance sheet date.
- The syndicated bank loans are secured by a charge over certain assets of the Group.
- Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate
- The Group's outstanding bank term loans at 31 December 2023 were $624.1m (2022: $618.8m). The Group has two principal bank loans which is split into the respective currency tranches:

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2018 loan - USD Tranche

A loan of $136.5m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% ($0.341m) of the principal amount. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 5.25% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2018 loan - GBP Tranche

A loan of £44.8m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% (£0.112m) of the principal amount. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 5.7826% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2018 loan - EUR Tranche

A loan of €170.0m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% (€0.425m) of the principal amount. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 5.5% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2021 Loan

A loan of $205.0m was taken out on 26 May 2021 after the refinancing exercise and used for repayment of 2019 loan and 2020 loan. Repayments commenced on 30 June 2021 and continue quarterly at an amount of 0.25% ($0.513m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 April 2026.

A loan of $70.0m was taken out on 21 December 2021 as part of the funding of Welcome. Repayments commenced on 31 March 2022 and continue quarterly at an amount of 0.25% ($0.175m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 April 2026.

The loans carry an interest rate of 5.25% above Alternate Base Rate and interest is paid on a monthly basis.

Other facilities

The Group has a committed revolving credit facility agreement of $50m and which expires on the earliest of
(a) 9 April 2026 and (b) date when the term loans are fully paid. The amount of undrawn facilities at 31 December 2023 was $50m. A fee of 0.5% is charged on the undrawn funds.

The preference shares principal liability of $132.8m which bears a dividend payable of 12.5% are classified as liabilities for accounting purposes as the terms of these loans provides the Group with a legal requirement to ultimately settle these instruments in cash. The liability at year end includes accrued dividends for the year of $30.8m (2022: $28.3m) which are disclosed in finance expenses.

The total of the principal and cumulative dividend accrual liability at year end is $262.2m (2022: $231.4m).

Capitalised Issue costs

Fees amounting to $7.63m relating to the issuance of the debt were capitalised on 9 October 2018. The outstanding issue costs netted off against the above bank loans at 31 December 2023 were $0.77m (2022: $1.73m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was $0.96m (2022: $1.13m).

Fees amounting to $0.68m relating to the issuance of the revolving credit facility were capitalised on 9 October 2018. The outstanding issue costs netted off against the above bank loans at 31 December 2023 were $0.09m (2022: $0.20m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was $0.11m (2022: $0.11m).

Fees amounting to $4.69m relating to the issuance of the debt were capitalised on 26 May 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2023 were $2.17m (2022: $3.12m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was $0.95m (2022: $0.99m).

Fees amounting to $0.38m relating to the issuance of the revolving credit facility were capitalised on 26 May 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2023 were $0.17m (2022: $0.25m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was $0.08m (2022: $0.08m).

Fees amounting to $1.89m relating to the issuance of the debt were capitalised on 22 December 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2023 were $0.90m (2022: $1.43m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was $0.44m (2022: $0.44m).

Modification gains

On 26 May 2021, the refinancing exercise was completed by the Group for 2018 loans. Under IFRS 9, modification gains of $4.1m was recognised at the date of modification. The balance is netted off against the above bank loans at 31 December 2023 was $2.08m (2022: $2.95m) and is being amortised over the remaining life of the loans. Amount amortised and expensed for the period was $0.88m (2022: $1.04m).

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20 Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current period:

	Capitalised development costs	Other intangible assets	Losses[2]	Other timing differences[1]	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2022	1,527	109,405	(46,266)	130	64,796
(Credit)/charge to profit and loss	(891)	(9,833)	5,741	(9,550)	(14,533)
Credit directly to OCI	-	(5,762)	-	-	(5,762)
Adjustments in respect of prior years	-	-	(994)	-	(994)
At 31 December 2022	**636**	**93,810**	**(41,519)**	**(9,420)**	**43,507**
(Credit)/charge to profit or loss	1,652	(9,736)	22,912	(28,692)	(13,864)
(Credit)/charge to profit or loss - rate change impact	-	11,462	-	(2,121)	9,341
Credit directly to OCI	380	1,277	-	19	1,676
Adjustments in respect of prior years	-	-	(987)	-	(987)
At 31 December 2023	**2,668**	**96,813**	**(19,594)**	**(40,214)**	**39,673**

[1] Within other timing differences, $12.6m (2022: $2.2m) relate to carried forward interest disallowances, $18.7m (2022: $6.5m) is for capitalised research costs and $8.9m (2022: $0.7m) relate to other temporary timings differences. For further information on tax see Note 11.

