

**AQ SPHERE HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**Registered number 13778695**

**FOR THE PERIOD AS FROM 02 DECEMBER 2021 (DATE OF INCORPORATION)**  
**TO 31 DECEMBER 2022**



AQ SPHERE HOLDINGS LIMITED  
COMPANY INFORMATION

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Directors	Daniel Pascal Flueckiger Annabel Lee Greenberg
Secretary	CITCO MANAGEMENT (UK) LIMITED
Company number	13778695
Registered Office	Rex House 4th Floor 4-12, Regent Street London, England SW1Y 4PE
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes England MK19 1AU

**AQ SPHERE HOLDINGS LIMITED**  
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The directors present the Strategic Report of AQ Sphere Holdings Limited (the "Company") and its subsidiaries (jointly referred to as "VLAQL" and together with the Company, "the Group") for the period as from 02 December 2021 (date of incorporation) to 31 December 2022. The Accounts have no respective comparative period as it is the first set of accounts prepared.

#### **Business review**

The Company was incorporated on 02 December 2021. On 27th December 2021, it acquired VLAQL Holding SA ("VLAQL"), a holding company incorporated in Luxembourg. At the end of 2021, further to a reorganization, Virtuslab Ltd. became a shareholder of Virtuslab Sp. z o.o. (Ltd.), Poland, Sensinum Sp. z o.o. (Ltd.), Poland and Virtuslab GmbH (Ltd.), Germany. Before reorganization Virtuslab Sp. z o.o. (Ltd.) was formally a superior company to other companies. From an operating perspective Virtuslab Sp. z o.o. (Ltd.) remains a central company which provides services to other Companies for the Group and Customers.

#### **Key Performance Indicators**

The directors have performed an analysis using financial key performance indicators for a better performance understanding of the business. Turnover for the period was EUR 21,450,215 and this was derived from the Group Revenue of VLAQL. The loss before taxation was EUR 1,941,123 and this is explained by the increased in R&D and sales structure at VLAQL level.

The net asset position of the Group was EUR 19,174,504 as at the balance sheet date.

#### **Other information and explanations**

The group meets its day-to-day working capital requirements through current cash flows and its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the group's products and services, and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of a severe but plausible change in trading performance, show that the group should be able to operate within the level of its current facilities. Additionally Group may adjust its level of R&D and sales investments without significant impact on short term revenue. Adjustment of investment spending is mitigation factor in case of negative changes.

Due to the dampened economic environment in 2023 and significant investments Virtuslab failed to meet its covenant obligations under the loan agreement. In April 2024, Virtuslab received an official waiver letter from ING in which the bank agreed not to enforce the rights it has under the Finance Documents. Additionally, an annex to the loan facility was signed, to which certain provisions in the original agreement were amended including covenants for the year 2024 and the following years. Based on the current forecast the Group expects to meet revised covenants in following periods.

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

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

In the course of normal business, the directors assess the significant risks faced and take action to mitigate their potential impact. The following risks, whilst not intended to be a comprehensive analysis, constitute (in the opinion of directors) the principal risks and uncertainties currently facing the Group.

##### ***Access to skilled staff risk***

Key factor to success is access to skilled and experienced employees who can provide high-quality services for customers. Lack of adequate employees may cause problems with delivery of services for existing customers but also limits Group's development.

Risk is mitigated by an established People and Talent Acquisition Team which actively and permanently analyzes the market and searches potential candidates. Additionally the Group has expanded its locations and strengthened its position in a number of local IT Communities.

**Principal risks and uncertainties (Continued)**

*Margin erosion risk*

The Group operates in a highly competitive environment on a global market (IT services can be provided remotely from almost any country). Current advantage of access to the highly skilled employees and consultants in Poland at comparatively lower costs compared to western Europe is still decreasing as salaries in the IT industry in Europe are still leveling what can finally lead to the lower margins.

The Group is mitigating this risk by permanent increasing of skills of its staff and quality of provided services and takes action to negotiate adequate rates with its customers.

*Cyber security risk*

Data loss and compliance with security requirements. Data loss or non-compliance may potentially result in high financial or reputation damages.

The Group has implemented ISO27001 standard and continues to invest in robust cybersecurity measures to protect against potential breaches and ensure the integrity of systems and improvement of security procedures. Regular internal and external audits are conducted.

*Economic risks (e.g. War at Ukraine, Inflation, Brexit)*

A broader economic downturn, whether regional or global, can impact customers spendings and investments and thus also demand for IT services.

The Group maintains flexibility in its business strategies to adapt to the changing environments. The Directors also monitor the ongoing war in Ukraine and its impact on the situation on the markets.

*Financial risks*

Operating in international markets exposes the Group to currency exchange fluctuations. The Group, where it is possible, employs hedging mechanisms to mitigate the impact of adverse exchange rate movements to ensure the stability of financial results. Changes in interest rates can affect borrowing costs and investment returns. A rise in interest rates may increase the debt-servicing expenses. The Group actively manages interest rate risk through prudent financial planning and hedging strategies. The Group is still exposed to significantly high concentration of revenue from its biggest customer but its share continues to decrease due to development of the Group.

