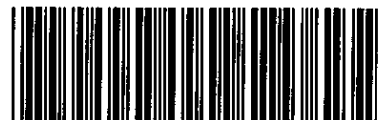


Campaign Monitor Holdings (UK) Limited

Company Number 09446000

Annual Report and Financial Statements - 30 June 2023

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30 June 2023



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Campaign Monitor Holdings (UK) Limited
Corporate directory
30 June 2023



Directors	Adam Berger Nikitas Koutoupes Boris Treskunov
Registered office	Northern and Shell Building 10 Lower Thames Street London, EC3R 6EN United Kingdom
Principal place of business	11 Lea Avenue Nashville, TN 37210 United States of America
Independent auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham, B3 3AX United Kingdom
Solicitors	Willkie Farr & Gallagher (UK) LLP City Point, 1 Ropemaker Street London, EC2Y 9AW United Kingdom
Websites	www.meetmarigold.com

Campaign Monitor Holdings (UK) Limited
Strategic report
30 June 2023

The directors present their strategic report on the consolidated entity (referred to hereafter as the 'group') consisting of Campaign Monitor Holdings (UK) Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Principal activities

During the financial year the principal continuing activities of the group consisted of:

- development and provision of marketing technologies including email marketing software to marketers and agencies globally, including but not limited to, the United Kingdom, Belgium, United States, Australia, New Zealand, Japan, Costa Rica, Germany, France; and
- providing support services to customers to manage their email marketing campaigns.

There have been no significant changes in the nature of these activities during the financial year.

Review of operations

Key business highlights during the year included:

- revenue increased for the year ended 30 June 2023 by 23.9% to US\$390.0 million from US\$314.7 million reflecting a full year of operations resulting from the acquisition of Cheetah Holdings Limited and its subsidiaries in the prior financial year;
- employing over 1,442 people in the group at 30 June 2023, down from 1,618 in 2022;
- operating offices in Nashville, Denver, San Jose, London, Oxfordshire, Weybridge, Brussels, Lille, Düsseldorf, Melbourne, Wellington, Kuala Lumpur and Tokyo;
- united our group of products under a new name, Marigold, through a rebrand in January 2023;
- achieving underlying EBITDA (Earnings, before interest, taxation, depreciation and amortisation, excluding share-based payments and other one-time costs) from continuing operations of US\$102.1 million (2022: US\$85.5 million); and
- as at 30 June 2023 the group had net assets of US\$278,816,000 (2022: US\$365,493,000).

Principal risks and uncertainties

The management of the business and the execution of the group's growth strategies are subject to a number of risks which could adversely affect its future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the group, but those considered by management to be the principal risks:

Competitive risks

The group operates in a fast moving competitive and highly technologically-focused environment. Innovation is constant and the group needs to continue to develop new products and enhancements to existing products that are acceptable to the market, otherwise its business and results of operations could be harmed.

The group's business model relies on customers renewing their subscriptions and the acquisition of new customers. Any decline in customer retention or ineffective addition of new customers may harm the future results of operations.

Global economy

The group's performance is subject to global economic conditions and continued global economic pressures such as inflation and the increase in interest rates remain a challenge.

Data security and data privacy

The group is subject to data and privacy regulations, particularly General Data Protection Regulation ('GDPR'). Failure to comply with legal or regulatory requirements relating to data security or data privacy in the course of the group's business activities can result in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation, adverse impact on the group's financial results or unfavourable effects on the group's ability to do business.

Strategies and expansion plans

The group's strategies and expansion plans may result in unforeseen costs or require significant management attention or resources and the group may not perform to expectations. In new jurisdictions, the group may compete with entities already operating in the relevant market, and these entities may understand the local market better than the group. Unsuccessful attempts at expansion into new jurisdictions could damage the group's reputation, incur significant unanticipated costs and as a result, adversely affect the group's business, prospects, results of operations and financial results.

Campaign Monitor Holdings (UK) Limited
Strategic report
30 June 2023



Loss of people

The group's senior executive team is instrumental in implementing the group's business strategies and executing business plans which support the business operations and growth. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the team.

Financial risks

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The key financial risks are detailed in note 26 to the consolidated financial statements. Failure to manage financial risks could have an adverse effect on the group.

Brand reputation

Maintaining and enhancing the brand is critical to the group's strategies going forward. If the group fails to meet customer expectations, receives negative publicity or unfavourable reviews and complaints on social media platforms, these could damage the brand and decrease the customer base. If the group fails to maintain the brand or if excessive expenses are incurred in this effort, the group's business, results of operations, financial condition and financial results may be materially and adversely affected.

Management and the Board of Directors (the 'Board') oversee the group's risk objectives and they possess the requisite skills to manage such risks. The Board is made aware of and reviews management's risk assessments prior to entering into significant transactions.

People

Equal opportunity

The group is committed to an active equal opportunities policy. It is the group's policy to promote an environment free from discrimination, harassment, and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation, or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the group.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate re-training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as practical, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Campaign Monitor Holdings (UK) Limited
Strategic report
30 June 2023



Section 172 (1) Statement

We welcome our responsibilities to promote the success of the company in accordance with section 172 of the 2006 Companies Act.

Our Board ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, our Board acknowledges that the business can only grow and prosper over the long-term if it understands and respects the views and needs of the company's investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Typically in large and complex companies such as the group, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the company. The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of controls continue to be robust.

Our Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure that the requirements of section 172 are always met.

The role of the Board of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1). During the year the following primary tasks were undertaken by the Board of the company:

- Defining and establishing purpose and strategy including, where relevant, having regard to the purpose, strategy, culture and values defined by the group; and
- Assessing principal and emerging risks relevant to the company.

In light of the role of the Board, and their primary tasks and considerations throughout the year (as described above), the directors have discharged their duties under section 172(1) in a way that they considered, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. In doing so, the directors have considered, amongst other matters:

- a. The likely long-term consequences of their decisions;
- b. The interests of the company's employees;
- c. The need to foster the company's business relationships with suppliers, customers and others;
- d. The impact of the company's operations on the community and the environment;
- e. The desire to maintain the company's reputation for high standards of business conduct; and
- f. The need to act fairly between members of the company.

The directors also considered the interests of a wider set of stakeholders, including regulators, the UK Governments and businesses.

Streamlined energy and carbon reporting:

Campaign Monitor Holding (UK) Limited as a standalone entity is not required to make the detailed disclosures of energy and carbon information under Streamlined Energy and Carbon Reporting ('SECR') framework due to qualifying as a low energy user.

These consolidated accounts are above the SECR thresholds, however no disclosure of energy and carbon information is required for UK subsidiaries which would not be obliged to report individually according to the thresholds and Campaign Monitor Holding (UK) Limited stand alone is exempt meeting the low energy user criteria as it is a holding company.

Campaign Monitor Holdings (UK) Limited
Strategic report
30 June 2023



Effect and impact – principal Board decisions and how the Board considered stakeholders' views:

The Board oversaw the group's response to changing global economic conditions with the aim of ensuring the group emerges from this climate, such as increasing interest rates and costs, well positioned for long-term success, whilst supporting our employees and continuing to deliver for our customers.

Consideration

Outcome/impact

Employees

Considered the needs and patterns of the group's employees on working at an office location due to the trends of increased remote working. To be able to support a fully remote working environment across the group, the Board considered the infrastructure to support this and their working efficiency. Consideration was also given to the increased risk of cyber-attacks and data breaches and how to mitigate this.

Security measures were deployed to enhance the security of the group's networks further, in light of homeworking.

Actions were taken to minimise the impact on employees, with alternative options being provided.

The group continues to support employee's wellbeing and provides multiple online courses such as personal training sessions, mental health and others on an ongoing basis.

A range of scenarios were considered in moving to a fully remote working arrangement, whilst protecting our employees' interests and engagement and retaining their expertise within the business for the long-term.

Customers

Considered our ability to continue delivering for our customers. The Board also considered near-term demand and how customers' priorities might change over a longer period of time.

The Board was satisfied with the changed working arrangements that there is minimal impact on our customers. Particular attention was given to how we will respond to changing customer priorities over a longer time horizon.

Shareholders

Considered the current liquidity and financial position of the business and various scenarios whereby cash flow deteriorates.

Concluded that the group is in a strong financial position but given the considerable uncertainty it was prudent to reduce discretionary cash outflows where possible, to ensure that the group emerges well positioned to deliver long-term sustainable growth for shareholders.

Suppliers

Considered the financial health of suppliers, in particular small and medium-sized enterprises ('SME') and their ability to continue supporting the group in delivering for its customers over the long-term.

The group continues to make supplier payments in a timely manner to help minimise the impact on vendors' financial health to ensure they can continue supporting us in delivering for our customers over the long-term.

This report is made in accordance with a resolution of directors

On behalf of the Board.

DocuSigned by:

Adam Berger

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Adam Berger
 Director

15 September 2023
 Sydney

Campaign Monitor Holdings (UK) Limited
Directors' report
30 June 2023

The directors present their report, together with the audited consolidated financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Campaign Monitor Holdings (UK) Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of Campaign Monitor Holdings (UK) Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Adam Berger
 Nikitas Koutoupes
 Boris Treskunov
 David Greiner (resigned on 24 May 2023)
 Benjamin Richardson (resigned on 24 May 2023)

Principal activities

Information on the group's principal activities are disclosed in the strategic report.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the group after providing for income tax amounted to US\$64,747,000 (2022: US\$86,170,000).

The group's key financial performance indicators are revenue and underlying EBITDA (Earnings, before interest, taxation, depreciation and amortisation, adjusted for share-based payments expense and other one-time extraordinary costs).

Underlying EBITDA from continuing operations amounted to US\$102,111,000 (2022: US\$85,486,000).

The following table summarises key reconciling items between statutory loss after income tax and underlying EBITDA:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Loss after income tax	(64,747)	(86,170)
Add: Depreciation and amortisation	105,332	87,033
Add: Finance costs	61,301	41,052
Less: Interest income	(1,101)	(463)
Add: Share-based payment expense/(reversal)	2	(101)
Less: Income tax benefit	(15,980)	(12,962)
Add: restructuring costs	2,565	9,243
Add: Net foreign exchange (gain)/loss	(12,955)	15,664
	74,417	53,296
Revenue one-time	6,501	12,174
Advisory one-time	4,374	4,127
Marketing one-time	343	434
Other costs one-time	397	575
Rent one-time	1,031	1,399
Software costs one-time	1,231	1,139
Wages one-time	13,817	12,342
Underlying EBITDA from continuing operations	102,111	85,486
	Consolidated	
	2023	2022
	US\$'000	US\$'000
Revenue from continuing operations	390,002	314,741

Campaign Monitor Holdings (UK) Limited
Directors' report
30 June 2023



Underlying EBITDA from continuing operations is a financial measure which is not prescribed by International Financial Reporting Standards ('IFRS') and the Companies Act 2006 and represents the profit or loss under International Accounting Standards ('IAS') adjusted for non-specific non-cash and significant items. In addition to the above EBITDA metric, management also considers purchase price accounting adjustments, one-time non-recurring charges, and run rate adjustments when evaluating operating performance.

Research and development

The group continues to invest in its research and development activities which is reflected in the additions to the internally developed software. Refer to note 12 of the financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic report and in this report. In addition, note 17 and 26 include details on the group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to market risk, credit risk and liquidity risk. The Group has adequate financial resources together with a diversified customer base across different geographic regions, and thus the directors believe that the Group is well placed to manage its business risks successfully.

The directors have prepared detailed cash flow forecasts ("the forecasts") for the period of at least 12 months from the date of signing these financial statements, which includes a base case and a significant but plausible downside scenario. The significant but plausible scenario considers a reasonable reduction to revenue and increase to interest rates, whilst maintaining contractual cash outflows. The directors have then compared the cash requirements shown in the forecasts to the currently available bank facilities. This comparison shows that the Group is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of signing the 30 June 2023 financial statements within its available bank facilities under both of these forecasts.

At the time of signing these financial statements, the Group has unused and uncommitted loan facilities of US\$1,000,000.

On the basis of the above, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. All forecasts and projections carry inherent risk that the assumptions used in their preparation may require amendment if circumstances change.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

On 8 July 2023, the subsidiary Stellar Loyalty Europe Limited was dissolved.

On 21 August 2023, the subsidiary Cheetah Digital, Inc. was renamed to Marigold USA, Inc.

On 31 August 2023, the subsidiary Stellar Loyalty, Inc. was dissolved and all assets and liabilities were moved to Marigold USA, Inc. (formerly known as Cheetah Digital, Inc.)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Future developments

The group plans to continue to operate its principal activities in the foreseeable future

Charitable and political donations

The group believes in giving back to the community and charitable giving. During the financial year the group made charitable donations of US\$26,000 (30 June 2022: US\$51,000).

No political donations were made during the current or previous financial year.

