

Registration number: 03879547

Mergermarket Limited  
Annual Report and Unaudited Financial Statements  
for the Year Ended 31 December 2021



## **Mergermarket Limited**

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## **Mergermarket Limited**

### **Company Information**

#### **Directors**

Kunal Gullapalli

Paul Evans

Mandy Rutter

#### **Registered office**

10 Queen Street Place  
London  
EC4R 1BE

## **Mergermarket Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

The company recorded underlying growth in revenues benefiting from high levels of new business sales and improving renewal rates.

The company continues to increase its investment in technology and product development, improving the core product platforms. These investments aim to improve the user experience and provide subscribers with new information sets to help them perform their daily tasks. The improvements help the company maintain its high renewal rates and increase renewal values.

On 18 May 2021, the company received an equity excluded capital contribution from its parent company Mergermarket Bidco Limited for £7.4m and recognised this amount directly in "Other Reserves" in the Statement of Financial Position.

The company's key financial and other performance indicators during the year were as follows:

Turnover increased by 10.4% to £85.4m and operating profit increased to £34.1m from £10.4m.

#### **Principal risks and uncertainties**

The management of the business and execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to consolidation of the customer base, employee retention and the regulatory environment.

The company aims to mitigate risks associated with consolidation of the customer base by investing in its products to enhance appeal to existing and new customers, and adding new products to sell to existing customers and customers in new market segments.

Risks associated with employee retention are addressed by offering competitive remuneration, a flexible working environment and providing training and professional development opportunities.

The company has less control over the regulatory environment but aims to minimise risk by offering a broad portfolio of products that are not dependent on one individual market segments.

## Mergermarket Limited

### Strategic Report for the Year Ended 31 December 2021 (continued)

#### Section 172 statement

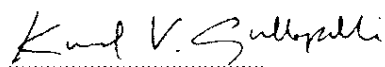
The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members and key stakeholders. The directors when making key decisions for the company have had considered the impact of their decisions to the company's key stakeholders and to wider society by continuing to facilitate the critical processes within our customer's businesses, and by focusing on innovation in the capital markets in order to contribute to continuous process improvement for our customers.

One of the company's core values is to long term thinking and building long-term sustainable relationships with our customers. The company's products help our customers to improve decision-making, increase efficiency, simplify complex processes and empower their people. This is achieved by partnering with our customers to enable them to find insights that lead to business opportunities as well as strengthen compliance and risk management with in depth regulatory insights.

These long-term sustainable relationships allow us to invest in product development that enhances our products and provides more useful information to our customers; as well as managing our commitments to our suppliers and lenders.

The company recognises our employees are a critical success factor for the company, hence we seek to assist our employees to succeed through a positive culture and continuous improvement. There are a number of measures in place to keep employees up to date on recent developments of company and allow employee engagement with senior management, through face to face meetings and electronic media.

Approved by the Board on 9/28/2022 and signed on its behalf by:



Kunal Gullapalli  
Director

## **Mergermarket Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the unaudited financial statements for the year ended 31 December 2021.

#### **Directors' of the company**

The director, who held office during the year, was as follows:

Kunal Gullapalli

The following directors were appointed after the year end:

Paul Evans (appointed 27 July 2022)

Mandy Rutter (appointed 22 July 2022)

#### **Principal activity**

The principal activity of the company is the provision of financial information services, analysis and data to the advisory, corporate and financial communities.

The directors believe that the company will continue in these activities for the foreseeable future.

#### **Employment of disabled persons**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

#### **Employee involvement**

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its competitive advantage.

#### **Future developments**

The company's products are sold across the financial services industry to institutional investors, hedge funds, private equity firms, banks, advisory firms, lawyers, consultants and corporates. The company operates an enterprise license sales model, minimising exposure to changes in headcount within the financial services industry and its wide spread of customers mean it has a well-diversified revenue base. Market conditions are currently stable.

The company will continue to invest in technology and product development to introduce a number of new content initiatives for subscribers as well as improving the delivery and functionality of its existing information services.

#### **Creditor payment policy**

The company aims to pay all its suppliers within a reasonable period of their invoices being received and in any case within the suppliers' own payment periods.

## Mergermarket Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### Greenhouse gas emissions, energy consumption and energy efficiency

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

|                     |             |
|---------------------|-------------|
|                     | <b>2021</b> |
|                     | <b>kWh</b>  |
| UK energy consumed: |             |
| Electricity use     | 198,773     |
| Gas combustion      | 143,179     |

|   |                   |
|---|-------------------|
|   | <b>2021</b>       |
|   | <b>Tonnes CO2</b> |
| UK emissions from:                      |                   |
| Scope 1 (Direct)                        | 26                |
| Scope 2 (Energy Indirect)               | 42                |
| Scope 3 (Other Indirect)                | -                 |
| Company's chosen intensity measurement: |                   |
| Total CO2 emissions per £m Revenue      | 0.49              |

Consumption data was determined by using landlord reports. Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.

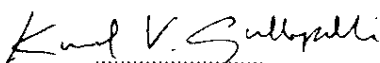
#### Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### Directors' liabilities

During the year and as at date of approval of the financial statements, the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company. This is a qualifying third party indemnity provision for the purposes of Companies Act 2006.

Approved by the Board on 9/28/2022 and signed on its behalf by:



Kunal Gullapalli  
Director

## Mergermarket Limited

### Income Statement for the Year Ended 31 December 2021

|                              | Note | 2021<br>£ 000 | 2020<br>£ 000 |
|------------------------------|------|---------------|---------------|
| Revenue                      | 4    | 85,446        | 77,389        |
| Cost of sales                |      | (21,471)      | (24,941)      |
| <b>Gross profit</b>          |      | <b>63,975</b> | 52,448        |
| Administrative expenses      |      | (47,330)      | (60,469)      |
| Other operating income       | 5    | 17,438        | 18,406        |
| <b>Operating profit</b>      | 6    | <b>34,083</b> | 10,385        |
| Finance income               |      | 254           | 269           |
| Finance costs                |      | (1,047)       | (1,121)       |
| Net finance cost             | 7    | (793)         | (852)         |
| <b>Profit before tax</b>     |      | <b>33,290</b> | 9,533         |
| Income tax (expense)/receipt | 10   | (295)         | 66            |
| <b>Profit for the year</b>   |      | <b>32,995</b> | 9,599         |

The above results were derived from continuing operations.