*Credit Risk*

In the reporting period, the company actively monitored and managed credit risk to safeguard its financial stability. We conducted assessments of customer creditworthiness, implementing measures to minimize potential defaults. Despite these efforts, it's crucial to acknowledge that credit risk remains an inherent aspect of our business. We experienced instances of delayed payments, and while provisions are in place, there exists a possibility of future credit-related challenges.

*Price Risk*

The company proactively managed price risk throughout the reporting period. Fluctuations in prices, exchange rates, and other market variables were closely monitored. Hedging strategies were considered to mitigate potential adverse impacts on our financial performance. Despite these measures, it's important to recognize that price risk remains an ever-present factor, and the company remains vigilant in adapting strategies to navigate volatile market conditions.

*Cash Flow Risk*

Our focus on cash flow management continued to be a priority during the reporting period. While diligent efforts were made to optimize operational efficiency and working capital, external factors such as economic downturns and unforeseen events may impact our cash flow. We maintain a comprehensive approach to scenario planning and stress testing, ensuring our ability to navigate potential challenges and sustain healthy liquidity levels. By maintaining a proactive stance, we aim to safeguard our ability to meet financial obligations and pursue strategic initiatives.

**Principal risks and uncertainties (Continued)**

*Liquidity Risk*

Liquidity risk management remained a key aspect of our financial strategy in the reporting period. The company maintained sufficient liquidity to cover short-term obligations and contingencies. Regular verifications were performed to assess our ability to withstand adverse liquidity events. While our current liquidity position is stable, uncertainties in financial markets and global economic conditions underscore the importance of ongoing vigilance. The company remains committed to a prudent liquidity risk management approach to mitigate potential disruptions and ensure financial resilience.

**Post reporting date events**

At the end of first quarter of 2023 VirtusLab acquired a new company, SoftwareMill Group (Poland) which became a subsidiary of Virtuslab Sp. z o.o. (Ltd.). Acquisition was partly (EUR 8.5m) financed with a bank loan. This was a strategic acquisition to increase the VirtusLab's position on the market especially in the area of Scala development language. Virtuslab LTD received a waiver from the bank for not fulfilled covenants. In VLAQL Holding SA subsidiary Management Incentive Program ("MIP") for selected managers was launched based on which those managers receive a defined amount of shares of VLAQL after each year of cooperation. Total amount of shares dedicated to MIP is 158.600. In year 2023 company has issued 23.685 shares to the managers.

On 31st March 2023 Virtuslab Ltd. issued 1 new ordinary share which was obtained by existing shareholder AQ Sphere Midco Limited. (issue price of £4.1m, paid by contribution of 64,540 SoftwareMill shares).

On 31st March 2023 Virtuslab Ltd. acquired 1 new ordinary share of Virtuslab Sp. z o.o. (Ltd.) Poland (issue price of £4.1m, paid by contribution of 64,540 SoftwareMill shares).

Due to the dampened economic environment in 2023 and significant investments Virtuslab failed to meet its covenant obligations under the loan agreement. In April 2024, Virtuslab received an official waiver letter from ING in which the bank agreed not to enforce the rights it has under the Finance Documents. Additionally, an annex to the loan facility was signed, to which certain provisions in the original agreement were amended including covenants for the year 2024 and the following years. Based on the current forecast the Group expects to meet revised covenants in following periods.

By order of the board

*Daniel Flueckiger*

Daniel Pascal Flueckiger

11 April 2024

## 1. Principal activities

AQ Sphere Holdings Limited (the "Company") is a private company incorporated on 02nd December 2021, domiciled and registered in the UK. The registered number is 13778695 and the registered address is Rex House 4th Floor, 4-12, Regent Street, London, England, SW1Y 4PE.

The principal activity of AQ Sphere Holdings Limited relates to investment holding. While the principal activity of the subsidiaries continued to be that of providing expert software engineering and consultancy services to help its customers adopt technology transformations and boost the value they create for the modern industry. They have extensive knowledge about Scala, FinTech, Dev tooling and Data. They strongly support the IT community, launch conferences, meetups and contribute to open source initiatives.

## 2. Dividends

There were no proposed or paid dividends during the financial year 2022 or after the balance sheet date 31 December 2022.

## 3. Directors

Directors of the Company were as follows:

Daniel Pascal Flueckiger	Appointed on 02 December 2021	
Annabel Lee Greenberg	Appointed on 05 October 2022	
Joseph Glen Pappalardo	Appointed on 02 December 2021	Retired on 05 October 2022

## 4. Directors' insurance

The Group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

## 5. Company secretary

Citco Management (UK) Limited were appointed as Company Secretary on 25 February 2022.

## 6. Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, and indication of exposure to price risk, credit risk, liquidity risk and cash flow risk.

## 7. Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

#### 8. Research and development

The Group invests constantly in new technologies and software products. In 2022 the Virtuslab acquired new product Tetrisly (UX utility software) and continued its development and sales. Additionally new versions and functionalities within own products (Nexelem, Vived, Scala OSS) were developed and further investments in sales activities have been made. Further work on development of existing software and other software initiatives are planned in the coming years.