Campaign Monitor Holdings (UK) Limited
Directors' report
30 June 2023

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted International Accounting Standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

Directors' confirmations

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

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

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Employee engagement

Information on employee engagement has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Disabled employees

Information on the policy for the employment of disabled persons is disclosed in the strategic report.

Indemnity and insurance of auditors

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditors of the company or any related entity against a liability incurred by the auditors.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditors of the company or any related entity.

Independent auditors

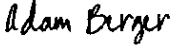
The auditors PricewaterhouseCoopers LLP continues in office.

Campaign Monitor Holdings (UK) Limited
Directors' report
30 June 2023



This report is made in accordance with a resolution of directors.

On behalf of the Board.

DocuSigned by:

2C5DC1D540F4440
Adam Berger
Director

15 September 2023
Sydney



Independent auditors' report to the members of Campaign Monitor Holdings (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Campaign Monitor Holdings (UK) 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 30 June 2023 and of the group's loss, the company's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated and Company balance sheets as at 30 June 2023; the Consolidated and Company statements of profit or loss and other comprehensive income, Consolidated statement of cash flows and Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent auditors' report to the members of Campaign Monitor Holdings (UK) Limited (continued)

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 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 in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, data protection requirements and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and

Independent auditors' report to the members of Campaign Monitor Holdings (UK) Limited (continued)

taxation legislation. 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 the ability for management to override controls and manipulate the financial statements through posting inappropriate journal entries to increase revenue and profits and the manipulation of accounting estimates and judgements which could be subject to management bias and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance to identify any inconsistencies with other information provided by management;
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries with unusual combinations and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for management bias and validating support behind assumptions and judgments made by management, including challenging possible alternatives, in particular those relating to impairment of assets, and the disclosures included in respect of these balances within the financial statements;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Evaluation of management's controls designed to prevent and detect irregularities.

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

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

Use of this report

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


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
22 September 2023

Campaign Monitor Holdings (UK) Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023



	Note	Consolidated 2023 US\$'000	2022 US\$'000
Sales revenue	4	390,002	314,741
Other income		947	382
Interest income calculated using the effective interest method		1,101	463
Expenses			
Hosting expense		(55,118)	(36,495)
Merchant fees		(2,233)	(2,322)
Other direct costs		(13,578)	(8,650)
Employee benefits expense	6	(178,662)	(148,430)
Share-based payment (expense)/reversal	6	(2)	101
Depreciation and amortisation expense	5	(105,332)	(87,033)
Loss on finance sublease	13	(519)	-
Impairment of receivables		(1,082)	(331)
Loss on disposal of assets		(858)	(223)
Net foreign exchange gain/(loss)		12,955	(15,664)
Accounting and legal fees		(4,511)	(4,612)
Advertising and marketing expense		(10,917)	(19,070)
Travel and courses expense		(3,728)	(2,134)
Occupancy expense		(2,294)	(1,738)
Software expense		(16,570)	(14,397)
Consultancy expenses		(21,939)	(18,644)
Restructuring expense		(2,565)	(9,243)
Other expenses		(4,523)	(4,781)
Finance costs	5	(61,301)	(41,052)
Loss before income tax benefit		(80,727)	(99,132)
Income tax benefit	8	15,980	12,962
Loss after income tax benefit for the year		(64,747)	(86,170)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(21,963)	(32,885)
Actuarial gain on retirement benefit obligations, net of tax		23	94
Other comprehensive loss for the year, net of tax		(21,940)	(32,791)
Total comprehensive loss for the year		<u>(86,687)</u>	<u>(118,961)</u>
Loss for the year is attributable to:			
Non-controlling interest		(26,411)	(25,593)
Owners of Campaign Monitor Holdings (UK) Limited	23	(38,336)	(60,577)
		<u>(64,747)</u>	<u>(86,170)</u>
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(35,295)	(23,447)
Owners of Campaign Monitor Holdings (UK) Limited		(51,392)	(95,514)
		<u>(86,687)</u>	<u>(118,961)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Campaign Monitor Holdings (UK) Limited
Consolidated balance sheet
As at 30 June 2023



	Note	Consolidated 2023 US\$'000	2022 US\$'000
Assets			
Non-current assets			
Trade and other receivables	9	6,503	6,339
Property, plant and equipment	10	6,328	9,248
Right-of-use assets *	11	10,726	25,000
Intangible assets	12	895,602	977,296
Deferred tax asset	8	54,619	46,539
Sublease receivables *	13	10,728	12,255
Other assets	14	13,325	10,064
Total non-current assets		<u>997,831</u>	<u>1,086,741</u>
Current assets			
Cash and cash equivalents		30,603	27,272
Trade and other receivables	9	52,409	65,604
Sublease receivables	13	2,681	-
Other assets	14	14,809	17,527
Total current assets		<u>100,502</u>	<u>110,403</u>
Total assets		1,098,333	1,197,144
Liabilities			
Non-current liabilities			
Contract liabilities	16	4,818	4,504
Borrowings	17	572,628	574,821
Lease liabilities	18	15,398	26,406
Deferred tax liability	8	39,491	52,268
Provisions	19	935	1,426
Retirement benefit obligations	20	1,351	1,405
Other		201	-
Total non-current liabilities		<u>634,822</u>	<u>660,830</u>
Current liabilities			
Trade and other payables	15	35,074	38,707
Contract liabilities	16	86,445	91,498
Borrowings	17	26,382	2,260
Lease liabilities	18	8,786	10,353
Income tax payable		10,038	9,623
Employee benefits		17,970	18,380
Total current liabilities		<u>184,695</u>	<u>170,821</u>
Total liabilities		819,517	831,651
Net assets		<u>278,816</u>	<u>365,493</u>

* 2022 comparatives for right-of-use assets have been re-presented following an accounting policy change so as to separately disclose sublease receivables on the balance sheet. This has resulted in right-of-use assets reducing and sublease receivables increasing by US\$12,255

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

Campaign Monitor Holdings (UK) Limited
Consolidated balance sheet
As at 30 June 2023



		Consolidated	
	Note	2023 US\$'000	2022 US\$'000
Equity			
Share capital	21	456,387	456,386
Share premium account		14,926	14,698
Other reserves	22	(46,243)	(33,196)
Accumulated losses	23	(232,399)	(194,063)
Equity attributable to the owners of Campaign Monitor Holdings (UK) Limited		192,671	243,825
Non-controlling interest	24	86,145	121,668
Total equity		278,816	365,493

The consolidated financial statements on pages 14 to 69 of Campaign Monitor Holdings (UK) Limited (company number 09446000) were approved by the Board of Directors and authorised for issue on 15 September 2023. They were signed on its behalf by:

DocuSigned by:

Adam Berger
 2C5DC1D540F4440

Adam Berger
 Director

15 September 2023
 Sydney

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

Campaign Monitor Holdings (UK) Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	Share capital US\$'000	Share premium account US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Balance at 1 July 2021	456,383	14,698	(70,141)	(133,486)	-	267,454
Loss after income tax benefit for the year	-	-	-	(60,577)	(25,593)	(86,170)
Other comprehensive (loss)/income for the year, net of tax	-	-	34,937	-	2,146	32,791
Total comprehensive loss for the year	-	-	(34,937)	(60,577)	(23,447)	(118,961)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 35)	-	-	(101)	-	-	(101)
Early exercised options	-	-	86	-	-	86
Conversion of shares	3	-	(3)	-	-	-
Non-controlling interest on acquisition of subsidiary	-	-	-	-	145,115	145,115
Transaction with non-controlling interest	-	-	71,900	-	-	71,900
Balance at 30 June 2022	<u>456,386</u>	<u>14,698</u>	<u>(33,196)</u>	<u>(194,063)</u>	<u>121,668</u>	<u>365,493</u>
Consolidated	Share capital US\$'000	Share premium account US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Balance at 1 July 2022	456,386	14,698	(33,196)	(194,063)	121,668	365,493
Loss after income tax benefit for the year	-	-	-	(38,336)	(26,411)	(64,747)
Other comprehensive loss for the year, net of tax	-	-	(13,056)	-	(8,884)	(21,940)
Total comprehensive loss for the year	-	-	(13,056)	(38,336)	(35,295)	(86,687)
Reduction of non-controlling interest	-	228	-	-	(228)	-
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 35)	-	-	2	-	-	2
Early exercised options	-	-	8	-	-	8
Conversion of shares	1	-	(1)	-	-	-
Balance at 30 June 2023	<u>456,387</u>	<u>14,926</u>	<u>(46,243)</u>	<u>(232,399)</u>	<u>86,145</u>	<u>278,816</u>

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

Campaign Monitor Holdings (UK) Limited
Consolidated statement of cash flows
For the year ended 30 June 2023



		Consolidated	
	Note	2023 US\$'000	2022 US\$'000
Cash flows from operating activities			
Loss before income tax benefit for the year		(80,727)	(99,132)
Adjustments for:			
Depreciation and amortisation	5	105,332	87,033
Net loss on sublease receivable	13	519	-
Net loss on disposal of property, plant and equipment		858	223
Net loss on disposal of investment		-	345
Share-based payments	6	2	(101)
Unwinding on dilapidation provision		42	55
Unrealised foreign exchange (gain)/loss, net		(12,955)	15,664
Accrual for bonuses		968	132
Interest adjustment on recoverable cash advance		(17)	66
Amortisation of borrowing costs	5	2,974	2,505
Interest income		(1,772)	(463)
Interest and other finance costs		58,285	38,492
Amortisation of contract liabilities adjustment arising on business combination		5,574	12,634
		79,083	57,453
Change in operating assets and liabilities			
Decrease in trade and other receivables		13,197	707
Increase in other operating assets		(5,435)	(9,105)
Decrease in trade and other payables		(5,762)	(22,976)
(Decrease)/increase in contract liabilities		(10,248)	54
Decrease in other provisions		(1,884)	(10,308)
		68,951	15,825
Interest received		938	304
Interest and other finance costs paid		(59,718)	(39,489)
Income taxes paid		(3,748)	(2,993)
Net cash from/(used in) from operating activities		6,423	(26,353)
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	32	-	(102,433)
Payments for property, plant and equipment		(1,944)	(2,928)
Payments for intangibles		(11,904)	(7,853)
Proceeds from security deposits		444	238
Proceeds from disposal of subsidiary		-	5,754
Net cash used in investing activities		(13,404)	(107,222)
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options		7	86
Proceeds from borrowings - net of facility costs paid	34	24,000	137,390
Repayment of borrowings	34	(5,050)	(5,589)
Payment of principal elements of lease liabilities	34	(10,883)	(9,195)
Proceeds from subleases		2,379	593
Net cash from financing activities		10,453	123,285

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



Campaign Monitor Holdings (UK) Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Net increase/(decrease) in cash and cash equivalents	3,472	(10,290)
Cash and cash equivalents at the beginning of the financial year	27,272	35,829
Effects of exchange rate changes on cash and cash equivalents	(141)	1,733
Cash and cash equivalents at the end of the financial year	<u>30,603</u>	<u>27,272</u>

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

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 1. General information

The financial statements cover Campaign Monitor Holdings (UK) Limited as a consolidated entity consisting of Campaign Monitor Holdings (UK) Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together referred to in these financial statements as the 'group').

The financial statements are presented in United States dollars, which is Campaign Monitor Holdings (UK) Limited's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

Campaign Monitor Holdings (UK) Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. Its registered office and principal places of business are:

Registered office	Principal place of business
Northern and Shell Building 10 Lower Thames Street London, EC3R 6EN United Kingdom	11 Lea Avenue Nashville, TN 37210 United States of America

A description of the nature of the group's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

A list of the group's significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership, is detailed in note 33.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 September 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

There are no new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

Compliance with IFRS

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Campaign Monitor Holdings (UK) Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 July 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of Campaign Monitor Holdings (UK) Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention and under the going concern assumption.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic report and in this report. In addition, note 16 and 25 include details on the group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to market risk, credit risk and liquidity risk. The Group has adequate financial resources together with a diversified customer base across different geographic regions, and thus the directors believe that the Group is well placed to manage its business risks successfully.

The directors have prepared detailed cash flow forecasts ("the forecasts") for the period of at least 12 months from the date of signing these financial statements, which includes a base case and a significant but plausible downside scenario. The significant but plausible scenario considers a reasonable reduction to revenue and increase to interest rates, whilst maintaining contractual cash outflows. The directors have then compared the cash requirements shown in the forecasts to the currently available bank facilities. This comparison shows that the Group is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of signing the 30 June 2023 financial statements within its available bank facilities under both of these forecasts.

At the time of signing these financial statements, the Group has unused and uncommitted loan facilities of US\$1,000,000.