The notes on pages 13 to 43 form an integral part of these financial statements.

**Mergermarket Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2021**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£ 000</b> | <b>£ 000</b> |
| Profit for the year                     | 32,995       | 9,599        |
| Total comprehensive income for the year | 32,995       | 9,599        |

The notes on pages 13 to 43 form an integral part of these financial statements.

# Mergermarket Limited

(Registration number: 03879547)

## Statement of Financial Position as at 31 December 2021

|  | Note | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|--|------|------------------------------|------------------------------|
| <b>Assets</b>  |      |                              |                              |
| <b>Non-current assets</b>                                  |      |                              |                              |
| Property, plant and equipment                              | 11   | 834                          | 1,507                        |
| Right of use assets  | 12   | 4,037                        | 4,751                        |
| Intangible assets  | 13   | 34,294                       | 40,622                       |
| Investments in subsidiaries, joint ventures and associates | 14   | 44,527                       | 41,595                       |
| Deferred tax assets  | 10   | 1,684                        | 1,275                        |
| Loans  |      | 3,417                        | 3,387                        |
|  |      | <u>88,793</u>                | <u>93,137</u>                |
| <b>Current assets</b>                                      |      |                              |                              |
| Trade and other receivables                                | 15   | 260,186                      | 162,537                      |
| Cash and cash equivalents                                  | 16   | 2,027                        | 1,531                        |
|  |      | <u>262,213</u>               | <u>164,068</u>               |
| Total assets   |      | <u>351,006</u>               | <u>257,205</u>               |
| <b>Equity and liabilities</b>                              |      |                              |                              |
| <b>Equity</b>  |      |                              |                              |
| Share capital  | 17   | (40)                         | (40)                         |
| Share premium  |      | (6,044)                      | (6,044)                      |
| Other reserves   |      | (7,395)                      | -                            |
| Retained earnings  |      | (89,074)                     | (56,079)                     |
| Total equity   |      | <u>(102,553)</u>             | <u>(62,163)</u>              |
| <b>Non-current liabilities</b>                             |      |                              |                              |
| Long term lease liabilities                                |      | (4,841)                      | (5,850)                      |
| Loans and borrowings                                       | 18   | (9,919)                      | (9,579)                      |
| Deferred tax liabilities                                   | 10   | (2,003)                      | (1,794)                      |
|  |      | <u>(16,763)</u>              | <u>(17,223)</u>              |
| <b>Current liabilities</b>                                 |      |                              |                              |
| Current portion of long term lease liabilities             |      | (1,374)                      | (1,374)                      |
| Trade and other payables                                   | 20   | (173,500)                    | (108,328)                    |
| Income tax liability                                       |      | 63                           | 41                           |
| Deferred income  |      | (41,387)                     | (50,240)                     |
| Accruals   |      | (15,492)                     | (17,918)                     |
|  |      | <u>(231,690)</u>             | <u>(177,819)</u>             |

The notes on pages 13 to 43 form an integral part of these financial statements.

**Mergermarket Limited**

**(Registration number: 03879547)**

**Statement of Financial Position as at 31 December 2021 (continued)**

|                              | <b>Note</b> | <b>31 December<br/>2021<br/>£ 000</b> | <b>31 December<br/>2020<br/>£ 000</b> |
|------------------------------|-------------|---------------------------------------|---------------------------------------|
| Total liabilities            |             | <u>(248,453)</u>                      | <u>(195,042)</u>                      |
| Total equity and liabilities |             | <u>(351,006)</u>                      | <u>(257,205)</u>                      |

The notes on pages 13 to 43 form an integral part of these financial statements.

**Mergermarket Limited**

**(Registration number: 03879547)**

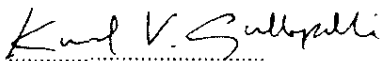
**Statement of Financial Position as at 31 December 2021 (continued)**

For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 9/28/2022 and signed on its behalf by:



Kunal Gullapalli  
Director

**Mergermarket Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2021**

|                            | Share capital<br>£ 000 | Share<br>premium<br>£ 000 | Other<br>reserves<br>£ 000 | Retained<br>earnings<br>£ 000 | Total<br>£ 000 |
|----------------------------|------------------------|---------------------------|----------------------------|-------------------------------|----------------|
| At 1 January 2021          | 40                     | 6,044                     | -                          | 56,079                        | 62,163         |
| Profit for the year        | -                      | -                         | -                          | 32,995                        | 32,995         |
| Total comprehensive income | -                      | -                         | -                          | 32,995                        | 32,995         |
| Contribution from parent   | -                      | -                         | 7,395                      | -                             | 7,395          |
| At 31 December 2021        | 40                     | 6,044                     | 7,395                      | 89,074                        | 102,553        |

|                            | Share capital<br>£ 000 | Share<br>premium<br>£ 000 | Other<br>reserves<br>£ 000 | Retained<br>earnings<br>£ 000 | Total<br>£ 000 |
|----------------------------|------------------------|---------------------------|----------------------------|-------------------------------|----------------|
| At 1 January 2020          | 40                     | 6,044                     | -                          | 46,480                        | 52,564         |
| Profit for the year        | -                      | -                         | -                          | 9,599                         | 9,599          |
| Total comprehensive income | -                      | -                         | -                          | 9,599                         | 9,599          |
| At 31 December 2020        | 40                     | 6,044                     | -                          | 56,079                        | 62,163         |