#### 9. Future developments

VirtusLab will continue to work on expanding its market offer using innovative technologies, development of its own products and geographical expansion. At the same time, VirtusLab plans further expansion through acquisitions of additional companies in order to increase the scale and scope of its operations. By diversifying its operations, expanding its customer portfolio and continuously expanding the products and services offered, the Group tries to minimize different risks. VirtusLab should continue to develop in the following years increasing its revenue level and number of employees. Potential development will depend mainly on the economic situation on the European and US markets.

#### 10. Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton will therefore continue in office.

By order of the board

*Daniel Flueckiger*

Daniel Pascal Flueckiger  
Director

11 April 2024



**AQ SPHERE HOLDINGS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**6.**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the group and parent financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### Opinion

We have audited the financial statements of AQ SPHERE HOLDINGS LIMITED (the 'parent company') and its subsidiaries (the 'group') for the period from 2 December 2021 to 31 December 2022, which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in equity, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's and the parent company's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as cost of living crisis and global wars, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent 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.

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting frameworks (FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks relating to fraud or non-compliance with laws and regulations.

- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected, or alleged fraud.
- We assessed the susceptibility of the group's consolidated financial statements to material misstatement, including how fraud might occur and the risk of management override of controls.
- Audit procedures performed by the engagement team included:
  - o identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - o challenging assumptions and judgements made by management in its significant accounting estimates;
  - o identifying and testing journal entries, in particular journals relating to management estimates, assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement line item;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - o understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - o knowledge of the industry in which the Group operates;
  - o understanding of the legal and regulatory requirements specific to the Group including:
  - o the provisions of the applicable legislation;
  - o the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

**Use of our report**

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

*Grant Thornton UK LLP*

Taras Kulyk  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes  
11/4/2024

**AQ SPHERE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022**

12.

	Note	2022 EUR
<b>Turnover</b>	3	21,450,215
<b>Cost of sales</b>		<u>(12,397,887)</u>
<b>Gross Profit</b>		<u>9,052,328</u>
<b>Administrative expenses</b>		(11,277,910)
<b>Other operating income</b>		<u>385,294</u>
<b>Operating loss</b>	4	<u>(1,840,288)</u>
<b>Interest receivable and similar income</b>	8	10,767
<b>Interest payable and similar expenses</b>	9	<u>(111,602)</u>
<b>Loss before taxation</b>		<u>(1,941,123)</u>
<b>Taxation</b>	10	<u>(54,627)</u>
<b>Loss for the financial period</b>		<u>(1,995,750)</u>
<b>Other comprehensive income:</b>		
<b>Currency translation differences</b>		<u>75,097</u>
<b>Total comprehensive loss for the period</b>		<u>(1,920,653)</u>
<b>Total comprehensive loss attributable to:</b>		
<b>Shareholders of the Parent Company</b>		(1,979,577)
<b>Non-controlling interest</b>		<u>58,924</u>
<b>Total comprehensive loss for the period</b>		<u>(1,920,653)</u>

The notes on pages 16 to 30 form an integral part of these consolidated financial statements

**AQ SPHERE HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**

13.

	Note	2022 EUR
<b><u>Fixed assets</u></b>		
Intangible fixed assets	12	356,362
Tangible fixed assets	13	468,132
Goodwill	14	<u>16,354,596</u>
		17,179,090
<b><u>Current assets</u></b>		
Debtors	15	5,183,789
Cash at bank and in hand	16	<u>1,049,462</u>
		6,233,251
<b><u>Creditors: amounts falling due within one year</u></b>	19	<u>(3,770,460)</u>
<b>Net current assets</b>		2,462,791
<b>Total assets less current liabilities</b>		19,641,881
<b><u>Creditors: amounts falling due after more than one year</u></b>	18	
Bank loan		(26,661)
Obligation under finance leases		(262,672)
Accruals and deferred income		<u>(94,775)</u>
		(384,108)
<b><u>Provisions for liabilities</u></b>		
Deferred tax liability	24	<u>(83,269)</u>
<b>Net assets</b>		<u>19,174,504</u>
<b><u>Capital and reserves</u></b>		
Ordinary share capital	30	119
Share premium	30	19,933,446
Retained earnings	30	<u>(1,979,577)</u>
<b>Equity attributable to shareholders of the Parent Company</b>		17,953,988
<b><u>Non-controlling interest</u></b>		<u>1,220,516</u>
<b>Total equity</b>		<u>19,174,504</u>

Approved by the directors of the Company on 11th April 2024 and signed on its behalf by:

*Daniel Flueckiger*

.....  
Daniel Pascal Flueckiger

The notes on pages 16 to 30 form an integral part of these consolidated financial statements



AQ SPHERE HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022

14.