[2] Relates to deferred tax assets arising on historical losses.

21 Provisions

	2023	2022
	$'000	$'000
Dilapidation provision	125	-
Balance at 31 December 2023	**125**	**-**

Dilapidation provision relates to the estimated cost of returning leased offices to their original condition at the end of the leases in accordance with the lease terms. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

22 Share capital and share premium

Share capital allotted and fully paid up

The shares are denominated in USD ($). The table below shows the movements in share capital for the period:

	Number of shares	$'000
Authorised:		
'A' Ordinary of $0.10 each	95,000,000	9,500
'B' Ordinary of $0.10 each	10,000,000	1,000
'A' Preference of $10 each	136,500	1,365
Balance at 1 January 2022	**88,459,369**	**8,846**
Issued and fully paid during the year:		
B' Ordinary of $0.10 each	25,452	3
Balance at 31 December 2022	**88,484,821**	**8,849**
Issued and fully paid during the year:		
B' Ordinary of $0.10 each	45,942	4
Balance at 31 December 2023	**88,530,763**	**8,853**

The 12.5% cumulative non-redeemable preference shares including accrued dividends was $262.2m (2022: $231.4m).

Share premium, allotted and fully paid:	2023	2022
	$'000	$'000
Balance as at 1 January	218,857	218,697
Premium arising on issue of equity shares	160	160
Balance at 31 December	**219,017**	**218,857**

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23 Subsidiaries

The following are subsidiaries of the Company, all of which have been included in the consolidated financial information:

Name	Principal activity	Parent company	Proportion of shares directly held by parent[14]	Country of incorporation
Episerver Group Holdings Limited	Holding company	Epsilon Group New Holdings Limited	100%	Jersey[15]
Epsilon Holdco 1 Limited	Holding company	Epsilon Group Holdings Limited	100%	Jersey[15]
Epsilon Holdco 2 Limited	Holding company	Epsilon Holdco 1 Limited	100%	Jersey[15]
Delaware Epsilon Midco, LLC	Holding company	Epsilon Holdco 2 Limited	100%	USA[12]
Epsilon US Holdings, Inc.	Holding company	Epsilon Holdco 2 Limited	100%	USA[7]
Optimizely North America, Inc.	Digital Experience Management ("DXM")	Epsilon US Holdings, Inc.	100%	USA[7]
Welcome Bangladesh (Branch)	DXM	Optimizely North America, Inc.	100%	Bangladesh[11]
Optimizely Pte Ltd	Marketing and Sales	Optimizely North America, Inc.	100%	Singapore[9]
Optimizely Pty Ltd	Marketing and Sales	Optimizely North America, Inc.	100%	Australia[8]
Optimizely Sweden Holdings AB (formerly Episerver Sweden Holdings AB)	Holding company	Epsilon Holdco 2 Limited	99%	Sweden[1]
Optimizely BV (formerly Episerver Benelux BV)	Marketing and Sales	Optimizely Sweden Holding AB	100%	Netherlands[3]
Optimizely Aps	DXM	Optimizely Sweden Holding AB	100%	Denmark[4]
Optimizely AB (formerly Episerver AB)	DXM	Optimizely Sweden Holding AB	100%	Sweden[1]
Optimizely OY	DXM	Optimizely Sweden Holding AB	100%	Finland[5]
Optimizely Limited	DXM	Optimizely Sweden Holding AB	100%	UK[2]
Optimizely FZ-LLC (UAE)	Marketing and	Optimizely Sweden Holding AB	100%	Dubai[13]
Optimizely Vietnam Company Ltd (Vietnam)	DXM	Optimizely AB	100%	Vietnam[6]
Optimizely GmbH (formerly Episerver GmbH)	Email Marketing Solutions	Optimizely AB	100%	Germany[10]