## Mergermarket Limited

### Statement of Cash Flows for the Year Ended 31 December 2021

|   | Note | 2021<br>£ 000   | 2020<br>£ 000   |
|---|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>   |      |                 |                 |
| Operating profit                              |      | 34,083          | 10,385          |
| Adjustments to cash flows from non-cash items |      |                 |                 |
| Depreciation and amortisation                 | 6    | 17,384          | 18,523          |
| Income tax paid                               |      | (517)           | (622)           |
|   |      | <u>50,950</u>   | <u>28,286</u>   |
| Working capital adjustments                   |      |                 |                 |
| Increase in trade and other receivables       | 15   | (97,649)        | (80,803)        |
| Increase in trade and other payables          | 20   | 62,746          | 62,928          |
| (Decrease)/increase in deferred income        |      | (8,853)         | 4,818           |
| Net cash flow from operating activities       |      | <u>7,194</u>    | <u>15,229</u>   |
| <b>Cash flows from investing activities</b>   |      |                 |                 |
| Acquisitions of property plant and equipment  |      | (172)           | (497)           |
| Internally generated intangible assets        | 13   | (9,161)         | (13,325)        |
| Investment in associate                       | 14   | (2,932)         | -               |
| Finance income                                |      | 254             | 138             |
| Net cash flows from investing activities      |      | <u>(12,011)</u> | <u>(13,684)</u> |
| <b>Cash flows from financing activities</b>   |      |                 |                 |
| Interest paid                                 | 7    | (239)           | (564)           |
| Capital contribution from parent company      |      | 7,395           | -               |
| Payment of lease liabilities                  |      | (1,843)         | (1,280)         |
| Net cash flows from financing activities      |      | <u>5,313</u>    | <u>(1,844)</u>  |
| Net decrease in cash and cash equivalents     |      | 496             | (299)           |
| Cash and cash equivalents at 1 January        |      | <u>1,531</u>    | <u>1,830</u>    |
| Cash and cash equivalents at 31 December      |      | <u>2,027</u>    | <u>1,531</u>    |

The notes on pages 13 to 43 form an integral part of these financial statements.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

10 Queen Street Place

London

EC4R 1BE

#### **2 Accounting policies**

##### **Statement of compliance**

The company financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS's").

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The company is a provider of financial information, analysis and data to the advisory, corporate and financial communities.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

Revenue represents subscriptions to the information services and income from research reports and events. The cash relating to subscriptions is received in advance, with standard payment terms of 14 days from invoice date. Revenue is recognised in the income statement evenly over the duration of subscriptions as the Company satisfies its performance obligations and control of the information passes to the subscriber. For periods where the Company has not fulfilled its performance obligations, amounts are accrued on the balance sheet as contract liabilities. Revenue from research reports and events is recognised in the same accounting period in which the report is published or event is held. Standard contract terms do not allow for refunds or cancellations and do not contain warranties or related obligations.

##### **Segment reporting**

The company primarily provides financial information via subscription based services to its customers. For segment reporting purposes, the company has been treated as operating in one segment.

##### **Foreign currency transactions and balances**

###### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in British Pounds (GBP), which is the company's functional currency.

###### *Transactions and balances*

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

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Computers and office equipment includes purchased software from third parties.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| <b>Asset class</b>             | <b>Depreciation method and rate</b> |
|--------------------------------|-------------------------------------|
| Computers and office equipment | Straight line 3 to 8 years          |
| Fixtures and fittings          | Straight line 5 years               |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Intangible assets

###### *Goodwill*

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognised to the extent that the carrying value of goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or Group of CGUs, that is expected to benefit from the synergies of the combination. Due to the integrated nature of the business and sharing of common central functions, management has treated the Group as a single CGU for the purposes of impairment testing.

###### *Acquired intangible assets*

Acquired intangible assets include customer lists and relationships, trademarks and brands, content and technology. These assets are capitalised on acquisition at fair value and included in intangible assets. Intangible assets are amortised over their estimated useful lives of between 10 and 20 years, using an amortisation method that reflects the pattern of their consumption. The group tests whether these assets have suffered any impairment if any indicators of impairments have arisen.

###### *Internally generated software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years. Amortisation expense is recognised in "administrative expenses" in the Income Statement.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| <b>Asset class</b>                              | <b>Amortisation method and rate</b> |
|---|-------------------------------------|
| Internally generated software development costs | Straight line 3 years               |

##### **Investments**

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Financial instruments**

###### **Financial assets**

##### **Initial recognition and measurement**

The company determines the classification of its financial assets on initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets held by the company are classified in the following categories:

- Financial assets at amortised costs - the company measures financial assets at amortised cost if both of the following conditions are met; (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) based on the contractual terms the expected cashflows are solely payments of principal and interest on the outstanding principal. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
- Financial assets at fair value through profit or loss - these include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Derivatives, including embedded derivatives which are accounted for as separate derivatives other than those designated at fair value through profit or loss; are classified as held for trading. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented in the Statement of Comprehensive Income.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

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

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivable and the economic environment.

The company considers default to occur when contractual payments are outstanding greater than 360 days past due based on historical experience, however given the company applies a simplified approach in calculating ECLs for trade receivables and contract assets, the definition of default has no impact on the quantification of the provision. Trade receivables are written off when there is no reasonable expectation of recovering the contractual cashflows, which is based on an assessment of the company's intention and ability to successfully recover balances through enforcement activities.

##### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### **Financial Liabilities**

##### **Initial recognition and measurement**

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Loans and borrowings - after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.
- Financial liabilities at fair value through profit or loss - these include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This includes derivatives not in a hedging relationship and embedded derivatives that meet the separation criteria in IFRS 9, as outlined above. Financial liabilities at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented in the Statement of Comprehensive Income.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

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

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

##### **Classification of financial instruments**

An instrument or its components, are classified on initial recognition as a financial asset, financial liability or equity in accordance with the substance of the contractual arrangements and the requirements of IAS 32. The initial carrying value of a compound instruments are allocated between the financial liability components and equity components, by first valuing the financial liability on a stand-alone basis and allocating the residual value to the equity component. Transaction costs are allocated between the components on a relative fair value basis.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

##### • *Judgements:*

In applying the Company's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements.