*Attributable to shareholders of AQ Sphere Holdings Limited*

	Share capital EUR	Share premium EUR	Retained Earnings EUR	Equity attributable to the owners of the parent EUR	Non-Controlling interest EUR	Total equity EUR
Balance as at 02 December 2021	-	-	-	-	-	-
Loss for the period	-	-	(1,979,577)	(1,979,577)	58,924	(1,920,653)
	-	-	(1,979,577)	(1,979,577)	58,924	(1,920,653)
Transactions with owners: Issue of shares	119	19,933,446	-	19,933,565	-	19,933,565
Total transactions with owners, recognised directly in equity	119	19,933,446	(1,979,577)	17,953,988	58,924	18,012,912
Non-controlling interest arising on business combination (Note 11)	-	-	-	-	1,161,592	1,161,592
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	1,161,592	1,161,592
Balance as at 31 December 2022	119	19,933,446	(1,979,577)	17,953,988	1,220,516	19,174,504

AQ SPHERE HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022

15.

	Note	2022 EUR
Loss before taxation		(1,941,123)
<u>Adjustments for:</u>		
Finance cost		111,602
Taxation charged		54,627
Interest income		(10,767)
Goodwill amortisation		1,817,177
Amortisation and impairment of intangible assets		51,788
Depreciation and impairment of tangible fixed assets		166,730
		250,034
Increase in debtors		(647,142)
Increase in creditors		257,431
Interest paid		(111,602)
Income taxes paid		(91,316)
<b>Cash flows from operating activities</b>		<b>(342,595)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment	11	(18,997,654)
Purchase of intangible assets		(169,248)
Purchase of tangible fixed assets		(54,468)
Repayment of loans provided to related parties		567,094
Interest received		10,767
<b>Net cash used in investing activities</b>		<b>(18,643,509)</b>
<b>Cash flows from financing activities</b>		
Issue of shares		19,933,565
Repayment of bank loans		(99,526)
Payment of finance leases obligations		(175,212)
<b>Net cash from financing activities</b>		<b>19,658,827</b>
Net increase in cash and cash equivalents in the period		672,723
Effect of exchange rate fluctuations		83,270
<b>Cash and cash equivalents at end of financial period</b>		<b>755,993</b>
<b>Relating to:</b>		
Cash at bank and in hand	16	1,049,462
Bank overdrafts included in creditors payable within one year	20	(293,469)
<b>Cash and cash equivalents</b>		<b>755,993</b>

The notes on pages 16 to 30 form an integral part of these consolidated financial statements.

#### General

AQ Sphere Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 13778695 and the registered address is Rex House 4<sup>th</sup> Floor, 4-12, Regent Street, London, England, SW1Y 4PE.

#### Activities

The principal activity of AQ Sphere Holdings Limited relates to investment holding. While the principal activity of the subsidiaries continued to be that of providing expert software engineering and consultancy services to help its customers adopt technology transformations and boost the value they create for the modern industry. They have extensive knowledge about Scala, FinTech, Dev tooling and Data. They strongly support the IT community, launch conferences, meetups and contribute to open source initiatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements and estimates made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### Going concern

The group meets its day-to-day working capital requirements through current cash flows and its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the group's products and services, and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of a severe but plausible change in trading performance, show that the group should be able to operate within the level of its current facilities. Additionally Group may adjust its level of R&D and sales investments without significant impact on short term revenue. Adjustment of investment spending is mitigation factor in case of negative changes.

Due to the dampened economic environment in 2023 and significant investments Virtuslab failed to meet its covenant obligations under the loan agreement. In April 2024, Virtuslab received an official waiver letter from ING in which the bank agreed not to enforce the rights it has under the Finance Documents. Additionally, an annex to the loan facility was signed, to which certain provisions in the original agreement were amended including covenants for the year 2024 and the following years. Based on the current forecast the Group expects to meet revised covenants in following periods.

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

#### List of subsidiary companies

AQ Sphere Holdings Limited in the United Kingdom is the head of a group of legal entities. The below list of subsidiaries has also been included in the consolidated financial statements of AQ Sphere Holdings Limited as at 31 December 2022.

Name	Statutory seat	% shares held (Direct interest)
VLAQL Holding SA	Luxembourg	55%
Name	Statutory seat	% shares held (Indirect interest)
AQ Sphere Midco Limited	UK	55%
Virtus Lab Ltd	UK	55%
VirtusLab Sp. z o.o (Ltd.)	Poland	55%
VirtusLab GmbH (Ltd.)	Germany	55%
Sensinum Sp. z o.o (Ltd.)	Poland	55%

## **1. Accounting policies**

### **1.1 Basis of preparation**

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest Euro. The functional currency of AQ Sphere Holdings Limited is Euro.

#### **Exemptions for qualifying entities under FRS 102**

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

### **1.2 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company, AQ Sphere Holdings Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

### **1.3 Revenue**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from software development is recognised in months when services were actually performed at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

### **1.4 Foreign currency**

The group financial statements are presented in Euro.

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). These financial statements are then translated into the Group's presentation currency for consolidation purposes as described below.

The company's functional and presentation currency is Euro.