Registered address of the entities:
1 Sweden: Torsgatan 11111 23 Stockholm Sweden
2 UK: Cargo Works, 1-2 Hatfields , London, SE19PG
3 Netherlands: Paleisstraat 1, 1012 RB Amsterdam
4 Denmark: Automatikvej 1 2860 Søborg, Denmark
5 Finland: Backasgranden 7, 01510 Vantaa, Finland
6 Vietnam: Floor 7, Song Hong Land Office Building, 165 Thai Ha, Dong Da district, Hanoi
7 USA: 119 Fifth Avenue, 7th Floor, New York, NY 10003
8 Australia: Suite 14.02/1 Pacific Hwy, North Sydney NSW 2060 Australia
9 Singapore: BATTERY ROAD, 15 - 01 MYP CENTRE, 049910, SINGAPORE
10 Germany: Wallstraße 59,10179 Berlin, Germany
11 Bangladesh, Floor 16, Gulshan Centre Point, Plot 23-26 Rd 90, Dhaka 1212
12 USA: Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, DE 19801, USA
13: Dubai , Dubai Internet City, Office 312, Building 3, Al Jaddi Street, Al Sufouh 2,Dubai, UAE
14 All shares directly held by the parent are 'A' ordinary shares
15 Jersey:PO Box 536, 13 - 14 Esplanade, St. Helier, JE4 5UR, Jersey

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24 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium - the amount of capital contributed in excess of the nominal value of each ordinary share, being $219.0m (2022: $218.9m) at 31 December 2023.

The merger reserve of $673.1m (2022: $673.1m) represents the premium arising on shares issued as part of Epsilon Group New Holding's acquisition of subsidiaries accounted for under the common control transaction method.

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

Share based payment reserve of $13.2m (2022: $12.9m) at 31 December 2023 representing the fair value of share entitlements granted, recognised as an employee expense in the statement of profit or loss with a corresponding increase in equity, which are transferred to retained earnings when vested options are exercised, forfeited or lapsed

Retained losses - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere being $535.6m at 31 December 2023 (2022: $474m). Retained losses are distributable subject to legal restriction. There are cumulative rights attached to preference shares where these and related interest will be paid out first on approval of dividends.

25 Related party transactions

Optimizely trades with ORO Labs (ORO), which is a spend management platform. Alex Atzberger, CEO of Optimizely is on the Board of Directors at ORO Labs as as such Optimizely considers ORO a related party.

Optimizely purchases software from ORO. There is a 24 month contract running from December 2022 to December 2024, with a total contract value of $75,000, include the subscription fee, implementation cost and support services. Optimizely recognized costs of $25,000 (2022: $nil) and made cash payments totalling $25,000 to the related party during the year 2023 (2022: $nil). At 31st December 2023, the Group has no pending payment owed to the related party (2022: $nil).

ORO is also a customer of Optimizely. Optimizely provides cloud subscription including experimentation full Stack and rollout plus tier to ORO. There are two contract running from February 2023 to February 2025 with a total contract value of $30,000. Optimizely recognized $13,000 of revenue in 2023 (2022: $nil) and received cash payments totalling $15,000 during the year (2022: $nil)).

All the terms between Optimizely and ORO are on standard commercial and 'arm's length' basis.

26 Share based payments

Epsilon Group Holdings Limited acquired the Episerver Group of companies from Endeavour Acquisition UK Limited (EAUK) on 9th October 2018. As part of this acquisition certain employees of EAUK rolled over an element of their shareholding into a new share based payment plan in the Epsilon Group Holdings Limited. These A Ordinary shares were purchased at a subscription price of $10 per share. The shares are deemed to have a grant date fair value of $nil. Therefore under IFRS 2, no share based payment expense was recognised for the year ended 31 December 2023 (2022: $nil).

The Company has 3 types of share option plans for management and other key employees of the Group.

Plan 1 - Share incentive plan ("SIP")

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, certain employees may be granted options to buy ordinary B shares.

Each employee share option converts into one ordinary B share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is fixed, that is to say not calculated using a performance-based formula, although additional options can be granted to any employee at a later date.