**Income and deferred tax:** The tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, judgements are used in determining the liability for the tax to be paid. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Company's tax calculation are reassessment of uncertain tax provisions and reassessment of the recognition and recoverability of deferred tax assets.

**Acquired intangible assets:** When the Company makes an acquisition, management determines initially whether any intangible assets (e.g. customer relationships, trade names and technology) should be recognised separately from goodwill, and the provisional amounts at which to recognise those assets. Certain assumptions are used in determining the provisional values for such intangible assets, including, but not limited to, future growth rates and customer attrition rates. During the first 12 months of ownership, intangible assets are reviewed to determine whether any additional information exists that supports amendments to that original assessment, including new intangible assets.

##### • *Estimates:*

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that could have a risk of causing a significant material adjustment to the carrying amount of assets and liabilities within the next financial year.

**Impairment of goodwill:** Following recognition of goodwill as a result of acquisitions, the Company determines, as a minimum on an annual basis and including current year acquisitions whether goodwill is impaired, which requires an estimation of the future cash flows of the cash generating unit to which the goodwill is allocated, as well as assumptions on growth rates and discount rates. No risk has been identified of a goodwill impairment in the next twelve months.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

|                         | 2021<br>£ 000 | 2020<br>£ 000 |
|-------------------------|---------------|---------------|
| Subscription and events | 85,446        | 76,867        |
| Grants                  | -             | 490           |
| Other revenue           | -             | 32            |
|                         | <u>85,446</u> | <u>77,389</u> |

#### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

|                                     | 2021<br>£ 000 | 2020<br>£ 000 |
|-------------------------------------|---------------|---------------|
| Royalty income from related parties | <u>17,438</u> | <u>18,406</u> |
| Total other income                  | <u>17,438</u> | <u>18,406</u> |

#### 6 Operating profit

Arrived at after charging/(crediting)

|   | 2021<br>£ 000 | 2020<br>£ 000 |
|---|---------------|---------------|
| Employee benefits expense                       | 14,039        | 18,239        |
| Depreciation expense                            | 1,895         | 2,626         |
| Amortisation expense                            | 15,489        | 15,897        |
| Foreign exchange gains                          | (211)         | (1,536)       |
| Donations                                       | -             | 7             |
| Other expenses                                  | <u>37,589</u> | <u>50,177</u> |
| Total cost of sales and administrative expenses | <u>68,801</u> | <u>85,410</u> |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 7 Finance income and costs

|  | 2021<br>£ 000 | 2020<br>£ 000 |
|--|---------------|---------------|
| <b>Finance income</b>                    |               |               |
| Interest receivable from related parties | 254           | 269           |
| Total finance income                     | 254           | 269           |
| <b>Finance costs</b>                     |               |               |
| Interest payable to related parties      | (548)         | (557)         |
| Interest expense on leases               | (499)         | (564)         |
| Total finance costs                      | (1,047)       | (1,121)       |
| Net finance costs                        | (793)         | (852)         |

#### 8 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

|  | 2021<br>£ 000 | 2020<br>£ 000 |
|--|---------------|---------------|
| Wages and salaries                         | 10,926        | 14,280        |
| Social security costs                      | 1,805         | 2,334         |
| Pension costs, defined contribution scheme | 1,020         | 1,262         |
| Other employee expense                     | 288           | 363           |
|  | 14,039        | 18,239        |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

|                            | 2021<br>No. | 2020<br>No. |
|----------------------------|-------------|-------------|
| Content creation           | 153         | 182         |
| Commercial                 | 64          | 91          |
| Administration and support | 3           | 8           |
|                            | 220         | 281         |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 9 Net foreign exchange gain/loss

The exchange differences charged to the income statement are included as follows:

|                         | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|-------------------------|------------------------------|------------------------------|
| Administrative expenses | (211)                        | (1,536)                      |
|                         | <u>(211)</u>                 | <u>(1,536)</u>               |

#### 10 Income tax

Tax charged/(credited) in the income statement

|  | 2021<br>£ 000 | 2020<br>£ 000 |
|--|---------------|---------------|
| <b>Current taxation</b>  |               |               |
| UK corporation tax   | 439           | 413           |
| UK corporation tax adjustment to prior periods                 | 56            | 478           |
|  | <u>495</u>    | <u>891</u>    |
| <b>Deferred taxation</b>                                       |               |               |
| Arising from origination and reversal of temporary differences | 727           | (721)         |
| Change in deferred tax rate                                    | 30            | -             |
| Adjustments in respect of prior years                          | (957)         | (236)         |
| Total deferred taxation  | <u>(200)</u>  | <u>(957)</u>  |
| Tax expense/(receipt) in the income statement                  | <u>295</u>    | <u>(66)</u>   |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **10 Income tax (continued)**

|   | <b>2021<br/>£ 000</b> | <b>2020<br/>£ 000</b> |
|---|-----------------------|-----------------------|
| Profit before tax   | 33,290                | 9,533                 |
| Corporation tax at standard rate  | 6,325                 | 1,811                 |
| Increase in tax from adjustment for prior periods                             | (901)                 | 242                   |
| Increase from effect of expenses not deductible in determining taxable profit | (47)                  | 211                   |
| Change in deferred tax rate   | 30                    | -                     |
| Decrease arising from group relief tax reconciliation                         | (5,112)               | (2,330)               |
| Total tax credit  | 295                   | (66)                  |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 10 Income tax (continued)

##### Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| <b>2021</b>                  | <b>Asset<br/>£ 000</b> | <b>Liability<br/>£ 000</b> | <b>Net deferred<br/>tax<br/>£ 000</b> |
|------------------------------|------------------------|----------------------------|---------------------------------------|
| Accelerated tax depreciation | 770                    | -                          | 770                                   |
| Accruals                     | 914                    | -                          | 914                                   |
| Deferred development costs   | -                      | (531)                      | (531)                                 |
| Amortisation                 | -                      | (1,472)                    | (1,472)                               |
|                              | <u>1,684</u>           | <u>(2,003)</u>             | <u>(319)</u>                          |

| <b>2020</b>                  | <b>Asset<br/>£ 000</b> | <b>Liability<br/>£ 000</b> | <b>Net deferred<br/>tax<br/>£ 000</b> |
|------------------------------|------------------------|----------------------------|---------------------------------------|
| Accelerated tax depreciation | 957                    | -                          | 957                                   |
| Accruals                     | 318                    | -                          | 318                                   |
| Deferred development costs   | -                      | (462)                      | (462)                                 |
| Amortisation                 | -                      | (1,332)                    | (1,332)                               |
|                              | <u>1,275</u>           | <u>(1,794)</u>             | <u>(519)</u>                          |

Substantially all of the deferred tax assets and liabilities are expected to be recovered after more than one year.

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect this change was enacted before the balance sheet date and deferred tax has been calculated accordingly.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 10 Income tax (continued)

Deferred tax movement during the year:

|                              | At 1<br>January<br>2021<br>£ 000 | Recognised<br>in income<br>£ 000 | At<br>31 December<br>2021<br>£ 000 |
|------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Accelerated tax depreciation | 957                              | (187)                            | 770                                |
| Accruals                     | 318                              | 596                              | 914                                |
| Deferred development costs   | (462)                            | (69)                             | (531)                              |
| Amortisation                 | (1,332)                          | (140)                            | (1,472)                            |
| Net tax assets/(liabilities) | (519)                            | 200                              | (319)                              |

Deferred tax movement during the prior year:

|                              | At 1<br>January<br>2020<br>£ 000 | Recognised in<br>income<br>£ 000 | At<br>31 December<br>2020<br>£ 000 |
|------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Accelerated tax depreciation | 475                              | 482                              | 957                                |
| Accruals                     | 213                              | 105                              | 318                                |
| Deferred development costs   | (426)                            | (36)                             | (462)                              |
| Amortisation                 | (1,738)                          | 406                              | (1,332)                            |
| Net tax assets/(liabilities) | (1,476)                          | 957                              | (519)                              |

# **Mergermarket Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

### **11 Property, plant and equipment**

|                          | <b>Fixtures and<br/>Fittings<br/>£ 000</b> | <b>Computers and<br/>Office equipment<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|--------------------------|--|---|------------------------|
| <b>Cost or valuation</b> |  |   |                        |
| At 1 January 2020        | 3,697                                      | 8,642   | 12,339                 |
| Additions                | -  | 497   | 497                    |
| At 31 December 2020      | 3,697                                      | 9,139   | 12,836                 |
| At 1 January 2021        | 3,697                                      | 9,139   | 12,836                 |
| Additions                | 106  | 66  | 172                    |
| At 31 December 2021      | 3,803                                      | 9,205   | 13,008                 |
| <b>Depreciation</b>      |  |   |                        |
| At 1 January 2020        | 2,865                                      | 6,838   | 9,703                  |
| Charge for year          | 379  | 1,247   | 1,626                  |
| At 31 December 2020      | 3,244                                      | 8,085   | 11,329                 |
| At 1 January 2021        | 3,244                                      | 8,085   | 11,329                 |
| Charge for the year      | 306  | 539   | 845                    |
| At 31 December 2021      | 3,550                                      | 8,624   | 12,174                 |
| <b>Carrying amount</b>   |  |   |                        |
| At 31 December 2021      | 253  | 581   | 834                    |
| At 31 December 2020      | 453  | 1,054   | 1,507                  |
| At 1 January 2020        | 832  | 1,804   | 2,636                  |

# **Mergermarket Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

### **12 Right of use assets**

|                          | <b>Property<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|--------------------------|---------------------------|------------------------|
| <b>Cost or valuation</b> |                           |                        |
| At 1 January 2020        | 6,751                     | 6,751                  |
| At 31 December 2020      | 6,751                     | 6,751                  |
| At 1 January 2021        | 6,751                     | 6,751                  |
| Additions                | 336                       | 336                    |
| At 31 December 2021      | 7,087                     | 7,087                  |
| <b>Depreciation</b>      |                           |                        |
| At 1 January 2020        | 1,000                     | 1,000                  |
| Charge for the year      | 1,000                     | 1,000                  |
| At 31 December 2020      | 2,000                     | 2,000                  |
| At 1 January 2021        | 2,000                     | 2,000                  |
| Charge for the year      | 1,050                     | 1,050                  |
| At 31 December 2021      | 3,050                     | 3,050                  |
| <b>Carrying amount</b>   |                           |                        |
| At 31 December 2021      | 4,037                     | 4,037                  |
| At 31 December 2020      | 4,751                     | 4,751                  |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Intangible assets

|                          | Goodwill<br>£ 000 | Internally<br>generated assets<br>£ 000 | Other intangible<br>assets<br>£ 000 | Total<br>£ 000 |
|--------------------------|-------------------|---|-------------------------------------|----------------|
| <b>Cost or valuation</b> |                   |   |                                     |                |
| At 1 January 2020        | 15,739            | 47,646                                  | 20,348                              | 83,733         |
| Additions                | -                 | 13,325                                  | -                                   | 13,325         |
| At 31 December 2020      | 15,739            | 60,971                                  | 20,348                              | 97,058         |
| At 1 January 2021        | 15,739            | 60,971                                  | 20,348                              | 97,058         |
| Additions                | -                 | 9,161                                   | -                                   | 9,161          |
| At 31 December 2021      | 15,739            | 70,132                                  | 20,348                              | 106,219        |
| <b>Amortisation</b>      |                   |   |                                     |                |
| At 1 January 2020        | -                 | 29,342                                  | 11,197                              | 40,539         |
| Amortisation charge      | -                 | 14,063                                  | 1,834                               | 15,897         |
| At 31 December 2020      | -                 | 43,405                                  | 13,031                              | 56,436         |
| At 1 January 2021        | -                 | 43,405                                  | 13,031                              | 56,436         |
| Amortisation charge      | -                 | 13,797                                  | 1,692                               | 15,489         |
| At 31 December 2021      | -                 | 57,202                                  | 14,723                              | 71,925         |
| <b>Carrying amount</b>   |                   |   |                                     |                |
| At 31 December 2021      | 15,739            | 12,930                                  | 5,625                               | 34,294         |
| At 31 December 2020      | 15,739            | 17,566                                  | 7,317                               | 40,622         |
| At 1 January 2020        | 15,739            | 18,304                                  | 9,151                               | 43,194         |

Internally generated assets includes capitalised software development costs and commissions on third party customer sales.