1. Accounting policies (continued)

1.5 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1. Accounting policies (continued)

1.5 *Financial instruments (continued)*

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.6 *Tangible fixed assets*

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

IT equipment	3-5 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1. Accounting policies (continued)**

**1.7 Business combinations**

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

**1.8 Intangible fixed assets and goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

*Goodwill*

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

1. Accounting policies (continued)

1.9 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised as part of development costs in intangible assets to the extent that the technical, commercial and financial feasibility can be demonstrated.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique 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 so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks & licences	5 years straight line
Development costs of existing products	5 years straight line

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



1. Accounting policies (continued)

1.11 *Employee benefits*

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 *Retirement benefits*

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 *Government grants*

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2. Significant judgements and estimates

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Goodwill and Investment**

Annually, the group considers whether intangible assets, including goodwill, as well as investments into subsidiaries, are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs or fair value less costs to sell.

As at 31 December 2022 management have not identified any indicators of impairment.

**Going concern**

The group's forecasts and projections, taking account of a severe but plausible change in trading performance and also eventual changes of economic conditions. An uncertainty over the level of demand for the group's products and services remains a key source of uncertainty. In analyzed forecasts and scenarios the Group always estimates to meet all contractual requirements and bank covenants. In case of potential problems or failure of meeting them Group plans to mitigate them by adjusting of short term strategy e.g. reducing R&D and sales investments or renegotiating of contracts.

3. Turnover

	31 December 2022 EUR
Turnover analysed by class of business	
Software development	21,450,215
Turnover analysed by geographical market	
United Kingdom	2,019,534
Europe	18,321,951
USA	705,654
Rest of the world	403,076
	21,450,215

4. Operating loss

	31 December 2022 EUR
Operating loss for the period is stated after charging/(crediting):	
Exchange losses	209,813
Government grants	(377,978)
Depreciation of owned tangible fixed assets	49,558
Depreciation of tangible fixed assets held under finance leases	117,172
Amortisation of Intangible assets	51,788
Amortisation of goodwill	1,817,177

5. Employee benefits expenses

The average monthly number of persons (including directors) employed by the group and company during the period was:

Employees

	Number
IT consultants and engineers	105
Administrative staff	36
Management staff	11
	152
	31 December 2022 EUR
Wages and salaries	4,808,236
Social security costs	672,848
Pension costs	2,052
	5,483,135

6. Directors' remuneration

	2022 EUR
Remuneration for qualifying services	168,283

Some of the directors are not remunerated for their position as a director by this group or any other group to which this group belongs.

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**7. Auditor's remuneration**

Fees payable to the company's auditor and associates:

	<u>2022</u>
	EUR
AQ Sphere Holdings Limited (standalone and consolidation audit)	29,125
Virtuslab Limited (standalone, consolidation and opening balance audit)	58,250
Virtuslab Poland	12,694
Overrun	46,600
Indirect expenses (3% on base fees)	<u>2,621</u>
<b>Total</b>	<b><u>149,290</u></b>

**8. Interest receivable and similar income**

**31 December**

**2022**

EUR

Other interest income	<u>10,767</u>
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**9. Interest payable and similar expenses**

EUR

Interest on bank overdrafts and loans	29,384
Interest on finance leases and hire purchase contracts	37,421
Factoring fees and other interest	<u>44,797</u>
	<b><u>111,602</u></b>

**10. Taxation**

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

**31 December**

**2022**

EUR

**Current tax**

UK corporation tax on profits for the current period  
Foreign current tax on profits for the current period

	-
	<u>39,313</u>
<b>Total current tax</b>	<b><u>39,313</u></b>

10. Taxation (Continued)

	31 December 2022 EUR
Deferred tax	
Origination and reversal of timing differences	15,314
Total tax charge	<u>54,627</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 EUR
Loss before taxation	(1,941,123)
Expected tax charge based on the standard rate of corporation tax in the UK and Poland of 19%	(368,813)
Tax effect of expenses that are not deductible in determining taxable profit	400,879
Tax effect of income not taxable in determining taxable profit	(5,038)
Foreign exchange differences	16,991
Foreign tax differences	<u>10,608</u>
Taxation charge	<u>54,627</u>

11. Business combination

Initially, AQ Sphere Holdings Limited acquired 100% holding in VLAQL Holding SA. On 27th December 2021, there was a transaction with Virtuslab and within this transaction new shares were issued from VLAQL Holding SA ("VLAQL") and as consequence % of ownership dropped to 55%. The acquisition of VirtusLab group amounted to a total consideration of EUR 19,591,497, out of which EUR 1,791,380 was a contingent consideration. A goodwill of EUR 18,171,773 has been recognised arising from the acquisition. Goodwill created as a consequence of acquisition contains brand Virtuslab, which is one of the most recognized brand on the market for Scala Development services, relationships with Virtuslab customers, which are well-known global brands from different areas and long term contracts with those customers. Management have estimated the useful life of the goodwill to be 10 years. Subsequent to year end, the contingent consideration has been paid in May 2022 and therefore as at 31 December 2022, it was not discounted as the effect of discounting is immaterial. Management verified and tested all the assets and liabilities held by the Group and compared their values with the market values based on available data. Where needed adequate impairments tests were conducted. Therefore, Management is comfortable that the fair value are equal to book values.