Options are exercisable at a price of $10-$15 per share. 20% of the total options granted vest at the end of the first year and then in 16 equal quarterly tranches thereafter, on the anniversary of the grant date.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

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Details of share options outstanding during the year are as follows :

	31 December 2023		31 December 2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	**4,850,077**	**$10.85**	**4,616,195**	**$10.21**
Granted during the year	1,011,000	$15	1,058,000	$15
Forfeited during the year	(288,662)	$11.34	(824,118)	$11.12
Exercised during the year	(5,942)	$10	-	-
Outstanding at the end of the year	**5,566,473**	**$10.85**	**4,850,077**	**$10.85**

In 2023, options were granted on 01 May, 17 May, 11 July, 28 August, 26 October.

The aggregate of the estimated fair values of the options granted on those dates is $1.2m (2022: $2.81m). The inputs into the Black-Scholes model are as follows:

	2023	2022
Weighted average share price	$4.81	$6.56
Weighted average exercise price	$15.00	$15.00
Expected volatility	60.0%	58.4%
Expected life	2.30	2.75
Risk-free rate	4.2%	1.8%

Volatility was determined based on the historic volatility of comparable listed companies.

The Group recognised total expenses of $313,000 and $2,690,000 related to Share Incentive Plan share-based payment transactions in 2023 and 2022 respectively.

The number of shares exercisable at 31 December 2023 was 3.59m (2022: 2.89m).

Plan 2 - Performance share plan

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, if certain performance conditions are met, then certain employees may be granted ordinary B Bonus shares.

Each employee share option converts into one ordinary B Bonus share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of shares granted is fixed, and the grant of all shares is triggered once all performance measures approved by the shareholders at a previous annual general meeting are met. These performance measures include continued service and improvements in share price.

The shares are subscribed at a price of $0.71-$10 per share. 20% of the total options granted vest at the end of the first year and then in 16 equal quarterly tranches thereafter, on the anniversary of the grant date.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of shares outstanding during the year are as follows :

	31 December 2023		31 December 2022	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	**1,211,774**	**$1.09**	**1,211,774**	**$1.09**
Outstanding at the end of the year	**1,211,774**	**$1.09**	**1,211,774**	**$1.09**

No share was granted in 2023 or 2022.

The Group recognised total expenses of $167,000 and $21,000 related to Performance Share Plan share-based payment transactions in 2023 and 2022 respectively.

Plan 3 - Loan funded share purchase

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, certain employees may purchase shares using limited recourse loans.

Under the terms of the loans the Group only has recourse to shares purchased by the employee, as such the loans are accounted for under IFRS 2.

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The loans are deemed to be options and are exercisable at a price based on the market value of the share at grant date plus interest accrued to exercise date. All shares granted vest in 5 equal tranches on each anniversary of the grant date.

Details of shares outstanding during the year are as follows :

	31 December 2023		31 December 2022	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	**2,893,948**	**$2.62**	**2,904,298**	**$2.62**
Exercised during the year	(40,000)	$2.62	(10,350)	$2.62
Outstanding at the end of the year	**2,853,948**	**$2.62**	**2,893,948**	**$2.62**

No share was granted in 2023 or 2022.

The Group recognised total gain of $233,000 and expenses of $582,000 related to loan funded share purchase share-based payment transactions in 2023 and 2022 respectively.

27 Events after the reporting date

No event occurred after the reporting period that provides further evidence of the conditions that existed at the end of the reporting period.

28 Control

The parent and ultimate controlling party is Insight Venture Partners X LP, as the general partner of Insight funds holding a majority shareholding in the Group. The smallest and largest undertaking for which the Group is a member and for which group financial statements are prepared is Epsilon Group New Holding Limited.

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Epsilon Group New Holdings Limited
Company Statement of Financial Position
At 31 December 2023

	Note	31 December 2023 $'000	31 December 2022 $'000
Non-current assets			
Investment in subsidiaries	6	971,409	968,313
Other receivables	7	2,669	2,566
Total non-current assets		**974,078**	**970,879**
Current assets			
Intercompany receivables	8	16,828	-
Other receivables	7	8	-
Total current assets		**16,836**	**-**
Total assets		**990,914**	**970,879**
Current liabilities			
Trade and other payables	9	906	475
Intercompany payables	8	25,294	7,871
Total current liabilities		**26,200**	**8,346**
Net current liabilities		**(9,364)**	**(8,346)**
Non-current liabilities			
Intercompany payables	8	87,626	87,626
Total non-current liabilities		**87,626**	**87,626**
Total liabilities		**113,826**	**95,972**
Net assets		**877,088**	**874,907**
Equity attributable to equity holders of the company			
Share capital	11	8,853	8,849
Share premium	11	219,017	218,857
Merger reserve		653,495	653,495
Share based payment reserve	10	13,170	10,080
Retained losses		(17,447)	(16,374)
Total equity		**877,088**	**874,907**