Other intangible assets includes trademarks, brands and customer relationships.

#### Impairment tests for goodwill

The goodwill within the company is allocated to one CGU. The recoverable amount for the CGU tested exceeds its carrying value at each balance sheet date.

The recoverable amount of the CGU is based on value in use calculations. Goodwill is tested for impairment annually. Other than goodwill there are no intangible assets with indefinite lives.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Intangible assets (continued)

##### Key assumptions

The key assumptions used by management in testing goodwill for impairment were:

*Discount rate.* A pre-tax discount rate of 11.5% (2020: 11.5%) was assumed. The discount rate is based on the company's cost of capital as reflected by the relative weightings of the cost of debt and equity.

*Perpetuity growth rate.* A perpetuity growth rate of 2.0% was used for cash flows subsequent to the forecast period of 5 years. The forecasts for the first 5 years are conservative when compared with recent historical experience. The perpetuity growth rate is a conservative rate and is considered to be lower than the long-term historical growth rates experienced by the CGU.

#### 14 Investments

| Subsidiaries             | £ 000  |
|--------------------------|--------|
| <b>Cost or valuation</b> |        |
| At 1 January 2020        | 41,595 |
| At 31 December 2020      | 41,595 |
| At 1 January 2021        | 41,595 |
| Additions                | 2,932  |
| At 31 December 2021      | 44,527 |
| <b>Carrying amount</b>   |        |
| At 31 December 2021      | 44,527 |
| At 31 December 2020      | 41,595 |
| At 1 January 2020        | 41,595 |

On 22 April 2021, the company acquired 40.0% of the ordinary shares issued by Identity Intelligence Limited, a provider of compliance data and analytics. The registered office address of Identity Intelligence Limited is at Terminal House, Station Approach, Shepperton, TW17 8AS, United Kingdom.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Details of the subsidiaries as at 31 December 2021 are as follows:

| Name of subsidiary                   | Principal activity               | Registered office   | Proportion of ownership interest and voting rights held |      |
|--------------------------------------|----------------------------------|---|---|------|
|                                      |                                  |   | 2021  | 2020 |
| Acuris Risk Intelligence Limited     | Provider of information services | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 100%  | 100% |
| ARI Enhanced Limited                 | Provider of information services | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 100%  | 100% |
| Mergermarket (Overseas) Limited      | Provider of information services | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 100%  | 100% |
| Mergermarket Brasil Consultoria Ltda | Provider of information services | Avenida Paulista 453, Conjunto 71 Edificio Olivetti, Sao Paulo, SP 01311-000<br>Brazil  | 100%  | 100% |
| Mergermarket FZ LLC                  | Provider of information services | 1405, Floor 14, Aurora Tower, Dubai<br>UAE  | 100%  | 100% |
| Mergermarket Consulting Limited      | Provider of information services | Suite 1602-06, 181 Queen's Road Central<br>Hong Kong                                    | 100%  | 100% |
| Perfect Information Limited          | Holding company                  | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 100%  | 100% |
| Creditflux Limited                   | Provider of information services | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 100%  | 100% |
| Blackpeak (Japan) K.K.               | Provider of information services | 5th Floor, Daisan Daiei Building, 7-18-8 Roppongi, Minato-ku, Tokyo, 106-0032.<br>Japan | 100%  | 100% |
| Credit Rubric Limited                | Provider of information services | 10 Queen Street Place, London, EC4R 1BE, United Kingdom                                 | 75%   | 75%  |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

| Name of subsidiary            | Principal activity               | Registered office  | Proportion of ownership interest and voting rights held |      |
|-------------------------------|----------------------------------|--|---|------|
|                               |                                  |  | 2021  | 2020 |
| Identity Intelligence Limited | Provider of information services | Terminal House, Station Approach, Shepperton, TW17 8AS, United Kingdom | 40%   | -    |
| Inframation Limited           | Provider of information services | 10 Queen Street Place, London EC4R 1BE, United Kingdom                 | 100%  | 100% |

#### 15 Trade and other receivables

|   | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|---|------------------------------|------------------------------|
| Trade receivables                             | 19,609                       | 22,096                       |
| Provision for impairment of trade receivables | (410)                        | (308)                        |
| Net trade receivables                         | 19,199                       | 21,788                       |
| Receivables from related parties              | 238,282                      | 138,746                      |
| Prepayments                                   | 1,476                        | 1,456                        |
| Other receivables                             | 1,229                        | 547                          |
|   | <u>260,186</u>               | <u>162,537</u>               |

Trade receivables are stated at fair value, net of provisions for expected losses.