On the basis of the above, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. All forecasts and projections carry inherent risk that the assumptions used in their preparation may require amendment if circumstances change.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Campaign Monitor Holdings (UK) Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the entity's 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 2. Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into United States dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into United States dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price reflects the effects of concessions provided to the customer such as discounts, rebates and refunds as well as the effects of any other contingent event. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

The group primarily derives revenues from subscription, pay as you go, sale of credits, professional services and partnership revenue.

Subscriptions

Subscription-based arrangements generally have a contractual term of 1 to 12 months. Subscription revenue is recognised on a proportional basis as the services are performed, commencing with the date the service is made available to customers and all other revenue recognition criteria have been satisfied. The group generally provides net 30 days payment terms.

Pay as you go

Revenue is recognised at the time an email campaign is sent. Payment is due upfront.

Sale of credits

Credits are bought by clients in bulk and revenue recognition is deferred until credits are utilised. Credits issued but not utilised at the reporting date are recognised in the balance sheet as contract liabilities and brought to account when the performance obligation has been satisfied. Credits are released to profit or loss where clients are inactive for 18 months or more.

Professional services

Professional services are recognised when the service has been delivered. Professional services billed in advance are recognised in the balance sheet as contract liabilities and brought to account when the performance obligation has been satisfied.

Partnership revenue

Partnership revenue relating to reselling partner services are recognised on a gross basis when the performance obligation has been satisfied. Partnership revenue relating to providing referrals are recognised on a net basis when the performance obligation has been satisfied.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents also include amounts due from third-party credit card processors as they are both short-term and highly liquid in nature and are typically converted to cash within three days of the sales transaction.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 2. Significant accounting policies (continued)

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Customer acquisition and implementation costs

Customer acquisition and implementation costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition and implementation costs are amortised on a straight-line basis of between three to five years, being consistent with the transfer to the customer of the goods or services to which the asset relates.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	4 - 10 years
Furniture and fixtures	3 - 10 years
Computer equipment	2 - 5 years
Dilapidation costs capitalised	4 - 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date

Leasehold improvements, dilapidation costs and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

Group as a lessee

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Group as the lessor

The group has decided to sublease some of its offices as they were no longer used. Where the sublease is classified as a finance lease in nature, the group de-recognises the right-of-use asset to the extent that is subject to the sublease and recognises a sublease receivable in its balance sheet and finance income over the term of the sublease. Where the sublease is classified as an operating lease in nature, the group continues to recognise the right-of-use asset and recognises lease payments as sublease income on a straight-line basis over the term of the sublease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands

Acquired brands are deemed to have an indefinite useful life and not amortised. Instead they are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Management considers that the useful lives of brands are indefinite because there are no foreseeable limits to the cash flows these assets can generate.

Customer contracts and lists

Customer contracts and lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between one to five years.

Software purchased

Software purchased is capitalised and amortised on a straight-line basis over the period of its expected benefit, being a finite useful life between two and five years.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 2. Significant accounting policies (continued)

Software internally developed

An intangible asset arising from software development expenditure on an internal project is recognised only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Software internally developed is amortised on a straight-line basis over the period of its expected benefit, being a finite useful life between two and five years. Amortisation commences when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level which represents the group of cash generating units to which goodwill is allocated.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings including promissory notes payable are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Transaction costs relating to the loans and borrowings are initially capitalised and then amortised to profit or loss over the term of the loans and borrowings.

Convertible preference shares

The component of the convertible preference share that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs.

On the issue of the preference share the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on the preference shares is expensed to profit or loss.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Recoverable cash advances ('RCAs')

The group receives government support in the form of RCAs from the Walloon region in Belgium in order to compensate the research and development costs incurred by the group. The RCAs are initially recognised as a financial liability at fair value. The benefit (RCA grant component) consists of the difference between the cash received and (RCA proceeds) and the above mentioned financial liability's fair value (RCA liability component) is treated as a government grant. The RCA grant component is recognised in profit or loss as a reduction in operating expenses as relief is accepted by the government. The RCAs liability is subsequently measured at amortised cost using the cumulative catch-up approach under which the carrying amount of the liability is adjusted to the present value of the future estimated cash flows, discounted at the liability's original effective interest rate. The resulting adjustment is recognised within profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the group has transferred the goods or services to the customer.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave, long service leave and other employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 2. Significant accounting policies (continued)

Retirement benefit obligations

The employees of Selligent S.A., Selligent France SA and Selligent BeNeLux NV ('Selligent group') are entitled to benefits from that group's superannuation plan on retirement, disability or death. The Selligent group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the group and the group's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to directors and employees. There are currently:

- one equity-settled plan (Campaign Monitor Holdings (UK) Limited 2018 Stock Incentive Plan); and
- one cash-settled plan (2022 Long-Term Incentive Plan).

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by net proceeds from sale.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

The cash-settled award has a settlement feature that can only be exercised upon the occurrence of a contingent event, the 'measurement event' (refer to note 35). A liability for the cash-settled transactions is only recognised once the measurement event becomes probable (i.e. more likely than not to occur).

Once recognised, all changes in the liability, including the change in probability of the measurement event occurring, are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital

All shares of the company are classified as equity.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. To determine whether a set of activities and assets constitutes a business, the group has the choice to apply a 'concentration test', which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 2. Significant accounting policies (continued)

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Acquisition of Cheetah Holdings Limited and its subsidiaries ('Cheetah'), by interposing a new holding company Iris Holdings L.P. ('Iris') and transferring Campaign Monitor (UK) Limited ('CMUK') and its subsidiaries to Iris

During the prior financial year, Iris Holdings L.P. was incorporated which acquired CMUK and Cheetah. This transaction was accounted by applying the principles of a reverse acquisition accounting in accordance with IFRS 3 'Business Combinations'.

The overall accounting effect is in accordance with IFRS 3 with the following principles having been applied:

- CMUK was the deemed acquirer;
- fair value adjustments arising at acquisition were made to Iris Holdings L.P. and Cheetah assets and liabilities and not to those of CMUK;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the notional amount of shares that CMUK would have needed to issue to acquire the same shareholding percentage in Iris Holdings L.P. at the acquisition date;
- the results for the financial year ended 30 June 2022 comprise the consolidated results for the year of Campaign Monitor Holdings (UK) Limited group, together with the results of Iris Holdings L.P. and the consolidated results of Cheetah from 4 February 2022 to 30 June 2022;
- the comparative results represent the consolidated results of Campaign Monitor Holdings (UK) Limited group only; and
- following the transaction Campaign Monitor Holdings (UK) Limited's subsidiary CM2019 (UK) Limited held 59% of the share capital of Iris, and Vector CM Holdings (Cayman) L.P., the original Cheetah shareholders, held 41% of the share capital of Iris.

Value Added Tax ('VAT'), Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2023. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

Amending accounting standards

Amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments.

Amendments to IAS 1 - Classification of liabilities as current or non-current

In January 2020, the IASB issued an amendment to IAS 1 which is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted. The amendments to IAS 1 'Presentation of Financial Statements' clarify the requirements for the presentation of liabilities in the statement of financial position as current or noncurrent. The amendments require a liability to be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The determination of the level that goodwill is tested is a critical judgement. The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of the operating segment which represents the group of cash-generating units to which goodwill is allocated has been determined based on either value-in-use calculations or fair value less cost of disposal. Value-in-use calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Fair value less cost of disposal has been determined using recent arms' length transactions.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Significant judgement is required by management to determine the amount of deferred tax assets that can be recognised, based on the expected timing and level of future taxable profits. Refer to note 8 for further information.

Note 4. Sales revenue

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Email marketing	390,002	314,741

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Revenue by streams</i>		
Subscription	325,047	270,662
Professional services	50,163	29,619
Pay as you go	9,475	10,084
Sale of credits	3,789	3,854
Partnership revenue	1,528	522
	<u>390,002</u>	<u>314,741</u>
<i>Revenue by geographical regions</i>		
Americas	235,433	183,781
Europe, Middle East and Africa	119,072	106,059
Asia Pacific	35,497	24,901
	<u>390,002</u>	<u>314,741</u>

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 5. Expenses

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements (note 10)	1,333	882
Furniture and fixtures (note 10)	378	328
Land and buildings right-of-use assets (note 11)	6,765	7,017
Motor vehicles right-of-use assets (note 11)	1,220	1,380
Plant and equipment right-of-use assets (note 11)	1,234	586
Computer equipment (note 10)	2,812	2,520
Dilapidation costs capitalised (note 10)	183	463
Total depreciation	13,925	13,176
<i>Amortisation</i>		
Customer contracts and lists (note 12)	55,536	46,748
Software purchased (note 12)	24,826	19,336
Software internally developed (note 12)	6,803	4,909
Customer acquisition costs (note 14)	2,996	2,563
Implementation costs (note 14)	1,246	301
Total amortisation	91,407	73,857
Total depreciation and amortisation	105,332	87,033
<i>Finance costs</i>		
Interest and finance costs	56,690	37,170
Interest and finance charges paid/payable on lease liabilities	1,637	1,377
Amortised borrowing costs	2,974	2,505
Finance costs expensed	61,301	41,052
<i>Leases</i>		
Short-term lease payments	2,057	1,185
Low-value assets lease payments	48	62
	2,105	1,247
<i>Research and development costs</i>		
Research and development costs recognised in profit or loss as part of employee benefits	15,336	16,104

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 6. Staff costs

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Aggregate remuneration:		
Wages and salaries	174,660	145,352
Social security costs	782	244
Other pension costs	3 220	2 834
Total staff costs excluding share-based payment expense	<u>178,662</u>	<u>148,430</u>
	Consolidated	
	2023	2022
	US\$'000	US\$'000
Share-based payment expense/(reversal)	2	(101)
	2023	2022
	Number	Number
The average monthly number of employees (including executive directors and those on a part-time basis) was:		
Email marketing	<u>1,543</u>	<u>1,668</u>

Note 7. Directors' remuneration

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Total directors' remuneration:		
Directors' remuneration	-	40
Share-based payments	-	33
Total directors' remuneration	<u>-</u>	<u>73</u>
The number of directors who received shares in respect of qualifying services was none (2022: one).		
The number of directors who exercised share options was none (2022: none).		
The directors did not receive any pensions during the year (2022: US\$nil)		
	Consolidated	
	2023	2022
	US\$'000	US\$'000
In respect of the highest paid director:		
Aggregate remuneration	-	40
Share-based payments	-	33
Highest paid director's remuneration	<u>-</u>	<u>73</u>

Campaign Monitor Holdings (UK) Limited
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Note 8. Income tax

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Income tax benefit</i>		
Current tax	7,235	5,050
Deferred tax - origination and reversal of temporary differences on continuing operations	(20,218)	(16,291)
Adjustment recognised for prior periods	(2,997)	(1,721)
Aggregate income tax benefit	(15,980)	(12,962)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	(6,900)	(9,397)
Decrease in deferred tax liabilities	(13,318)	(6,894)
Deferred tax - origination and reversal of temporary differences on continuing operations	(20,218)	(16,291)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(80,727)	(99,132)
Tax at the statutory tax rate of 19%	(15,338)	(18,835)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(7,491)	(98)
Other non-deductible expenses	1,675	8,212
Movement in unrecognised deferred tax assets	9,982	7,072
Foreign exchange on translation	(263)	163
Change in future tax rates	(2,848)	(1,723)
Adjustment recognised for prior periods	(2,997)	(1,721)
Difference in overseas tax rates	1,300	(6,032)
Income tax benefit	(15,980)	(12,962)

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Amounts charged directly to equity</i>		
Deferred tax liabilities - actuarial gains	9	31

The income tax benefit is at an effective tax rate of 19.8% (2022: 13.0%)

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises tax losses and temporary differences attributable to:		
Tax losses	51,204	42,462
Intangibles	2,873	1,240
Provisions and accrued expenses	5	-
Unrealised foreign exchange	149	144
Allowance for expected credit losses	13	25
Total deferred tax assets not recognised	54,244	43,871

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
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Note 8. Income tax (continued)

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Movements:		
Opening balance	43,871	8,772
Unrecognised deferred tax assets through profit or loss	7,400	(369)
Additions through business acquisitions	-	37,452
Foreign exchange movements	2,973	(1,984)
Closing balance	<u>54,244</u>	<u>43,871</u>

The above potential tax benefit for tax losses and deductible temporary differences has not been recognised in the balance sheet as the recovery of this benefit is uncertain.