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2024 and were signed on its behalf by:

DocuSigned by:
Alex Atzberger
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Alex Atzberger
Chief Executive Officer
Company Registration Number: 130265

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

Epsilon Group New Holdings Limited
Company Statement of Changes in Equity
For the Year Ended 31 December 2023

	Share capital	Share Premium	Merger reserve	Share based payment reserve	Retained losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Equity as at 1 January 2022	**8,846**	**218,697**	**653,495**	**7,000**	**(14,882)**	**873,156**
Loss for the year	-	-	-	-	(1,492)	**(1,492)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**(1,492)**	**(1,492)**
Issue of ordinary shares	3	160	-		-	**163**
Credit to equity for equity-settled share-based payments	-	-	-	3,080	-	**3,080**
Equity as at 31 December 2022	**8,849**	**218,857**	**653,495**	**10,080**	**(16,374)**	**874,907**
Equity as at 1 January 2023	**8,849**	**218,857**	**653,495**	**10,080**	**(16,374)**	**874,907**
Loss for the financial year	-	-	-	-	(1,073)	**(1,073)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**(1,073)**	**(1,073)**
Issue of ordinary shares	4	160	-	-	-	**164**
Credit to equity for equity-settled share-based payments	-	-	-	3,090	-	**3,090**
Equity as at 31 December 2023	**8,853**	**219,017**	**653,495**	**13,170**	**(17,447)**	**877,088**

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

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1 Company statement of total comprehensive income and cashflow

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of total comprehensive income in the financial statements. There are no other recognised gains or losses other than the loss for the financial year 31 December 2023 of $1,073,000 (2022: $1,492,000).

2 Description of business

As part of a restructuring, Epsilon Group New Holdings Limited (the 'Company') was incorporated in Jersey on 12 November 2019 to act as the immediate parent entity and holding company with 100% of the shares of Epsilon Group Holdings Limited ('Epsilon') (previously known as Epsilon Topco Limited and the former parent company for the consolidation of the Group). Epsilon is a holding company incorporated in Jersey on 9 October 2018. It is the parent company of Epsilon US Holdings Inc and Epsilon Sweden Holdings AB which were established to acquire the Episerver Group operations from Endeavour Acquisition UK Limited on 9 October 2018. There has been no change in the ultimate controlling party, Insight Venture Partners X LP.

Due to the restructuring, ordinary shareholders in Epsilon contribute their ordinary shares to the Company in exchange for newly issued A ordinary shares of the Company.

3 Accounting policies

The accounting policies as set out in note 2 to the consolidated financial statements have been applied in the preparation of these Company financial statements together with the following accounting policies that have been consistently applied in arriving at the financial information:

Basis of preparation

These financial statements have been prepared on a going concern basis. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements contain information about Epsilon Group New Holdings Limited as an individual company and do not contain consolidated financial information as the parent of the Group.

Due to the incorporation of the Company as a new parent entity of Epsilon and its wholly owned subsidiaries as part of the reorganisation, the Company has recognised the net assets in the separate financial statements of Epsilon at the date of the restructuring of 12 November 2019 in a merger reserve.

Foreign currencies

The Company's functional currency is US Dollars and the presentational currency is US Dollars. Transactions entered into by the Company in a currency other than the functional currency of the Company are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of profit or loss.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

Notes to the company financial statements continued

4 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed in note 4 of the Group financial statements.