The ageing analysis of trade receivables is as follows:

|   | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|---|------------------------------|------------------------------|
| Within due date                                     | 11,595                       | 14,086                       |
| Up to 3 months                                      | 7,083                        | 7,432                        |
| 3 to 6 months                                       | 374                          | 195                          |
| 6 months plus                                       | 557                          | 383                          |
|   | <u>19,609</u>                | <u>22,096</u>                |
| Less: Provision for impairment of trade receivables | (410)                        | (308)                        |
| Trade receivables - net                             | <u>19,199</u>                | <u>21,788</u>                |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 15 Trade and other receivables (continued)

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

|                  | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|------------------|------------------------------|------------------------------|
| UK pound         | 95,914                       | 78,971                       |
| US dollar        | 155,061                      | 78,053                       |
| Euros            | 8,891                        | 5,340                        |
| Other currencies | 320                          | 173                          |
|                  | <u>260,186</u>               | <u>162,537</u>               |

#### Expected credit losses on trade receivables

Customer credit risk is managed subject to the company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored. Trade receivables are non-interest bearing and are generally issued with credit terms of 0 - 30 days.

An impairment analysis is performed at each reporting date using the provision matrix below to measure the ECL. The provision rates are based on days past due and the calculation of the ECL reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are based on actual credit loss experience over a period of 2 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the company's view of economic conditions over the expected lives of the receivables.

Set out below is the information about the credit risk exposure on the company's trade receivables and contract assets using a provision matrix:

| At 31 December 2021           | Current       | 30 - 360     | Over 360   | Total         |
|-------------------------------|---------------|--------------|------------|---------------|
| Expected credit loss rate (%) | 0.10%         | 1.10%        | 74.70%     |               |
| Gross carrying amount         | 11,595        | 7,594        | 420        | 19,609        |
| Expected credit loss          | (12)          | (84)         | (314)      | (410)         |
| Net carrying amount           | <u>11,583</u> | <u>7,510</u> | <u>106</u> | <u>19,199</u> |
| Past due but not impaired     | <u>-</u>      | <u>7,510</u> | <u>106</u> | <u>7,616</u>  |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 15 Trade and other receivables (continued)

Movements on the company's provision for impairment of trade receivables are as follows:

|  | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|--|------------------------------|------------------------------|
| Opening balance  | 308                          | 197                          |
| Receivables written off during the year as uncollectable | (32)                         | (37)                         |
| Provision for impairment                                 | 134                          | 148                          |
|  | 410                          | 308                          |

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement.

#### 16 Cash and cash equivalents

|              | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|--------------|------------------------------|------------------------------|
| Cash at bank | 2,027                        | 1,531                        |

#### 17 Share capital

##### Allotted, called up and fully paid shares

|                                 | 31 December<br>2021 |       | 31 December<br>2020 |       |
|---------------------------------|---------------------|-------|---------------------|-------|
|                                 | No. 000             | £ 000 | No. 000             | £ 000 |
| Ordinary shares of £0.01 each   | 2,002               | 20    | 2,002               | 20    |
| A Ordinary shares of £0.01 each | 838                 | 8     | 838                 | 8     |
| B Ordinary shares of £0.01 each | 878                 | 9     | 878                 | 9     |
| C Ordinary shares of £0.01 each | 260                 | 3     | 260                 | 3     |
|                                 | 3,978               | 40    | 3,978               | 40    |

The holders of Ordinary shares are entitled to share equally in the distributable profits of the company subject to distributions being approved by the directors of the company.

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **17 Share capital (continued)**

The rights of the A, B and C Ordinary shares are as follows:

- rank pari passu with the Ordinary shares as regards dividends;
- upon a winding up of the company, any surplus shall be applied first to paying the subscription price for each A, B and C share held and then secondly paying all the shareholders the balance; and
- the voting rights are as Ordinary shares.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 18 Loans and borrowings

|  | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|--|------------------------------|------------------------------|
|--|------------------------------|------------------------------|

##### Non-current loans and borrowings

|                          |       |       |
|--------------------------|-------|-------|
| Related party borrowings | 9,919 | 9,579 |
|--------------------------|-------|-------|

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

Borrowings are started at historical cost less repayment of principal amounts.

Related company borrowings are repayable on demand, unsecured and subject to a fixed rate of interest at market rates.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

|           | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|-----------|------------------------------|------------------------------|
| UK pound  | 6,502                        | 6,193                        |
| US dollar | 3,417                        | 3,386                        |
|           | <u>9,919</u>                 | <u>9,579</u>                 |

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,020,075 (2020 - £1,262,738).

#### 20 Trade and other payables

|                                 | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|---------------------------------|------------------------------|------------------------------|
| Trade payables                  | 2,118                        | 3,756                        |
| Amounts due to related parties  | 170,739                      | 100,911                      |
| Social security and other taxes | (1,171)                      | 2,102                        |
| Other payables                  | 1,814                        | 1,559                        |
|                                 | <u>173,500</u>               | <u>108,328</u>               |

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **21 Financial Instruments and financial risk**

##### **Financial risk**

The company's operations expose it to various financial risks that include credit risk, liquidity risk and currency risk. The company has a risk management program in place which seeks to limit the impact of these risks on the financial performance of the company. This note presents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for measuring and managing the risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The Board has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively.

##### **Credit risk**

##### **Exposure to credit risk**

Credit risk arises from credit extended to customers and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents and deposits with banks and financial institutions.

##### **Trade and other receivables**

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of credit risk by dependence on individual customers or geographically. The company has a large exposure to the financial services industry and the credit risk profile of the company could be adversely affected by significant changes in that industry.

The company has detailed procedures for assessing and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. The company actively follows up on all overdue debtors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

##### **Financial instruments, cash and short-term bank deposits**

Financial instruments, cash and short-term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time.