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	37,035	34,024
Intangibles	16,513	11,102
Property, plant and equipment	(794)	(1,403)
Provision for lease make good	(49)	(36)
Provisions and accruals	1,826	2,165
Leases	1,172	315
Customer contracts	207	222
Restructuring cost amortisation	24	54
Borrowing costs	(29)	10
Unrealised foreign exchange	(1,422)	(18)
Bad debt allowance	136	104
Deferred tax asset	<u>54,619</u>	<u>46,539</u>
Movements:		
Opening balance	46,539	31,030
Credited to profit or loss	6,900	9,397
Additions through business combinations (note 32)	-	7,011
Foreign exchange movements	(525)	(2,062)
Adjustment recognised for prior periods	1,705	2,190
Reclassification between deferred tax assets and deferred tax liabilities	-	(818)
Disposal of subsidiary	-	(209)
Closing balance	<u>54,619</u>	<u>46,539</u>

Campaign Monitor Holdings (UK) Limited
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Note 8. Income tax (continued)

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Tax losses	(2,516)	(3,487)
Intangibles	40,005	52,499
Property, plant and equipment	3,654	4,519
Contract liabilities	398	2,071
Provisions and accruals	(3,324)	(4,172)
Allowance for credit losses	(466)	(285)
Unrealised foreign exchange	1,614	1,224
Finance leases	270	29
Provision for lease make good	(144)	(130)
Deferred tax liability	<u>39,491</u>	<u>52,268</u>
<i>Movements:</i>		
Opening balance	52,268	11,724
Credited to profit or loss	(13,318)	(6,894)
Charged to equity	-	31
Additions through business combinations (note 32)	-	49,528
Foreign exchange movements	541	(1,303)
Reclassification between deferred tax assets and deferred tax liabilities	-	(818)
Closing balance	<u>39,491</u>	<u>52,268</u>

The deferred tax liability corresponds to different jurisdictions and therefore cannot be netted off against the deferred tax asset.

The rate of UK corporation tax increased from 19% to 25%, effective 01 April 2023. The amended tax rate has been used to calculate deferred tax assets/liabilities

Note 9. Trade and other receivables

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Non-current assets</i>		
Promissory note - principal	5,600	5,600
Promissory note - interest	903	739
	<u>6,503</u>	<u>6,339</u>
<i>Current assets</i>		
Trade receivables	52,397	55,734
Less: Allowance for expected credit losses	(2,872)	(2,141)
	<u>49,525</u>	<u>53,593</u>
Other receivables	2,884	12,011
	<u>52,409</u>	<u>65,604</u>
	<u>58,912</u>	<u>71,943</u>

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Note 9. Trade and other receivables (continued)

Promissory note receivable

Principal US\$5,600,000; interest accrues at 2.56% semi-annual compounding; maturity 15 August 2027 (10 year term) and can be settled by cash or by fully vested shares in Campaign Monitor Holdings (UK) Limited held by the note holder.

As security for the repayment of principal and interest on this note, collateral has been provided in the way of security interest in any and all equity securities of the note holder.

Allowance for expected credit losses

The group has recognised a loss of US\$1,082,000 (2022: US\$331,000) in profit or loss in respect of expected credit losses for the year ended 30 June 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Gross carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
			US\$'000	US\$'000	US\$'000	US\$'000
Not overdue	*	1%	43,926	59,098	116	526
less than 60 days overdue	1%	3%	6,972	6,318	97	158
60 to 90 days overdue	25%	36%	742	669	186	242
over 90 days overdue	68%	73%	3 641	1 660	2 473	1 215
			<u>55,281</u>	<u>67,745</u>	<u>2,872</u>	<u>2,141</u>

* Less than 1%

The group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to ongoing challenges in the global economy.

Movements in the allowance for expected credit losses are as follows

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Opening balance	2,141	504
Additional provisions recognised	1,972	3,940
Disposal of subsidiary	-	(16)
Receivables written off during the year as uncollectable	(637)	(1,024)
Unused amounts reversed	(604)	(1,263)
Closing balance	<u>2,872</u>	<u>2,141</u>

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Note 10. Property, plant and equipment

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	9,855	12,772
Less: Accumulated depreciation	(7,664)	(9,182)
	<u>2,191</u>	<u>3,590</u>
 Furniture and fixtures - at cost	 3,489	 3,123
Less: Accumulated depreciation	(2,983)	(2,481)
	<u>506</u>	<u>642</u>
 Computer equipment - at cost	 50,604	 49,310
Less: Accumulated depreciation	(47,046)	(44,627)
	<u>3,558</u>	<u>4,683</u>
 Dilapidation costs capitalised	 815	 1,379
Less: Accumulated depreciation	(742)	(1,046)
	<u>73</u>	<u>333</u>
	<u><u>6,328</u></u>	<u><u>9,248</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improve- ments US\$'000	Furniture and fixtures US\$'000	Computer equipment US\$'000	Dilapidation costs capitalised US\$'000	Total US\$'000
Balance at 1 July 2021	2,228	858	2,298	927	6,311
Additions	226	58	2,644	-	2,928
Additions through business combinations (note 32)	2,178	178	2,469	-	4,825
Disposals	(31)	(83)	(10)	(74)	(198)
Exchange differences	(129)	(68)	(171)	(57)	(425)
Transfers in/(out)	-	27	(27)	-	-
Depreciation expense	(882)	(328)	(2,520)	(463)	(4,193)
Balance at 30 June 2022	3,590	642	4,683	333	9,248
Additions	23	34	1,887	-	1,944
Disposals	(107)	(27)	(37)	(75)	(246)
Exchange differences	18	5	67	(2)	88
Transfers in/(out)	-	230	(230)	-	-
Depreciation expense	(1,333)	(378)	(2,812)	(183)	(4,706)
Balance at 30 June 2023	<u><u>2,191</u></u>	<u><u>506</u></u>	<u><u>3,558</u></u>	<u><u>73</u></u>	<u><u>6,328</u></u>

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Note 11. Right-of-use assets

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	16,333	30,959
Less: Accumulated depreciation	(8,787)	(11,431)
	<u>7,546</u>	<u>19,528</u>
Motor vehicles - right-of-use	4,370	4,596
Less: Accumulated depreciation	(2,620)	(1,819)
	<u>1,750</u>	<u>2,777</u>
Plant and equipment - right-of-use	3,161	8,394
Less: Accumulated depreciation	(1,731)	(5,699)
	<u>1,430</u>	<u>2,695</u>
	<u><u>10,726</u></u>	<u><u>25,000</u></u>

The group leases land and buildings for its offices under agreements of between two to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The group also leases plant and equipment under agreements of between three to four years with options to extend, buyout or return equipment. In addition, the group leases motor vehicles under agreements of 4 years with no option to buyout vehicles. Motor vehicles are returned at the end of the lease term.

The group also leases co-working spaces and office equipment under agreements of less than one year. These leases are either short-term or low-value, and have been expensed as incurred and not capitalised as right-of-use assets.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings US\$'000	Motor vehicles US\$'000	Plant and equipment US\$'000	Total US\$'000
Balance at 1 July 2021	16,248	3,872	64	20,184
Additions through business combinations (note 32)	7,570	-	3,354	10,924
Additions/modifications	3,554	714	-	4,268
Exchange differences	(827)	(429)	(137)	(1,393)
Depreciation expense	(7,017)	(1,380)	(586)	(8,983)
Balance at 30 June 2022	19,528	2,777	2,695	25,000
Additions/modifications	(1,715)	123	-	(1,592)
Reclassification to finance sublease receivable (note 13)	(3,381)	-	-	(3,381)
Exchange differences	(121)	70	(31)	(82)
Depreciation expense	(6,765)	(1,220)	(1,234)	(9,219)
Balance at 30 June 2023	<u><u>7,546</u></u>	<u><u>1,750</u></u>	<u><u>1,430</u></u>	<u><u>10,726</u></u>

For other lease related disclosures, refer to the following:

- note 5 for details of interest on lease liabilities and other short-term and low-value lease expenses;
- note 13 for sublease receivables at the end of the reporting period;
- note 18 for lease liabilities at the end of the reporting period;
- note 26 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities

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Note 12. Intangible assets

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Goodwill - at cost	685,424	693,465
Brands - at cost	16,585	17,018
Customer contracts and lists - at cost	330,957	327,516
Less: Accumulated amortisation	(183,648)	(126,722)
	147,309	200,794
Software purchased - at cost	205,645	208,844
Less: Accumulated amortisation	(172,020)	(150,467)
	33,625	58,377
Software internally developed - at cost	36,337	25,264
Less: Accumulated amortisation	(23,678)	(17,622)
	12,659	7,642
	<u>895,602</u>	<u>977,296</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill US\$'000	Brands US\$'000	Customer contracts and lists US\$'000	Software purchased US\$'000	Software internally developed * US\$'000	Total US\$'000
Balance at 1 July 2021	520,701	15,303	133,923	28,977	6,001	704,905
Additions	-	-	-	510	7,327	7,837
Additions through business combinations (note 32)	213,876	3,000	124,000	50,000	-	390,876
Disposals	(5,370)	(48)	(702)	(144)	(372)	(6,636)
Exchange differences	(35,742)	(1,237)	(9,679)	(1,630)	(405)	(48,693)
Amortisation expense	-	-	(46,748)	(19,336)	(4,909)	(70,993)
Balance at 30 June 2022	693,465	17,018	200,794	58,377	7,642	977,296
Additions	-	-	-	-	11,904	11,904
Disposals	-	-	-	-	(121)	(121)
Exchange differences	(8,041)	(433)	2,051	74	37	(6,312)
Amortisation expense	-	-	(55,536)	(24,826)	(6,803)	(87,165)
Balance at 30 June 2023	<u>685,424</u>	<u>16,585</u>	<u>147,309</u>	<u>33,625</u>	<u>12,659</u>	<u>895,602</u>

* Also refer to note 5 for research and development costs expensed through profit or loss during the year.

Remaining amortisation period for materially significant intangible assets

Materially significant costs have been incurred for customer contracts and lists. The remaining amortisation period for these costs is 6 years.

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Note 12. Intangible assets (continued)

Impairment testing

As the group has evolved, management has determined that goodwill and brands are allocated to the group's only segment being email marketing.

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Email marketing	<u>702,009</u>	<u>710,483</u>

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill and brands. Should these judgements and estimates not occur the resulting carrying amount of goodwill and brands may decrease.

Email marketing

The recoverable amount of the email marketing segment was determined based on measurement of fair value less cost of disposal ('FVLCD').

Cash flow projections used in the FVLCD calculations were based on financial budgets and cash flow forecasts approved by management covering a seven year period. Management has determined that a seven year period is appropriate based on its business plan, technology industry norms and the expectation of the pay-back period of the underlying technology being used by the group. This is level 3 in the fair value hierarchy.

Management determined the compound annual growth rates ('CAGR') of revenue based on expectations of target market, sales channels and historical achievements. The average earnings before interest, tax, depreciation and amortisation ('EBITDA') is based on management's budgets and forecasts. The discount rates used were pre-tax and reflected specific risks relating to the segment.

Key assumptions used for FVLCD calculations are:

	Consolidated	
	2023	2022
	%	%
CAGR of revenue	3.0%	3.8%
Average EBITDA margin	24.0%	20.9%
Pre-tax discount rate	16.0%	14.7%
Terminal growth rate	2.2%	2.2%

Sensitivity and impairment of the existing portion of the email marketing segment

The sensitivities are as follows:

- The recoverable amount of the segment would equal its carrying amount if the budgeted EBITDA were to decrease annually by 1.7%;
- If the after tax discount rate were to be 0.25% higher, the group would have had to recognise an impairment against goodwill of US\$7.19m; and
- Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause a carrying amount of the segment to exceed its recoverable amount.

Average EBITDA margin has increased to 24.0% (2022: 20.9%) due to a revision of cash flow projections and financial budgets by management. The revisions are largely attributed to the continued cost saving measures implemented across the group in addition to the shift in the go-to-market strategy.

Based on the assessment, no impairment charge is required in the current and previous financial years.

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Note 13. Sublease receivables

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Sublease receivables	10 728	12 255
<i>Current assets</i>		
Sublease receivables	2 681	-
	<u>13,409</u>	<u>12,255</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	12,255	-
Additions through business combinations	-	12,848
Payments received	(2,379)	(886)
Additions to sublease receivables	2,862	-
Interest accrued	671	293
Closing balance	<u>13,409</u>	<u>12,255</u>

In 2023 the right of use asset for the contracts on the following locations were subleased in its entirety to the sub lessor. Therefore, in accordance with IFRS 16, the assets acquired through an operational lease via a rental agreement (right-of-use asset) were reclassified as a finance sublease receivable adjusted to the present value of the future rental payments from the sub lessee, discounted at the same rate as the head lease incremental borrowing rate. This generated a (loss)/gain recorded through the statement of profit or loss.