The accounting estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Impairment of investments and intercompany balances

The Directors have reviewed the carrying value of cost of investments in subsidiaries of the Company with reference to current and future trading conditions. The investments have been reviewed with reference to a valuation based on a discounted free cash flow which the Directors consider to be an appropriate valuation methodology, in conjunction with the goodwill impairment review. The key assumptions used by management are operating cash flows which are driven by the discrete year 1 to 5 revenue growth rates with a cumulative annual growth rate (CAGR) of 12.6% (2022: 11.8%), discount rate of 13.7% (2022: 12.1%) and terminal growth rate of 2.5% (2022: 2.3%). The impacts of changes to these assumptions are:

	Change in assumption	Change in recoverable amount
Revenue CAGR	+/- 2.5% (base point)	+43%/-39%
Discount rate	+/- 0.5% (base points)	+15%/-14%
Terminal growth rate	+/- 0.5% (base points)	+15%/-14%

A -1.9% base point movement in the CAGR, +1.3% base point movement in discount rate or a -2.3% base point movement in terminal growth rate would result in the carrying amount being equal to the recoverable amount.

5 Financial instruments – risk management

Foreign exchange risk

Foreign exchange risk arises when the company enter into transactions denominated in a currency other than their functional currency. The Group's policy including the company is, where possible, to allow customers or transactions with its subsidiaries to settle liabilities denominated in the customer's or subsidiary's functional currency, being primarily US Dollar or Swedish Krona. Group foreign currency risk is discussed in note 4 to the consolidated financial statements.

Capital management

The Company's capital is made up of share capital and retained losses totalling $877,088,000 at 31 December 2023.

The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of shareholders' equity as set out in the statement of changes in equity. All working capital requirements are financed from its subsidiaries.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables

To the extent financial instruments are not carried at fair value in the company statement of financial position, book value approximates to fair value as at 31 December 2023.

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6 Investments in subsidiaries

	Equity interest in subsidiaries 2023	Equity interest in subsidiaries 2022
Cost	$'000	$'000
At 1 January	968,313	965,520
Issuance of ordinary shares	3,096	2,793
At 31 December	971,409	968,313

Details of the investments which the Company holds are given in note 23 to the Group financial statements.

7 Other receivables

	31 Dec 2023 $'000	31 Dec 2022 $'000
Current		
Other current receivables	8	-
Total	8	-
Non-current		
Other non-current receivables	2,669	2,566
Total	2,669	2,566

Other non-current receivables are amounts reclaimable from the UK tax authorities in relation to a s455 tax charge on the loan funded share purchase (Note 26, Plan 3) where certain employees may purchase shares using limited recourse loans.

8 Intercompany receivables and payables

	31 Dec 2023 $'000	31 Dec 2022 $'000
Intercompany receivables	16,828	-

Intercompany receivables are the amounts due from subsidiary companies in relation to trade transactions. The Company facilitates the pooling, collection and payment of the various intercompany trade balances. There was no amount receivable in 2022. The intercompany receivables are non-interest bearing and repayable on demand.

	31 Dec 2023 $'000	31 Dec 2022 $'000
Intercompany payables	112,920	95,497

Intercompany payables are the amounts due to subsidiary companies in relation to trade transactions and a 2020 loan from a subsidiary. The intercompany payables are non-interest bearing and repayable on demand.

9 Trade and other payables

	31 Dec 2023 $'000	31 Dec 2022 $'000
Current		
Trade payables	62	-
Accruals	844	475
Total	906	475

Notes to the company financial statements continued

10 Share based payment reserve

Share based payment reserve of $13,170,000 at 31 December 2023 (2022: $10,080,000) represents the fair value of share entitlements granted, recognised as an employee expense in the statement of profit or loss with a corresponding increase in equity, which are transferred to retained earnings when vested options are exercised, forfeited or lapsed. Details of the share based payments can be found in note 26 of the consolidated financial statements.

11 Share capital and share premium

The movements on share capital and share premium are disclosed in note 22 to the consolidated financial statements.

12 Related party transactions

The Company has taken advantage of exemption from the requirements in IAS 24 to disclose related party transactions with wholly owned subsidiaries. There were no other related party transactions during the period. All directors were remunerated for their services within the Group. See note 9 for disclosure of the directors' remuneration. Directors remuneration for qualifying services to the Company is $nil.

13 Contingent liabilities

The Company has no contingent liabilities.

14 Control

The details of ultimate parent and controlling party are disclosed in note 28 to the consolidated financial statements.