The carrying amount of financial assets, net of impairment provisions represents the company's maximum credit exposure. The maximum exposure to credit risk at year end is the carrying value of the assets.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 21 Financial Instruments and financial risk (continued)

##### i) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of the financial liabilities and long term employment benefits, excluding the impact of netting agreements:

|                                     | Carrying<br>value<br>£ | No set<br>maturity<br>£ | Less than one<br>year<br>£ | One to five<br>years<br>£ | Over five<br>years<br>£ |
|-------------------------------------|------------------------|-------------------------|----------------------------|---------------------------|-------------------------|
| <b>At 31 December 2021</b>          |                        |                         |                            |                           |                         |
| Accounts payable and other payables | 173,500                | 170,739                 | 2,761                      | -                         | -                       |
| Lease liabilities                   | 6,215                  | -                       | 1,999                      | 5,131                     | -                       |
| Loans and related interest payable  | 9,919                  | 6,502                   | 246                        | 3,741                     | -                       |
|                                     | <u>189,634</u>         | <u>177,241</u>          | <u>5,006</u>               | <u>8,872</u>              | <u>-</u>                |

##### ii) Market risk

Market risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, and interest rates. It will affect the company's income or the value of its holdings of financial instruments. The objective of the company's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the company. The company primarily has one type of market risk namely currency risk.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 21 Financial Instruments and financial risk (continued)

##### Currency risk

Foreign exchange risk arises from assets and liabilities denominated in foreign currencies.

The company's material exposures to foreign currency risk for amounts not denominated in the functional currency of the relevant entities at the Statement of Financial Position date were as follows:

|   | USD<br>£ 000  | EUR<br>£ 000 |
|---|---------------|--------------|
| <b>At 31 December 2021</b>                            |               |              |
| Cash and cash equivalents                             | 305           | 107          |
| Loans   | 3,417         | -            |
| Borrowings  | (3,417)       | -            |
| Trade and other receivables                           | 155,061       | 8,891        |
| Trade and other payables                              | (121,056)     | (11,488)     |
| <b>Gross Statement of Financial Position exposure</b> | <b>34,310</b> | <b>2,490</b> |

A 5% strengthening or weakening of the exchange rates in respect of the translation of amounts not denominated in the functional currency of relevant entities into the functional currency would impact on the profit or loss over a one year period by the amounts shown below. This assumes that all other variables remain constant.

|                              | USD<br>£ 000 | EUR<br>£ 000 |
|------------------------------|--------------|--------------|
| Impact of a 5% strengthening | (1,715)      | (124)        |
| Impact of a 5% weakening     | 1,715        | 124          |

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 22 Related party transactions

##### Key management personnel

Key management personnel are deemed to be the board of directors of the company. The board has responsibility for planning, directing and controlling the activities of the company. Key management personnel compensation is disclosed below:

##### Key management compensation

|   | 31 December<br>2021<br>£ 000 | 31 December<br>2020<br>£ 000 |
|---|------------------------------|------------------------------|
| Salaries and other short term employee benefits | -                            | 230                          |
| Post-employment benefits                        | -                            | 1                            |
|   | <u>-</u>                     | <u>231</u>                   |

The highest paid director's emoluments were as follows:

|                          | 2021<br>£ 000 | 2020<br>£ 000 |
|--------------------------|---------------|---------------|
| Remuneration             | -             | 230           |
| Post employment benefits | -             | 1             |
|                          | <u>-</u>      | <u>231</u>    |

##### Income and receivables from related parties

| 2021                                  | Immediate parent<br>£ 000 | Indirect parent<br>£ 000 | Subsidiary<br>£ 000 | Associates<br>£ 000 |
|---------------------------------------|---------------------------|--------------------------|---------------------|---------------------|
| Provision of services                 | 557                       | -                        | 6,374               | 24,671              |
| Amounts receivable from related party | <u>100,445</u>            | <u>120,385</u>           | <u>13,289</u>       | <u>4,163</u>        |
| 2020                                  | Immediate parent<br>£ 000 | Indirect parent<br>£ 000 | Subsidiary<br>£ 000 | Associates<br>£ 000 |
| Provision of services                 | 1,261                     | -                        | 4,955               | 30,218              |
| Amounts receivable from related party | <u>101,089</u>            | <u>27,029</u>            | <u>8,498</u>        | <u>2,130</u>        |

Sales of services to related parties are negotiated on terms that would be available to third parties and are mainly agreed on a cost plus basis or a percentage of sales basis for royalty income.

Amounts receivable from related parties arise mainly from the provision of services between entities. The receivables are unsecured in nature and bear no interest.

## Mergermarket Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 22 Related party transactions (continued)

##### Expenditure with and payables to related parties

|                                  | Immediate parent | Indirect parent | Subsidiary | Associates |
|----------------------------------|------------------|-----------------|------------|------------|
| 2021                             | £ 000            | £ 000           | £ 000      | £ 000      |
| Purchase of services             | 209              | -               | 9,942      | 5,571      |
| Amounts payable to related party | -                | 7,326           | 40,823     | 122,590    |
|                                  |                  |                 |            |            |
| 2020                             | £ 000            | £ 000           | £ 000      | £ 000      |
| Purchase of services             | 524              | -               | 10,662     | 5,431      |
| Amounts payable to related party | -                | 7,251           | 20,328     | 73,332     |

Services are purchased from related parties on normal commercial terms and conditions and mainly purchased on a cost plus basis.

Amounts payable to related parties arise mainly from the provision of services between entities. The payables bear no interest.

##### Loans from related parties

| 2021                       | £ 000   |
|----------------------------|---------|
| At start of period         | (9,579) |
| Interest charged           | (310)   |
| Foreign exchange movements | (30)    |
| At end of period           | (9,919) |
|                            |         |
| 2020                       | £ 000   |
| At start of period         | (9,411) |
| Interest charged           | (295)   |
| Foreign exchange movements | 127     |
| At end of period           | (9,579) |

## **Mergermarket Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **23 Parent and ultimate parent undertaking**

The Company's immediate parent is Mergermarket Bidco Limited, a company incorporated in the UK. The company's ultimate parent undertaking and controlling party is Bessel Capital SARL, a company incorporated in Luxembourg.

Andrea Pignataro is the ultimate beneficial owner of Bessel Capital SARL holding >25% of the share capital.

#### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is I-Logic Technologies Bidco Limited, incorporated in UK.

The address of I-Logic Technologies Bidco Limited is:  
10 Queen Street Place, London, EC4R 1BE

#### **24 Non adjusting events after the financial period**

There were no post year end events to report.