Details of the (loss)/gain recorded are as follows:

	New York US\$'000	Indianapolis US\$'000	Total US\$'000
Undiscounted future cash-flows from finance subleases	2,700	388	3,088
Less: Effects of discounting	(202)	(24)	(226)
Present value of future cash-flows from subleases	<u>2,498</u>	<u>364</u>	<u>2,862</u>
Less: Reclassification of net amount of right-of-use-asset	<u>(3,018)</u>	<u>(363)</u>	<u>(3,381)</u>
(Loss)/gain on finance subleases	<u>(520)</u>	<u>1</u>	<u>(519)</u>

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Note 13. Sublease receivables (continued)

	Consolidated 2023 US\$'000
<i>Lessor commitments</i>	
Committed at the reporting date and recognised as sublease receivables:	
1 year or less	3,356
Between 1 and 2 years	3,249
Between 2 and 3 years	2,606
Between 3 and 4 years	1,995
Between 4 and 5 years	2,035
Over 5 years	2,251
Less: Finance charges	(2,083)
	<u>13,409</u>
Total sublease receivables	<u>13,409</u>

Note 14. Other assets

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Customer acquisition costs	10,405	8,796
Implementation costs	2,920	1,268
	<u>13,325</u>	<u>10,064</u>
<i>Current assets</i>		
Prepayments	12,836	15,422
Security deposits	1,973	2,105
	<u>14,809</u>	<u>17,527</u>
	<u>28,134</u>	<u>27,591</u>
	Consolidated 2023 US\$'000	2022 US\$'000
<i>Movements in customer acquisition costs:</i>		
Carrying amount at the start of the year	8,796	7,429
Additions	4,923	4,792
Disposal of subsidiary	-	(114)
Impairment	(392)	(367)
Exchange differences	74	(381)
Amortisation expense	(2,996)	(2,563)
Carrying amount at the end of the year	<u>10,405</u>	<u>8,796</u>

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Note 14. Other assets (continued)

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Movement in implementation costs:</i>		
Carrying amount at the start of the year	1,268	-
Additions	2,998	1,634
Impairment	(131)	-
Exchange differences	31	(65)
Amortisation expense	(1,246)	(301)
Carrying amount at the end of the year	<u>2,920</u>	<u>1,268</u>

Note 15. Trade and other payables

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Current liabilities</i>		
Trade payables	10,474	9,585
Accruals	11,918	12,634
Indirect taxes payable	9,885	12,708
Wages and related taxes payable	1,336	3,075
Interest payable	46	119
Other payables	1,415	586
	<u>35,074</u>	<u>38,707</u>

Refer to note 26 for further information on financial instruments.

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Note 16. Contract liabilities

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Non-current liabilities</i>		
Contract liabilities	4 818	4 504
<i>Current liabilities</i>		
Contract liabilities	86 445	91 498
	<u>91,263</u>	<u>96,002</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	96,002	53,523
Additions through business combinations (note 32)	-	28,031
Billings	324,512	257,542
Transfer to revenue - performance obligations satisfied during the year	(328,009)	(238,792)
Disposal of subsidiary	-	(877)
Foreign exchange	641	(2,635)
Customer refunds	(28)	(790)
Reclassification to trade and other payable	(1,855)	-
Closing balance	<u>91,263</u>	<u>96,002</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was US\$91,263,000 as at 30 June 2023 (US\$96,002,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Within one year	86,445	91,498
One to two years	2,115	2,523
Two to five years	2 703	1,981
	<u>91,263</u>	<u>96,002</u>

US\$91,498,000 included in the contract liability balance at the beginning of the financial year has been recognised as revenue in the current year.

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Note 17. Borrowings

	Consolidated 2023 US\$'000	2022 US\$'000
<i>Non-current liabilities</i>		
Syndicated and delayed drawn down loans	575,016	580,066
Less: capitalised borrowing costs	(2,639)	(5,613)
Recoverable cash advance	251	368
	572 628	574 821
<i>Current liabilities</i>		
Syndicated and delayed drawn down loans	29,050	5,050
Less: capitalised borrowing costs	(2,974)	(2,974)
Recoverable cash advance	306	184
	26 382	2 260
	<u>599,010</u>	<u>577,081</u>

Refer to note 26 for further information on financial instruments.

Total secured liabilities

The total secured liabilities are as follows.

	Consolidated 2023 US\$'000	2022 US\$'000
Syndicated and delayed drawn down loans	<u>604,066</u>	<u>585,116</u>

Syndicated and delayed drawn down loans

The syndicated loans have maturity dates of 6 May 2025 and 6 November 2025. Interest accrues at 4.75% plus Secured Overnight Financing Rate ('SOFR') and 8.9% plus SOFR (2022: 4.75% plus SOFR and 8.9% plus SOFR).

Recoverable cash advance ('RCA')

The group was granted a total recoverable cash advance of €1,767,000 (2023: US\$1,921,000 at spot rate; 2022: US\$1,847,000 at spot rate) from the Walloon region government in order to compensate for the research and development costs incurred by the group.

In accordance with the RCA agreements, the following two components are assessed when calculating estimated future cash flows:

- 30% of the initial RCA, which is repayable when the group exploits the outcome of the research financed which will be reimbursed over a 10 years period; and
- a remaining amount based on revenue projections, which is repayable based on a royalty percentage of 14.68% of future sales milestones.

As at 30 June 2023 the group had a loan of €512,000 (2023: US\$557,000 at spot rate; 2022: loan of €528,000 being US\$552,000 at spot rate).

Credit revolving facility

The group also has a undrawn credit revolving facility of US\$1,000,000 (2022: US\$25,000,000). US\$585,000 (2022: US\$585,000) has been committed as a letter of credit for finance leased assets. A commitment fee is charged on the undrawn facility of 0.5% (2022: 0.5%).

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Note 17. Borrowings (continued)

Delayed draw down loan

The group has an undrawn delayed draw term loan of US\$nil (2022: US\$nil). A commitment fee of 1.0% (2022: 1.0%) is charged on the undrawn portion of this delayed drawn term loan

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the balance sheet, revert to the lessor in the event of default.

US\$604,066,000 (2022: US\$585,116,000) of the outstanding syndicated and delayed drawn down loans and any future borrowings under these loans are secured by CM Acquisitions Holdings, Inc. and its subsidiaries equity interests, debt securities, promissory notes and other property including cash and deposit accounts, equipment, intangible assets, intellectual property and certain other assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Total facilities		
Syndicated loans	540,900	545,650
Revolving credit facility	25,000	25,000
Delayed drawn down loan	39,166	39,541
	<u>605,066</u>	<u>610,191</u>
Used at the reporting date		
Syndicated loans	540,900	545,650
Revolving credit facility	24,000	-
Delayed drawn down loan	39,166	39,541
	<u>604,066</u>	<u>585,191</u>
Unused at the reporting date		
Syndicated loans	-	-
Revolving credit facility	1,000	25,000
Delayed drawn down loan	-	-
	<u>1,000</u>	<u>25,000</u>

Note 18. Lease liabilities

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Non-current liabilities</i>		
Lease liability	<u>15,398</u>	<u>26,406</u>
<i>Current liabilities</i>		
Lease liability	<u>8,786</u>	<u>10,353</u>
	<u><u>24,184</u></u>	<u><u>36,759</u></u>

Refer to note 26 for further information on financial instruments.

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Note 19. Provisions

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Non-current liabilities</i>		
Dilapidation provision	935	1,426

Dilapidation

The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms

Movements in provisions

Movements in each class of provision during the current financial year, current and non-current, other than employee benefits, are set out below

Consolidated - 2023	Dilapidation US\$'000
Carrying amount at the start of the year	1,426
Reduction in provisions recognised	(26)
Unwinding of discount	42
Foreign exchange translation	12
Release of unused provision on terminated lease	(519)
Carrying amount at the end of the year	935

Note 20. Retirement benefit obligations

Defined benefit plan

The employees of Selligent S.A., Selligent France SA and Selligent BeNeLux NV ('Selligent group') are entitled to benefits from that group's defined benefit plan on retirement, disability or death. The Selligent group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the group and the group's legal or constructive obligation is limited to these contributions

The following sets out details in respect of the defined benefit section only. The expense recognised in relation to the defined contribution plan is disclosed in note 6.

Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows

	Consolidated	
	2023	2022
	US\$'000	US\$'000
<i>Non-current liabilities</i>		
Present value of the defined benefit obligation	4,817	4,909
Fair value of defined benefit plan assets	(3,466)	(3,504)
Net liability in the balance sheet	1,351	1,405

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Note 20. Retirement benefit obligations (continued)

Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated 2023 US\$'000	2022 US\$'000
Insurance contracts	(3,466)	(3,504)

Reconciliations

	Consolidated 2023 US\$'000	2022 US\$'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded.		
Balance at the beginning of the year	4,909	8 047
Current service cost	452	690
Interest cost	154	81
Exchange differences	195	(975)
Actuarial gains from change in financial assumptions	(608)	(2,760)
Benefits paid	(227)	(109)
Additions through business combinations (note 32)	-	(65)
Taxes on contributions	(58)	-
Balance at the end of the year	4,817	4,909
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	3,504	6,402
Loss on plan assets	(577)	(2,634)
Contributions by entities in the group	458	511
Benefits paid	(227)	(109)
Exchange differences	263	(705)
Contributions by employees	124	126
Taxes on contributions	(58)	(65)
Administration costs	(21)	(22)
Balance at the end of the year	3,466	3,504

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Note 20. Retirement benefit obligations (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	Consolidated 2023 US\$'000	2022 US\$'000
Current service cost	452	690
Interest cost	154	81
Employee contribution	(124)	(126)
Interest income	(124)	(70)
Employer contribution	(458)	(511)
Actual administration cost	21	22
Total amount recognised in profit or loss	<u>(79)</u>	<u>86</u>
Loss on plan assets	577	2,634
Actuarial gains	(608)	(2,760)
Total amount recognised in other comprehensive loss	<u>(31)</u>	<u>(126)</u>

Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated 2023 %	2022 %
Discount rate	3.7%	3.2%
Future salary increases	3.6%	3.6%

An increase/decrease of the discount rate by 25 basis points would result in an increase/decrease of the retirement benefit obligation by US\$343,000 (2022: US\$213,000). An increase/decrease of future salary increases by 25 basis points would result in an increase/decrease of the requirement benefit obligation by US\$109,000 (2022: US\$44,000).

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Risk exposure

The plan is exposed to a variety of risks including foreign currency risk on its overseas investments, interest rate risk on its cash and debt instruments and price risk on its equity instruments. Its diversified portfolio does mitigate any one particular risk, including concentration risks.

The plan is 100% invested in insurance contracts. Sufficient cash reserves are maintained to ensure liquidity, including having the ability to pay benefits and have the flexibility to invest in opportunities as they arise

Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary and the current agreed contribution rate is 3.46% of salaries.

The weighted average duration of the defined benefit obligation is 20 years. The expected maturity analysis of undiscounted defined benefit obligations is as follows:

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Note 20. Retirement benefit obligations (continued)

	Consolidated 2023 US\$'000	2022 US\$'000
More than five years	1,351	1,405

The group has no legal obligation to settle the defined benefit liability with an immediate contribution or additional one-off contributions.

Note 21. Share capital

	2023 Shares	Consolidated 2022 Shares	2023 US\$'000	2022 US\$'000
Ordinary shares of US\$3.9998062524 each - authorised, issued and fully paid	39,500,000	39,500,000	157,992	157,992
Preference shares of US\$3.9998062524 each - authorised, issued and fully paid	74,294,908	74,294,908	297,166	297,166
Class A preference shares of US\$0.01 each - authorised, issued and fully paid	2,000,001	2,000,001	20	20
Class 1 shares of US\$1.9996000800 each - authorised, issued and fully paid	500,100	500,100	1,000	1,000
Class A shares of US\$0.02 each - authorised, issued and fully paid	10,170,164	10,145,164	204	203
Deferred shares of US\$0.02 each - authorised, issued and fully paid	245,563	245,563	5	5
	<u>126,710,736</u>	<u>126,685,736</u>	<u>456,387</u>	<u>456,386</u>

Movements in Class A share capital

Details	Date	Shares	US\$'000
Balance	1 July 2021	9,990,229	200
Issue of shares - employee share scheme plans		154,935	3
Balance	30 June 2022	10,145,164	203
Issue of shares - employee share scheme plans		25,000	1
Balance	30 June 2023	<u>10,170,164</u>	<u>204</u>

Ordinary shares

Voting:	Each ordinary share entitles its holder to receive notice of and attend and vote at general meetings of the company.
Dividends:	Each ordinary share confers on its holder the right to receive dividends. All dividends in respect of shares must be paid amongst ordinary shares, Class 1 shares and preference shares as if they constituted one class of shares.
Return of capital:	Each ordinary share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
Redemption	The shares are not redeemable or liable to be redeemed at the option of the company or the shareholder.

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Note 21. Share capital (continued)

Preference shares

- Voting:** Each preference share entitles its holder to receive notice of and attend and vote at general meetings of the company equally with the holders of ordinary shares.
- Dividends:** Each preference share confers on its holder the right to receive dividends. All dividends in respect of shares must be paid amongst ordinary shares, Class 1 shares and preference shares as if they constituted one class of shares.
- Return of capital:** Each preference share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
- Redemption:** The shares are not redeemable or liable to be redeemed at the option of the company or the shareholder.
- Conversion:** Each preference share confers on its holder the rights to convert into ordinary shares at any time by giving notice. The conversion ratio is one for one, adjusted for any reorganisation or restructuring of the share capital.