The revenue from the subsidiaries included in the consolidated statement of comprehensive income for 2022 was EUR 21,450,215 and they also contributed a profit of EUR 130,943 over the same period.

The following table summarises the consideration paid by the group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	EUR
Cash	17,800,117
Contingent consideration	<u>1,791,380</u>
Total consideration	<u>19,591,497</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

Total consideration	19,591,497
Directly attributable costs	-
Cash and cash equivalents acquired	<u>(593,843)</u>
Net cash outflow	<u>18,997,654</u>

	Book and Fair value EUR
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible fixed assets	226,656
Tangible assets	447,830
Debtors	4,536,648
Cash at bank and in hand	593,843
Deferred tax	(1,181)
Creditors	<u>(3,222,480)</u>
Total identifiable net assets	2,581,316
Non-controlling interest	<u>(1,161,692)</u>
Goodwill	<u>18,171,773</u>
Total	<u>19,591,497</u>

## 12. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Trademarks & Licences	Development costs	Total
	EUR	EUR	EUR
<b>Cost</b>			
Balance as at start of period	-	-	-
Acquisition	226,656	-	226,656
Additions	-	169,248	169,248
Foreign exchange translation adjustment	11,672	6,974	18,646
At 31 December 2022	<u>238,328</u>	<u>176,222</u>	<u>414,550</u>
<b>Amortisation and impairment</b>			
Balance as at start of period	-	-	-
Amortisation charged for the period	44,960	6,828	51,788
Foreign exchange translation adjustment	6,118	282	6,400
At 31 December 2022	<u>51,078</u>	<u>7,110</u>	<u>58,188</u>
<b>Carrying amount</b>			
At 31 December 2022	<u>187,250</u>	<u>169,113</u>	<u>356,362</u>

The company had no intangible fixed assets except of goodwill disclosed in the note 14 as at 31 December 2022.

## 13. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	IT Equipment
	EUR
Balance as at start of period	-
Acquisition	447,830
Additions	171,500
Foreign exchange translation adjustment	23,705
Balance as at 31 December 2022	<u>643,035</u>
<b>Depreciation and impairment</b>	
Balance as at start of period	-
Depreciation charged for the period	166,730
Foreign exchange translation adjustment	8,173
Balance as at 31 December 2022	<u>174,903</u>
<b>Carrying amount</b>	
Balance as at 31 December 2022	<u>468,132</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022
	EUR
IT Equipment	<u>405,998</u>

## 14. Goodwill

	Goodwill
	EUR
Balance as at start of period	-
Acquisition	18,171,773
Balance as at 31 December 2022	<u>18,171,773</u>
<b>Amortisation and impairment</b>	
Balance as at start of period	-
Amortisation charged for the period	1,817,177
At 31 December 2022	<u>16,354,596</u>

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**15. Debtors**

	<u>2022</u>
	EUR
Trade debtors	4,697,777
Amounts owed by Aquiline Capital Partners IV GP (Offshore) Ltd	1
Other debtors	177,241
Prepayments	55,797
Rental deposit	1,598
Corporation tax recoverable	100,502
Deferred tax asset	150,874
	<u>5,183,789</u>

Included within other debtors is EUR 123,234 relating to VAT recoverable.

**16. Cash at bank and in hand**

	<u>2022</u>
	EUR
Cash at bank	<u>1,049,462</u>

**17. Ordinary share capital and reserves**

For a detailed explanation of the share of the Company in group equity, reference is made to Note 27 "ordinary share capital and reserves" in the separate financial statements.

**18. Current liabilities: amounts falling due after more than one year**

	<u>2022</u>
	EUR
Bank loan	26,661
Obligation under finance leases	262,672
Accruals	94,775
	<u>384,108</u>

**19. Current liabilities: amounts falling due within one year**

	<u>2022</u>
	EUR
Bank loan and overdrafts	400,115
Obligation under finance leases	42,255
Other taxes and social contribution	636,245
Accruals and deferred income	147,396
Trade payables	1,575,667
Debt to affiliated parties	36,384
Income tax liability	4,815
Other creditors	927,582
	<u>3,770,460</u>

Included within other creditors is EUR 784,404 relating to factoring.

**20. Loans and overdrafts**

	<u>2022</u>
	EUR
Bank loan	133,307
Bank overdrafts	293,469
	<u>426,776</u>
Payable within one year	400,115
Payable after one year	26,661

The long-term loans are unsecured.

Bank overdrafts repayable on demand and that are an integral part of cash management are a component of cash and cash equivalents as per FRS 102. Therefore, for the purpose of the preparation of Cash Flow statement, bank overdrafts have been taken into account.

Interest on the loans are charged at 2% above the WIBOR 3M interest rate in Poland. Overdraft interest is charged at 1.8% above the WIBOR 3M interest rate plus a 0.2% quarterly fee and a 0.5% fee for any unused amount.