Class A preference shares

- Voting:** Each Class A preference share entitles its holder to receive notice of and attend and vote at general meetings of the company equally with the holders of the ordinary shares.
- Dividends:** Each preference share confers on its holder the right to receive dividends. All dividends in respect of shares must be paid amongst ordinary shares, Class 1 shares and preference shares as if they constituted one class of shares.
- Return of capital:** Each preference share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
- Redemption:** The preference shares are not redeemable or liable to be redeemed at the option of the company or the shareholder.

Class 1 shares

- Voting:** Class 1 shares shall have one vote for each 100 Class 1 shares held by a member.
- Dividends:** A right to dividends participating equally with ordinary shares and preference shares as if the Class 1 shares, ordinary shares and preference shares constituted a single class of shares.
- Return of capital:** Each Class 1 share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
- Redemption:** The shares are not redeemable or liable to be redeemed at the option of the company or the shareholder.
- Conversion:** Each Class 1 share confers on its holder the rights to convert into ordinary shares on a listing. The conversion ratio is one for one, adjusted for any reorganisation or restructuring of the share capital.

Class A shares

- Voting:** Class A shares shall have one vote for each 100 Class A shares held by a member.
- Dividends:** A right to dividends, participating equally with ordinary shares, preference shares and Class 1 shares (at Board's discretion).
- Return of capital:** In the case of Class A shares treated as unvested Class A shares, no right to participate. In the case of Class A shares treated as Class A vested shares, each Class A share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
- Redemption:** The shares are not redeemable or liable to be redeemed at the option of the company or the shareholder.
- Conversion:** In the case of Class A shares treated as unvested Class A shares, no right to participate. In the case of Class A shares treated as Class A vested shares, each Class A share will convert into ordinary shares on a listing. The conversion ratio for (i) beneficial shareholders: is one for one, adjusted for any reorganisation or restructuring of the share capital; and (ii) executive shareholder: is based on equity value of the company at the time of listing, subject to a maximum one for one.

Deferred shares

- Voting:** No voting rights.
- Dividends:** No rights to dividends.
- Return of capital:** Each deferred share confers on its holder the right to participate in distributions made in connection with a winding up or any other return of capital in the order of priority detailed below.
- Redemption:** The company has the right at any time to redeem any deferred shares for a total payment of US\$0.01 for the entire class of deferred shares (which payment shall be deemed satisfied by payment to any one holder of deferred shares).

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Note 21. Share capital (continued)

Return of capital order of priority

- (i) First in paying to the participating holders of preference shares, the preference amount being the aggregate amount of the paid up capital of each preference share; then
- (ii) Secondly, in paying to the participating holders of ordinary shares and Class 1 shares (including ordinary shares converted from Class 1 shares) the aggregate amount of the paid up capital of each ordinary share and Class 1 share (including ordinary shares converted from Class 1 shares but excluding ordinary shares converted from Class A shares); then
- (iii) Thirdly, in paying the balance of the proceeds (less an amount equal to US\$0.01 for deferred shares issued) to the participating holders of ordinary shares, preference shares, Class 1 shares and Class A shares, pro rata to the total number of ordinary shares, preference shares, Class 1 shares and Class A shares held between them, equally amongst themselves as if those ordinary shares, preference shares, Class 1 shares and Class A shares constituted one class of shares; and, then
- (iv) Fourthly, in paying the holders of the deferred shares a total of US\$0.01 for the entire class of deferred shares (which payment shall be deemed satisfied by payment to any one holder of deferred shares).

Unvested A shares held in trust

As at 30 June 2023 there were nil (2022: nil) issued Class A shares that were issued in connection with the group's share award programmes, that were unvested and held in trust.

Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2022 Annual Report and Financial Statements.

Note 22. Other reserves

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Foreign currency reserve	(140,319)	(127,249)
Transactions with NCI reserve	71,900	71,900
Retirement benefit obligation reserve	730	716
Share-based payments reserve	21,446	21,437
	<u>(46,243)</u>	<u>(33,196)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars.

Retirement benefit obligation reserve

The reserve is used to recognise the actuarial gains and losses on the retirement benefit obligation that are recognised outside of profit or loss.

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Note 22. Other reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Transactions with NCI reserve

This reserve is used to recognise the gain on transaction as a result of the acquisition of Cheetah Holdings Limited and its subsidiaries in the financial year ended 30 June 2022.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below.

Consolidated	Foreign currency US\$'000	Transactions with NCI reserve US\$'000	Retirement benefit obligation US\$'000	Share-based payments US\$'000	Total US\$'000
Balance at 1 July 2021	(92,256)	-	660	21,455	(70,141)
Foreign currency translation	(34,993)	-	-	-	(34,993)
Actuarial gain, net of tax	-	-	56	-	56
Share-based payments	-	-	-	(101)	(101)
Early exercised options	-	-	-	86	86
Conversion of shares	-	-	-	(3)	(3)
Transaction with non-controlling interest	-	71 900	-	-	71 900
Balance at 30 June 2022	(127,249)	71,900	716	21,437	(33,196)
Foreign currency translation	(13,070)	-	-	-	(13,070)
Actuarial gain, net of tax	-	-	14	-	14
Share-based payments	-	-	-	2	2
Early exercised options	-	-	-	8	8
Conversion of shares	-	-	-	(1)	(1)
Balance at 30 June 2023	<u>(140,319)</u>	<u>71,900</u>	<u>730</u>	<u>21,446</u>	<u>(46,243)</u>

Note 23. Accumulated losses

	Consolidated 2023 US\$'000	Consolidated 2022 US\$'000
Accumulated losses at the beginning of the financial year	(194,063)	(133,486)
Loss after income tax benefit for the year	<u>(38,336)</u>	<u>(60,577)</u>
Accumulated losses at the end of the financial year	<u>(232,399)</u>	<u>(194,063)</u>

Note 24. Non-controlling interest

	Consolidated 2023 US\$'000	Consolidated 2022 US\$'000
Reserves	138,150	147,261
Accumulated losses	<u>(52,005)</u>	<u>(25,593)</u>
	<u>86,145</u>	<u>121,668</u>

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Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year or before the date of approval of these financial statements.

Note 26. Financial instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a periodic basis.

Market risk

Foreign currency risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Euros	17,338	16,597	6,335	7,715
Pound sterling	6,183	7,879	3,244	3,854
Australian dollars	3,756	4,660	1,332	5,495
Japanese yen	2,853	2,155	754	1,058
New Zealand dollars	347	293	91	217
Canadian dollars	605	314	18	19
Chinese Yuan	666	429	27	6
Brazilian Real	275	323	164	78
Malaysian Ringgit	77	141	31	142
Hong Kong Dollar	24	113	32	25
Other currencies	60	102	427	154
	<u>32,184</u>	<u>33,006</u>	<u>12,455</u>	<u>18,763</u>

The group had net assets denominated in foreign currencies of US\$19,729,000 as at 30 June 2023 (2022: net assets of US\$14,243,000). Based on this exposure, had the United States dollars weakened/strengthened by 10% (2022: weakened/strengthened by 10%) against these foreign currencies with all other variables held constant, the group's profit before tax for the year would have been US\$1,973,000 lower/higher (2022: US\$1,424,000 lower/higher) and after tax effect on equity would have been US\$1,480,000 lower/higher (2022: US\$1,068,000 lower/higher), assuming a tax rate of 25% (2022: 25%). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2023 was US\$12,955,000 (2022: US\$15,664,000).

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Note 26. Financial instruments (continued)

Price risk

The group is not exposed to any significant price risk.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The group's main interest rate risk arises from its borrowings and cash and cash equivalents. Borrowings and deposits obtained at variable rates expose the group to interest rate risk. Borrowings and deposits obtained at fixed rates expose the group to fair value interest rate risk.

As at the reporting date, the group had the following variable rate amounts:

	2023		2022	
	Weighted average interest rate	Balance US\$'000	Weighted average interest rate	Balance US\$'000
Consolidated				
Cash and cash equivalents	-	30,603	-	27,272
Syndicated loans	9.52%	(540,900)	7.05%	(545,650)
Delayed draw down loan	9.52%	(39,166)	7.05%	(39,541)
Net exposure to cash flow interest rate risk		<u>(549,463)</u>		<u>(557,919)</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase in the interest rates of 50 (2022: 50) basis points would have an adverse effect on loss before tax of US\$2,936,000 (2022: US\$2,932,000). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of US\$5,050,000 (2022: US\$5,050,000) are due during the year ending 30 June 2024.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The major class of financial assets of the group is cash and cash equivalents. The group only deals with high credit quality financial institutions and major banks.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to ongoing challenges in the global economy, the calculation of expected credit losses and loss rates has been revised.

The group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

Concentration of credit risk

There are no significant concentrations of credit risk within the group. The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings.

Credit risk is managed by limiting the amount of credit exposure to any single counter-party for cash deposits.

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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Note 26. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date

	Consolidated 2023 US\$'000	Consolidated 2022 US\$'000
Revolving credit facility	1 000	25 000

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet

	Weighted average interest rate	1 year or less US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Remaining contractual maturities US\$'000
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	10,474	-	-	-	10,474
Interest payable	-	46	-	-	-	46
Other payables	-	1,415	-	-	-	1,415
Recoverable advance	-	363	54	84	56	557
<i>Interest-bearing</i>						
Lease liability	5.27%	9,828	7,114	7,889	1,892	26,723
Syndicated loan facilities	9.52%	90 618	513,769	94 496	-	698,883
Total non-derivatives		112,744	520,937	102,469	1 948	738 098
Consolidated - 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	9,585	-	-	-	9,585
Interest payable	-	119	-	-	-	119
Other payables	-	586	-	-	-	586
Recoverable advance	-	184	127	140	101	552
<i>Interest-bearing</i>						
Lease liability	5.13%	11,972	11,249	17,637	145	41,003
Syndicated loan facilities	7.05%	53 155	52 887	619 328	-	725 370
Total non-derivatives		75 601	64 263	637 105	246	777 215

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 27. Fair value measurement

The carrying values of other financial assets and financial liabilities within the balance sheet represent a reasonable approximation of fair value.

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Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to the members of key management personnel of the group is set out below:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Short-term employee benefits	5,269	10,382
Post-employment benefits	82	73
Termination benefits	13	69
Share-based payments	-	(97)
	<u>5,364</u>	<u>10,427</u>

In addition to the above, certain executives were party to the cash-settled 2017 Executive Long-Term Incentive Plan as detailed in note 35. No amount has been expensed to profit or loss in respect of this Plan during the financial year (2022: US\$nil).

Note 29. Contingent liabilities

The group has no contingent liabilities as at 30 June 2023 and 30 June 2022, except for the cash-settled 2017 Executive Long-Term Incentive Plan and the 2022 Long-Term Incentive Plan as detailed in note 35.

Note 30. Related party transactions

Parent entity and ultimate controlling party

The parent entity and ultimate parent entity is Campaign Monitor Holdings (UK) Limited. The controlling party is Campaign Monitor Investors Holdings, L.P. and the ultimate controlling party is Insight Venture Partners VIII, L.P. The smallest and the largest group to consolidate these financial statements is Campaign Monitor Holdings (UK) Ltd. Copies of Campaign Monitor Holdings (UK) Ltd consolidated financial statements can be obtained from the Company Secretary at Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Other income:		
Interest on promissory note issued to key management personnel	163	159
Payment for other expenses:		
Other expenses paid to non-controlling interest	14	74

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Note 30. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Current payables:		
Trade payables to non-controlling interest	-	561

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2023	2022
	US\$'000	US\$'000
Non-current receivables:		
Promissory note from key management personnel	5,600	5,600
Promissory note accrued interest to key management personnel	903	739

Terms and conditions

Refer to note 9 for details on the promissory note. All other transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms:

	2023	2022
	US\$'000	US\$'000
PricewaterhouseCoopers LLP		
Audit and other assurance services:		
- Audit of the financial statements	170	115
Network firms - PricewaterhouseCoopers (Australia)		
Audit and other assurance services:		
- Audit of financial statements	918	709
- Accounting advisory services	-	44
- Other assurance services	-	227
- Tax consulting services	-	140
- Other advisory services	22	-
	<u>940</u>	<u>1 120</u>
Network firms - PricewaterhouseCoopers (United States and Belgium)		
Audit and other assurance services:		
- Audit of financial statements	162	469
- Sales tax services	118	45
- Tax consulting services	67	-
	<u>347</u>	<u>514</u>

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Note 32. Business combinations

Prior year business combination - Cheetah

On 4 February 2022, the group acquired 100% of the ordinary shares of Cheetah Holding Limited, a company incorporated in the United Kingdom, together with its subsidiaries (collectively referred to as 'Cheetah'). To facilitate the transaction, a new holding company Iris Holdings L.P ('Iris') was incorporated as a subsidiary of CM 2019 (UK) Limited and Campaign Monitor (UK) Limited and its subsidiaries were transferred to Iris as consideration for the acquisition of Cheetah by Iris. CMUK 2019 (UK) Limited was the deemed acquirer for accounting purposes. Following the transaction CM 2019 (UK) Limited held 59% of the share capital of Iris, and Vector CM Holdings (Cayman) L.P., the original Cheetah shareholders, held 41% of the share capital of Iris.