**21. Finance Lease obligations**

	<u>2022</u>
	EUR
Future minimum lease payments due under finance leases:	
Within one year	43,995
In two to five years	295,666
	339,661
Less: future finance charges	(34,734)
	<u>304,927</u>

Finance lease payments represent rentals payable by the company or group for certain items of IT equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

No assets are secured under finance leases.

**22. Retirement benefit schemes**

	<u>2022</u>
	EUR
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	<u>1,991</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**23. Related party transactions**

	<u>2022</u>
	EUR
Remuneration of key management personnel	
The remuneration of key management personnel is as follows.	
Aggregate compensation	<u>590,775</u>

### 23. Related party transactions (Continued)

Transactions with related parties	Sales	Purchases
During the year the group entered into the following transactions with related parties:	2022	2022
	EUR	EUR
<b>Group</b>		
Other related parties	1,403,362	-

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022
	EUR
Debt to affiliated undertakings	36,384

The related party balances are repayable on demand, unsecured and free of interest. Trading balances fall due within the usual terms given to other customers.

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022
	EUR
<b>Group</b>	
Amounts owed by Aquiline Capital Partners IV GP (Offshore) Ltd	1

The related party balances are repayable on demand, unsecured and free of interest. Trading balances fall due within the usual terms given to other customers.

A loan balance of EUR 567,094 owed by a related party was repaid in full in the period.

#### Other information

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

### 24. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Assets
	2022	2022
	EUR	EUR
Positive exchange rate difference from valuation	202	-
Negative exchange differences from valuation	-	6,861
Employer's social security contributions on remuneration paid after year end	-	16,438
Orders and management not paid	-	29,674
Civil law and management contracts paid after year end	-	13,082
Pension and leave reserve	-	26,883
Leasing liabilities	-	57,935
Leasing assets	83,066	-
	83,269	150,874

The company has no deferred tax assets or liabilities.



24. Deferred taxation (Continued)

	2022
	EUR
Movements in the year:	
On acquisition	(1,181)
Liability arising in 2022	67,605
Origination and reversal of timing differences	15,314
Foreign exchange translation adjustment	1,531
Asset at 31 December 2022	<u>83,269</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

25. Subsequent events

At the end of first quarter of 2023 VirtusLab acquired a new company, SoftwareMill Group (Poland) which became a subsidiary of Virtuslab Sp. z o.o. (Ltd.). Acquisition was partly (EUR 8.5m) financed with a bank loan. This was a strategic acquisition to increase the VirtusLab's position on the market especially in the area of Scala development language. Virtuslab LTD received a waiver from the bank for not fulfilled covenants. In VLAQL Holding SA subsidiary Management Incentive Program ("MIP") for selected managers was launched based on which those managers receive a defined amount of shares of VLAQL after each year of cooperation. Total amount of shares dedicated to MIP is 158.600. In year 2023 company has issued 23.685 shares to the managers.

On 31st March 2023 Virtuslab Ltd. issued 1 new ordinary share which was obtained by existing shareholder AQ Sphere Midco Limited. (issue price of £4.1m, paid by contribution of 64,540 SoftwareMill shares).

On 31st March 2023 Virtuslab Ltd. acquired 1 new ordinary share of Virtuslab Sp. z o.o. (Ltd.) Poland (issue price of £4.1m, paid by contribution of 64,540 SoftwareMill shares).

Due to the dampened economic environment in 2023 and significant investments Virtuslab failed to meet its covenant obligations under the loan agreement. In April 2024, Virtuslab received an official waiver letter from ING in which the bank agreed not to enforce the rights it has under the Finance Documents. Additionally, an annex to the loan facility was signed, to which certain provisions in the original agreement were amended including covenants for the year 2024 and the following years. Based on the current forecast the Group expects to meet revised covenants in following periods.

There were no other significant events between the balance sheet date and the approval of the annual accounts which would have influenced the results of the Company as at 31 December 2022.

26. Analysis of changes in net funds/(debt)

	Acquired balances EUR	Cash flows EUR	New finance leases EUR	Exchange rate movements EUR	01 December 2022 EUR
Cash at bank and in hand	593,843	372,349	-	83,270	1,049,462
Bank overdrafts	(95,109)	(198,360)	-	-	(293,469)
	<u>498,734</u>	<u>173,989</u>	<u>-</u>	<u>83,270</u>	<u>755,993</u>
Borrowings excluding overdrafts	(232,361)	99,526	-	(472)	(133,307)
Obligations under finance leases	(360,643)	175,212	(117,032)	(2,464)	(304,927)
	<u>(94,270)</u>	<u>448,727</u>	<u>(117,032)</u>	<u>80,334</u>	<u>317,759</u>

**AQ SPHERE HOLDINGS LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2022**

31.