Cheetah delivers a hyper-personalized, cross-channel marketing solution to customers and will continue to add to the customer base of the group. The goodwill, as detailed below, represents the synergies expected to be obtained from leveraging the expanded customer base. None of the goodwill recognised is expected to be deductible for income tax purposes. The values identified in relation to the acquisition were final as at 30 June 2022.

Details of the acquisition were as follows:

	Fair value US\$'000
Cash and cash equivalents	7,402
Trade and other receivables	41,143
Prepayments	6,163
Bank guarantees	622
Furniture	178
Leasehold improvements	2,178
Computer equipment	2,469
Right-of-use assets	23,772
Brands	3,000
Customer contracts and lists	124,000
Software	50,000
Deferred tax asset	7,012
Trade payables	(5,983)
Other payables	(12,103)
Provision for income tax	(7,616)
Deferred tax liability	(49,528)
Employee benefits	(14,360)
Accrued expenses	(7,662)
Contract liabilities - deferred revenue	(28,031)
Lease liability	(22,172)
Interco	(117,304)
Other liabilities	(41)
Net assets acquired	3,139
Goodwill	213,876
Acquisition-date fair value of the total consideration transferred	<u>217,015</u>
Representing:	
Fair market value of Cheetah	<u>217,015</u>
Acquisition costs expensed to profit or loss as part of restructuring expenses	<u>10,036</u>
Net cash paid	<u>102,433</u>

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Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023	2022
CM 2019 (UK) Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	100.0%	100.0%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Parent Ownership interest		Non-controlling interest Ownership interest	
		2023	2022	2023	2022
Campaign Monitor Europe UK Ltd	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Campaign Monitor (UK) Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Campaign Monitor Australia 1 Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Campaign Monitor Australia 2 Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Campaign Monitor Holdings Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Campaign Monitor Finance Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Campaign Monitor International Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Campaign Monitor Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
CM Delaware LLC	The Corporation Trust Company, Corporation Trust Center 1209 Orange ST Wilmington, DE 19801, USA	59.5%	59.4%	40.5%	40.6%
Emma, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
CM Acquisitions Holdings, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
SisterCo Intermediate, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 33. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Parent		Non-controlling interest	
		Ownership interest 2023	Ownership interest 2022	Ownership interest 2023	Ownership interest 2022
Livedclicker, Inc	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Turbistar S.A.	Office 803, Doctor Luis Bonavita 1266, Montevideo, 11600, Uruguay	59.5%	59.4%	40.5%	40.6%
Sailthru, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Sailthru UK Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Sailthru NZ Limited	PO Box 3035, Wellington 6140, New Zealand	59.5%	59.4%	40.5%	40.6%
Vuture Group Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Vuture Ltd	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Vuture US, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Publicbeta Ltd	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Selligent S.A.	Avenue de Finlande 2 at 1420 Braine-L'Alleud Belgium	59.5%	59.4%	40.5%	40.6%
Selligent France SA	23 rue d'Anjou, 75008 Paris France	59.5%	59.4%	40.5%	40.6%
Selligent BeNeLux NV	Kempische Steenweg 305 box 401 3500 Hasselt, Belgium	59.5%	59.4%	40.5%	40.6%
Selligent GmbH	Herzogspitalstraße 24, 80331 München, Germany	59.5%	59.4%	40.5%	40.6%
Selligent, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Selligent Iberica S.L.U.	Passeig Joan de Borbó, nº 101, planta 2ª, 08039 Barcelona, Spain	59.5%	59.4%	40.5%	40.6%
Selligent Italy Srl	Via copernico 38 20125 Milano Italy	59.5%	59.4%	40.5%	40.6%
Selligent International SA	Avenue de Finlande 2 at 1420 Braine-L'Alleud Belgium	59.5%	59.4%	40.5%	40.6%
Selligent Holdings Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 33. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Parent		Non-controlling interest	
		Ownership interest 2023	Ownership interest 2022	Ownership interest 2023	Ownership interest 2022
Selligent Ltd	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Cheetah Holdings Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Marketing Technology Partners UK Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Marlowe Marketing Services India Private Limited	C-20, G Block, Bandra-Kurla Complex, Mumbai, MH, 400051, India	59.5%	59.4%	40.5%	40.6%
Cheetah Marketing Technology Pty Limited	Level 26, 161 Castlereagh Street, Sydney, NSW 2000 Office 26W108	59.5%	59.4%	40.5%	40.6%
Cheetah Brazil Servicos de Marketing e Tecnologia Limited	Avenida Paulista 1374, Andar 12, Bela Vista 01310-100, Sao Paulo, Brazil	59.5%	59.4%	40.5%	40.6%
Cheetah Marketing Technology Bulgaria Limited	C/o Zara Consult Ltd 21B Moskovska Str., 1000 Sofia, Bulgaria	59.5%	59.4%	40.5%	40.6%
Cheetah Technology Services (Beijing) Co., Limited	Level 26, Fortune Financial Center, No.5 Dong San Huan Zhong Road, Chaoyang District, Beijing, China	59.5%	59.4%	40.5%	40.6%
Cheetah Technology Marketing Services Costa Rica, S.A.	Lvls 4 and 5, Building 12, Ultrapark Dos, Lagunilla, Heredia, Costa Rica	59.5%	59.4%	40.5%	40.6%
CM Marketing Technology Partners France Sarl	Gare de Lille Business Centre, Lille, 59000 - Offices 101, 102 and 103 Floor 4	59.5%	59.4%	40.5%	40.6%
Cheetah Digital Germany GmbH	Neuer Zollhof 3 Dusseldorf, Nordrhein-Westfalen 40221, Germany	59.5%	59.4%	40.5%	40.6%
Cheetah Hong Kong Limited	90 Connaught Rd Central, Sheung Wan, Hong Kong	59.5%	59.4%	40.5%	40.6%
Cheetah Digital Co., Limited	Kamiyacho Trust Tower 22- 132 4-24-6 Toranomon, Minatoku, Tokyo, 105,0001 Japan	59.5%	59.4%	40.5%	40.6%
Cheetah Marketing Technology Malaysia SDN BHD	Level 9, Block B, Quill 18, Lingkaran Teknokrat 3 Barat, 63000 Cyberjaya, Selangor, Malaysia	59.5%	59.4%	40.5%	40.6%
Cheetah Marketing Technology Singapore PTE Limited	8 Marina Boulevard Level 11 Marina Bay Financial Centre Tower 1 Singapore 018981	59.5%	59.4%	40.5%	40.6%

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 33. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Parent		Non-controlling interest	
		Ownership interest 2023	Ownership interest 2022	Ownership interest 2023	Ownership interest 2022
Cheetah Marketing Technology Spain, S.L.	Passeig Joan de Borbó, nº 101, planta 2ª, 08039 Barcelona, Spain	59.5%	59.4%	40.5%	40.6%
Cheetah Digital, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Stellar Loyalty, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Stellar Loyalty Europe Limited	25/28 North Wall Quay, IFSC, Dublin 1, Ireland	59.5%	59.4%	40.5%	40.6%
Wayin, Inc.	11 Lea Ave, Nashville, TN 37210, USA	59.5%	59.4%	40.5%	40.6%
Wayin Limited	Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	59.5%	59.4%	40.5%	40.6%
Iris Holdings L.P.	Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands	59.5%	59.4%	40.5%	40.6%

Acquisition of NCI

In March 2023, the Group acquired an additional 0.1% interest in Iris Holdings L.P. and its subsidiaries, increasing its ownership from 59.41% to 59.51%. The Group recognised an increase in Non-Controlling Interest of \$227,762 and a decrease in the Company's ownership of Iris Holdings L.P. of \$227,762.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 33. Interests in subsidiaries (continued)

Summarised financial information

Summarised financial information of subsidiaries with non-controlling interests that are material to the group are set out below:

	Iris Holdings	
	2023	2022
	US\$'000	US\$'000
<i>Summarised balance sheet</i>		
Current assets	97,820	110,403
Non-current assets	932,291	1,180,707
Total assets	1,030,111	1,291,110
Current liabilities	185,603	170,773
Non-current liabilities	634,407	823,254
Total liabilities	820,010	994,027
Net assets	210,101	297,083
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	390,002	314,741
Expenses	(470,850)	(413,987)
Loss before income tax benefit	(80,848)	(99,246)
Income tax benefit	15,796	12,969
Loss after income tax benefit	(65,052)	(86,277)
Other comprehensive loss	(32,885)	(32,791)
Total comprehensive loss	(97,937)	(119,068)
<i>Statement of cash flows</i>		
Net cash from/(used in) from operating activities	7,446	(26,356)
Net cash used in investing activities	(13,914)	(107,221)
Net cash from financing activities	9,783	123,286
Net increase/(decrease) in cash and cash equivalents	3,315	(10,291)
<i>Other financial information</i>		
Loss attributable to non-controlling interests	(26,411)	(25,593)
Comprehensive loss attributable to non-controlling interests	(35,295)	(23,447)
Accumulated non-controlling interests at the end of reporting period	(86,145)	121,668

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023

Note 33. Interests in subsidiaries (continued)

Subsidiary companies exempt from audit

Campaign Monitor Holdings (UK) Limited has guaranteed the following subsidiaries liabilities in accordance with section 479C of the Corporations Act 2006 (the 'Act'):

Campaign Monitor Europe UK Ltd (10042355)
 Campaign Monitor (UK) Limited (09469048)
 CM2019 (UK) Limited (11903270)
 Sailthru UK Limited (08218631)
 Vuture Group Limited (10220448)
 Vuture Ltd (05641029)
 PublicBeta Ltd (08532380)
 Selligent Ltd (06398867)
 Selligent Holdings Limited (09672696)
 Cheetah Holdings Limited (10721368)
 Marketing Technology Partners UK Limited (10721635)
 Wayin Limited (07101974)

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

Note 34. Changes in liabilities arising from financing activities

Consolidated	Syndicated loans US\$'000	Promissory note US\$'000	Capitalised borrowing costs US\$'000	Finance lease US\$'000	Recoverable advance US\$'000	Total US\$'000
Balance at 1 July 2021	449,115	1,594	(8,482)	21,294	554	464,075
Proceeds from borrowings	140,000	-	-	-	-	140,000
Facility costs paid on borrowings	-	-	(2,610)	-	-	(2,610)
Repayment of borrowings	(3,999)	(1,521)	-	(9,194)	-	(14,714)
Modification of lease	-	-	-	(1,514)	-	(1,514)
Acquisition of plant and equipment by means of finance leases	-	-	-	5,448	-	5,448
Amortisation of borrowing costs	-	-	2,505	-	-	2,505
Changes through business combinations (note 32)	-	-	-	22,196	-	22,196
Exchange differences	-	(161)	-	(1,471)	(54)	(1,686)
Fair value adjustment	-	-	-	-	52	52
Accrued interest	-	88	-	-	-	88
Balance at 30 June 2022	585,116	-	(8,587)	36,759	552	613,840
Proceeds from borrowings	24,000	-	-	-	-	24,000
Repayment of borrowings	(5,050)	-	-	(10,883)	-	(15,933)
Modification of lease	-	-	-	(1,869)	-	(1,869)
Acquisition of plant and equipment by means of finance leases	-	-	-	276	-	276
Amortisation of borrowing costs	-	-	2,974	-	-	2,974
Exchange differences	-	-	-	(99)	(50)	(149)
Fair value adjustment	-	-	-	-	55	55
Balance at 30 June 2023	604,066	-	(5,613)	24,184	557	623,194

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 35. Share-based payments and other long-term incentive plans

The group has five (2022: five) long-term incentive plans ('LTIPs') being:

- (i) 2014 US Employee Share Scheme Plan ('US ESSP');
- (ii) 2014 Non-US Employee Share Scheme Plan ('Non-US ESSP');
- (iii) Campaign Monitor Holdings (UK) Limited 2018 Stock Incentive Plan ('CMHUK 2018 SIP');
- (iv) 2017 Executive Long-Term Incentive Plan ('ELTIP'); and
- (v) 2022 Long-Term Incentive Plan ('LTIP Grant')

The group, at the discretion of the Board may grant awards to directors and employees, in accordance with the relevant long-term incentive plan.

Plans (i) and (ii) were discontinued in 2017 and were replaced with plan (iii).