	Note	2022 EUR
<b><u>Fixed assets</u></b>		
Investment in subsidiary	27	<u>19,591,497</u>
<b><u>Current assets</u></b>		
Other receivables	28	6,501
Cash at bank and in hand	29	<u>104,971</u>
		111,472
<b><u>Creditors: amounts falling due within one year</u></b>	31	<u>4,152</u>
<b>Net Current assets</b>		107,320
<b>Net assets</b>		<u>19,698,817</u>
<b><u>Capital and reserves</u></b>		
Ordinary share capital	30	119
Share premium	30	19,933,446
Profit and loss account	30	<u>(234,748)</u>
<b>Total equity</b>		<u>19,698,817</u>

Approved by the directors of the Company on 11th April 2024 and signed on its behalf by:

*Daniel Flueckiger*

.....  
 Daniel Pascal Flueckiger

The notes on pages 34 to 36 form an integral part of these financial statements

**AQ SPHERE HOLDINGS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2022**

32.

	Note	<u>2022</u> EUR
Other operating expenses	32	<u>(234,748)</u> <u>(234,748)</u>
<b>Loss before taxation</b>		<u>(234,748)</u>
Taxation		<u>-</u>
<b>Loss for the financial period</b>		<u>(234,748)</u>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax		<u>-</u>
<b>Total comprehensive loss for the period</b>		<u>(234,748)</u>

The notes on pages 34 to 36 form an integral part of these financial statements

AQ SPHERE HOLDINGS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022

33.

	Share capital EUR	Share premium EUR	Profit and loss account EUR	Total equity EUR
Balance at start of period	-	-	-	-
Transactions with owners:				
Issue of shares	119	19,933,446	-	19,933,565
Loss for the period	-	-	(234,748)	(234,748)
Balance as at 31 December 2022	119	19,933,446	(234,748)	19,698,817

**General**

The financial and general information of the Company is included in the consolidated financial statements. The following exemption available under FRS 102 in respect of certain disclosures for the parent company financial statements has been applied:

The Company has taken advantage of the exemption under FRS 102 1.12 not to present a separate cash flow statement.

The accounting policies have been applied consistently in these financial statements and are disclosed in Note 1 of the Consolidated Financial Statements.

**27. Investment in subsidiary**

	<u>2022</u>
<u>Unquoted investments</u>	<u>EUR</u>
Balance as at start of period	
Additions	<u>19,591,497</u>
<b>Balance as at 31 December 2022</b>	<b><u>19,591,497</u></b>

Details of the Company's investments at 31 December 2022 are as follows:

Name of subsidiary	Country of incorporation	Principal activity	Number of shares held	Type of shares held	Effective equity interest held by the Company 2022 (%)
VLAQL Holding SA	Luxembourg	Investment holding	1,797,141	Ordinary Shares and Preference Shares	55.00%

During the financial year 2022, the company acquired 49,430 ordinary shares and 1,747,711 Preference Shares in the share capital of VLAQL Holding SA each with a nominal amount of EUR 1.00.

AQ SPHERE HOLDINGS LIMITED  
NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022

35.

28. Other receivables

	2022
	EUR
Interco Aquiline Capital Partners IV GP Ltd	1
Rental Deposit	1,598
Prepayments	4,902
Carrying amount	6,601

29. Cash at bank and in hand

	2022
	EUR
ABN AMRO Bank	104,971

30. Ordinary share capital and reserves

	Nominal Value	2022 Number	2022 EUR
<i>Issued:</i>			
100 ordinary shares	EUR 1.19	100	119

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Issued Capital**

*Ordinary Shares*

The issued capital consist of shares held by Aquiline Capital Partners IV GP (Offshore) Ltd.

**Reserves**

*Share Premium*

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares. The issuance of 100 Ordinary Shares in 2022 resulted to an amount of € 19M.

*Retained Earnings*

The net result for the period is presented in the item undistributed result within equity.

31. Creditors: amounts falling due within one year

	2022
	EUR
Trade creditors	4,152

**AQ SPHERE HOLDINGS LIMITED**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE PERIOD AS FROM 02 DECEMBER 2021 TO 31 DECEMBER 2022**

36.

**32. Other operating expenses**

	<u>2022</u>
	EUR
Rent	7,953
Accounting fees	11,145
Legal and compliance fees	3,065
Other professional services	2,922
Bank charges	95
Net exchange differences	<u>209,568</u>
	<u><u>234,748</u></u>

**33. Off-balance sheet assets and liabilities**

There are no off-balance sheet assets and liabilities.

**34. Employee benefits and number of employees**

AQ Sphere Holdings Limited does not have any employee. However, information relating to directors' remuneration is disclosed in Note 6.

**35. Subsequent events**

For the subsequent events see the consolidated financial statement, Note 25.

**36. Immediate and Ultimate Controlling Party**

The immediate parent undertaking is Aquiline Financial Services Fund IV LP. (Cayman) with registered office address being 190 Elgin Avenue, 190 ELGIN AVENUE, George Town KY1-9008, Cayman Islands.

The ultimate controlling party is Aquiline Holdings GP (offshore) Ltd Cayman with registered office address c/o Walkers Corporate Limited, 190 Elgin Avenue George Town, Grand Cayman KY1-9008, Cayman Islands.

**37. Parental Guarantee**

AQ Sphere Holdings Limited has given parental guarantee to its subsidiary, AQ Sphere Midco Limited whereby the latter is taking audit exemption.