Under plan (iii) employees may be granted options to acquire Class A shares. Such options may be exercised immediately by the employee by paying the exercise price, regardless of vesting, up to the date of their expiry. In this regard 'early exercise options' represent employees that have exercised their option before vesting conditions are met and they are issued with unvested Class A shares. The group retains the right to repurchase any early exercised unvested Class A shares at the original exercise price, following the termination of the employee.

The vesting conditions on plan (iii) are, provided the holder has not been terminated prior to the vesting date:

- 25% of the awards will vest on the 12 month anniversary of the vesting commencement date; and
- the remainder shall vest in substantially equal monthly instalments on each monthly anniversary of the vesting commencement date for a period of 36 months.

Once the vesting period has been met, unvested Class A shares are redesignated as vested Class A shares; and options prior to their expiry date, can be converted to vested Class A shares on payment of the exercise price. The rights of holders of Class A shares depend on whether the shares are vested or unvested.

Option holders do not receive any dividends and are not entitled to vote. If an employee ceases employment before the options vest, the options will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The rights of holders of Class A shares depend on whether the shares are vested or unvested, as detailed in note 21.

Under plan (iv) certain executives were given participation units in the ELTIP. Upon a measurement event, each participating executive is entitled to a cash bonus based on their percentage of units held in the bonus pool. A 'measurement event' is the earlier to occur of an initial public offering or a change in control, to the extent that this occurs prior to July 2024, whereby the plan will expire and all participation units will be immediately forfeited. No liability has been recognised at 30 June 2023 and 30 June 2022 as the 'measurement event' has not occurred and it is not possible to determine a reliable estimate given the uncertainty over future events.

Plan (iv) was discontinued in 2022 and replaced with plan (v).

Under plan (v), certain executives were granted phantom-equity grants ('LTIP Grant'). The LTIP Grant represents employees' rights to participate in the appreciation of the value of the newly formed partnership under Iris Holdings L.P. through Class B units which are split into "Time Units" (units subject to solely service based vesting conditions) and "Performance Units" (units subject to service and performance based vesting conditions).

Time Units will vest over four years, with 25% of the Time Units vesting on the first anniversary of the Vesting Commencement Date, and 75% of the Time Units vesting in twelve equal quarterly instalments.

Performance Units are subject to continued employment with the Company Group through the consummation of the first Change in Control. No Performance Units will vest if the Multiple of Invested Capital achieved is less than 2.0X. Further Performance Units vest if Multiple of Invested Capital is greater than 2.5X.

No liability has been recognised at 30 June 2023 as the 'measurement event' has not occurred and it is not possible to determine a reliable estimate given the uncertainty over future events.

Campaign Monitor Holdings (UK) Limited
Notes to the consolidated financial statements
30 June 2023



Note 35. Share-based payments and other long-term incentive plans (continued)

	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2023					
Options issued	1,766,853	-	(25,000)	(288,784)	1,453,069
Weighted average exercise price	US\$0.56	US\$0.00	US\$0.57	US\$0.57	US\$0.56
	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2022					
Options issued	3,655,598	-	(154,935)	(1,733,810)	1,766,853
Weighted average exercise price	US\$0.57	US\$0.00	US\$0.56	US\$0.58	US\$0.56

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
31/03/2016	31/03/2026	1,000	1,000
15/05/2018	15/05/2028	931,550	1,069,344
24/10/2018	24/10/2028	295,519	471,509
25/09/2019	25/09/2029	225,000	225,000
		<u>1,453,069</u>	<u>1,766,853</u>

The weighted average remaining contractual life of the options outstanding at the end of the financial year was 5.2 years (2022: 6.2 years).

The intrinsic value of options exercised during the financial year was US\$558 (2022: US\$3,100).

The share-based payment expense or credit to profit or loss for the year is disclosed in note 6.

Note 36. Events after the reporting period

On 8 July 2023, the subsidiary Stellar Loyalty Europe Limited was dissolved.

On 21 August 2023, the subsidiary Cheetah Digital, Inc. was renamed to Marigold USA, Inc.

On 31 August 2023, the subsidiary Stellar Loyalty, Inc. was dissolved and all assets and liabilities were moved to Marigold USA, Inc. (formerly known as Cheetah Digital, Inc.)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years

Campaign Monitor Holdings (UK) Limited
Company statement of profit or loss and other comprehensive income
30 June 2023



Interest revenue calculated using the effective interest method	163	159
Expenses		
Foreign exchange (loss)/gain	(8)	22
Accounting and legal fees	(17)	(61)
Profit before income tax benefit/(expense)	138	120
Income tax benefit/(expense)	172	(6)
Profit after income tax benefit/(expense) for the year attributable to the owners of Campaign Monitor Holdings (UK) Limited	310	114
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of Campaign Monitor Holdings (UK) Limited	310	114

Campaign Monitor Holdings (UK) Limited
Company balance sheet
30 June 2023



Assets

Non-current assets

Trade and other receivables	5	6,503	6,339
Investment in subsidiaries	6	287,277	287,277
Total non-current assets		293,780	293,616

Current assets

Trade and other receivables	5	162,687	162,481
Total current assets		162,687	162,481

Total assets

456,467 456,097

Liabilities

Current liabilities

Creditors	7	101,150	101,091
Total current liabilities		101,150	101,091

Total liabilities

101,150 101,091

Net assets

355,317 355,006

Equity

Share capital	8	456,387	456,386
Share premium account		14,698	14,698
Other reserves	9	21,437	21,437
Accumulated losses		(137,205)	(137,515)

Total equity

355,317 355,006

The company financial statements on pages 70 to 78 of Campaign Monitor Holdings (UK) Limited (company number 09446000) were approved by the Board of Directors and authorised for issue on 15 September 2023. They were signed on its behalf by:

DocuSigned by:

Adam Berger

2050C10540EAAA0

Adam Berger
 Director

15 September 2023
 Sydney

Campaign Monitor Holdings (UK) Limited
Company statement of changes in equity
30 June 2023



	Share capital US\$'000	Share Premium account US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 July 2021	456,383	14,698	21,455	(137,629)	354,907
Profit after income tax expense for the year	-	-	-	114	114
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	114	114
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	(101)	-	(101)
Early exercised options	-	-	86	-	86
Conversion of shares	3	-	(3)	-	-
Balance at 30 June 2022	<u>456,386</u>	<u>14,698</u>	<u>21,437</u>	<u>(137,515)</u>	<u>355,006</u>
	Share capital US\$'000	Share Premium account US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 July 2022	456,386	14,698	21,437	(137,515)	355,006
Profit after income tax benefit for the year	-	-	-	310	310
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	310	310
<i>Transactions with owners in their capacity as owners:</i>					
Conversion of shares	1	-	-	-	1
Balance at 30 June 2023	<u>456,387</u>	<u>14,698</u>	<u>21,437</u>	<u>(137,205)</u>	<u>355,317</u>

Campaign Monitor Holdings (UK) Limited
Notes to the company financial statements
30 June 2023



Note 1. General information

Campaign Monitor Holdings (UK) Limited (the 'company') is a private company, incorporated and domiciled in the United Kingdom and is the ultimate parent entity of Campaign Monitor Holdings Pty Limited and its subsidiaries.

The financial statements are presented in United States dollars, which is Campaign Monitor Holdings (UK) Limited's functional and presentation currency.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company and required no adjustments to opening accumulated losses.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements.

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

Historical cost convention

The financial statements have been prepared under the historical cost convention and under the going concern assumption.

As at 30 June 2023, the company has net current assets of US\$61,537,000 (2022: US\$61,390,000). The financial statements have been prepared on a going concern basis which contemplates the fact that the company is within the Campaign Monitor Holdings (UK) Limited group. The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic report and in the Group directors' report. In addition, note 16 and 25 of the Group consolidated financial statements include details on the Group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to market risk, credit risk and liquidity risk. The Group has adequate financial resources together with a diversified customer base across different geographic regions, and thus the directors believe that the Group is well placed to manage its business risks successfully.

Campaign Monitor Holdings (UK) Limited
Notes to the company financial statements
30 June 2023



The directors have prepared detailed cash flow forecasts ("the forecasts") for the period of at least 12 months from the date of signing these financial statements, which includes a base case and significant but plausible downside scenario. The significant but plausible scenario considers a reasonable reduction to revenue and increase to interest rates, whilst maintaining contractual cash outflows. The directors have then compared the cash requirements shown in the forecasts to the currently available bank facilities. This comparison shows that the Group is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of signing the 30 June 2023 financial statements within its available bank facilities under both of these forecasts.

At the time of signing these financial statements, the Group has unused and uncommitted loan facilities of US\$1,000,000.

On the basis of the above, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. All forecasts and projections carry inherent risk that the assumptions used in their preparation may require amendment if circumstances change.

Details on the Group's financial performance and position are disclosed in the consolidated financial statements.

Further details of the directors' considerations in relation to going concern are included in the directors' report.

Foreign currency translation

Foreign currency transactions are translated into United States dollars 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 financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis. The taxation liabilities are reduced wholly or in part by the surrender of tax losses by fellow group undertakings for which payment is made.

Other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment in subsidiary

Investment in subsidiary is shown at cost including subsequent contributions, less accumulated impairment.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Share capital

Ordinary shares are classified as equity.

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

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Note 4. Employees and directors' information

The only employees of the company are the directors whose emoluments and remuneration are disclosed in note 7 to the consolidated financial statements.

Note 5. Trade and other receivables

	2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Promissory note - principal	5,600	5,600
Promissory note - interest	903	739
	6 503	6 339
<i>Current assets</i>		
Intercompany receivables	162 687	162 481
	<u>169,190</u>	<u>168,820</u>

Promissory note receivable

Principal US\$5,600,000; interest accrues at 2.56% semi-annual compounding; maturity 15 August 2027 (10 year term) and can be settled by cash or by fully vested shares in Campaign Monitor Holdings (UK) Limited held by the note holder.

As security for the repayment of principal and interest on this note collateral has been provided in the way of security interest in any and all equity securities of the note holder.

Intercompany receivables

Intercompany receivables are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Note 6. Investment in subsidiaries

	2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Campaign Monitor (UK) Limited - 49.51% owned (2022: 49.41% owned) - at written down value	<u>287,277</u>	<u>287,277</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	287,277	287,288
Additional investment during the year	-	90
Reversal of share based payments	-	(101)
Closing carrying amount	<u>287,277</u>	<u>287,277</u>

A full list of the subsidiaries controlled by the company is disclosed in note 33 to the consolidated financial statements

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Note 7. Creditors

	2023 US\$'000	2022 US\$'000
<i>Current liabilities</i>		
Intercompany payables	101,130	101,044
Accruals	20	47
	<u>101,150</u>	<u>101,091</u>

Intercompany payables

The intercompany payables are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Note 8. Share capital

	2023 Shares	2022 Shares	2023 US\$'000	2022 US\$'000
Ordinary shares of US\$3.9998062524 each - authorised, issued and fully paid	39,500,000	39,500,000	157,992	157,992
Preference shares of US\$3.9998062524 each - authorised, issued and fully paid	74,294,908	74,294,908	297,166	297,166
Class A preference shares of US\$0.01 each - authorised, issued and fully paid	2,000,001	2,000,001	20	20
Class 1 shares of US\$1.9996000800 each - authorised, issued and fully paid	500,100	500,100	1,000	1,000
Class A shares of US\$0.02 each - authorised, issued and fully paid	10,170,164	10,145,164	204	203
Deferred shares of US\$0.02 each - authorised, issued and fully paid	245,563	245,563	5	5
	<u>126,710,736</u>	<u>126,685,736</u>	<u>456,387</u>	<u>456,386</u>

Details relating to the rights and movements of each share class are disclosed in note 21 to the consolidated financial statements.

Note 9. Other reserves

	2023 US\$'000	2022 US\$'000
Share-based payments reserve	<u>21,437</u>	<u>21,437</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

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Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments US\$'000	Total US\$'000
Balance at 1 July 2021	21,455	21,455
Share-based payments	(101)	(101)
Early exercised options	86	86
Conversion of shares	(3)	(3)
Balance at 30 June 2022	21,437	21,437
Balance at 30 June 2023	<u>21,437</u>	<u>21,437</u>

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year or before the date of approval of the accounts.

Note 11. Ultimate controlling party

The controlling party is Campaign Monitor Investors Holdings, L.P. and the ultimate controlling party is Insight Venture Partners VIII, L.P. The smallest and the largest group to consolidate these financial statements is Campaign Monitor Holdings (UK) Ltd. Copies of Campaign Monitor Holdings (UK) Ltd consolidated financial statements can be obtained from the Company Secretary at Northern and Shell Building, 10 Lower Thames Street, London, United Kingdom, EC3R 6EN.

Note 12. Share-based payments and other long-term incentive plans

The group has five (2022: five) long-term incentive plans. Details are disclosed in note 35 to the consolidated financial statements.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.