Financial Statements
Commify Topco Limited

For the year ended 31 December 2022

Registered number: 10315598

Commify Topco Limited

Company Information

Directors	J F Berry T G Boucher P E J Burton R J Hanscott N D L Jordan H D Robinson C P Stewart (appointed 28 April 2023)
Registered number	10315598
Registered office	20 Wollaton Street Nottingham Nottinghamshire NG1 5FW
Trading address	20 Wollaton Street Nottingham Nottinghamshire NG1 5FW
Independent auditor	Ernst & Young LLP 1 Colmore Square Birmingham West Midlands B4 6HQ

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Commify Topco Limited

Group Strategic Report

For the year ended 31 December 2022

Introduction

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2022.

In the year the Group completed two further acquisitions, strengthening its position as Europe's premier provider of mobile messaging solutions with the acquisition of Bulk SMS Limited (a UK entity which trades under the Voodoo brand), and gaining entry to the important US market via the acquisition of CDYNE Services LLC. See note 18 for details of these acquisitions. The Group has also set up an engineering hub in Romania during the year and continued to invest in and grow its Australian business.

The Group also continued the integration of prior year acquisitions, rolling out group-wide tools to optimise customer facing and back-office operations, and continuing the review and rationalisation of messaging platforms. Significantly, the Group is also now close to completing the initial development of a brand-new messaging platform (known as Titan).

Although the latter part of 2022 was impacted by a weakening economic environment, the group headed by Commify Topco Limited has grown revenue and gross profit for the full year by 27.0% and 24.0% respectively. It is, though, worth noting that the end of the historically low interest rate environment has resulted in an increase in the cost of servicing the Group's debt. This increase is expected to continue into 2023, reducing free cash flow. As a result, the Directors implemented interest rate hedging to provide certainty on interest costs and additionally have undertaken a detailed review of forecast future cashflows and confirm the Group is well positioned to continue its growth whilst investing in new platform capabilities, notwithstanding the increased debt servicing cost.

Principal Activities

The Group's principal activity remains the provision of business communication services. The primary services are the provision of SMS messaging products and software for customers, however the Group also has a growing offering of other innovative messaging solutions, utilising channels such as rich communication services ('RCS'), two-way chat, WhatsApp, email, voice, web and other mobile channels.

The majority of the Group's services are delivered in Europe and Australia, now supplemented with the addition of the business in the USA acquired during the year.

Business Review

During the year to 31 December 2022, the Group had Revenue of €140.9m (2021: €111.0m), Gross Profit of 35.8% (2021: 36.6%) and Operating EBITDA of €29.2m (2021: €21.7m). See Table 3 for a Reconciliation of Operating EBITDA to Operating Loss.

Throughout the year the Group has continued to invest in staff, infrastructure, and product development to support organic growth, win new customers, integrate acquired businesses and differentiate the Group from competitors. These costs contribute to the majority of the Administrative expenses within the Consolidated Profit and Loss Account. In addition, the Group capitalised €3.7m (2021: €4.1m) of development costs during the year (see note 15) and also completed acquisitions in the US and the UK (see note 18).

On a statutory basis, the Group made a Loss before Taxation of €18.3m (2021: €15.8m), however this is a function of the Group's legal, financing and ownership structure. This loss includes significant non-cash amortisation of borrowing transaction costs and intangible assets (see notes 10 and 15), non-cash finance costs payable to the Group's owners (note 10) and sizable acquisition costs and other exceptional Items (note 7).

The geographic split of gross profit is as follows:

Table 1 – Gross profit by geography

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
United Kingdom and Ireland	21,209	19,629
Italy	6,827	6,391
France	4,948	4,805
USA	5,343	-
Rest of the World	12,190	9,947
Gross Profit	**50,517**	**40,772**
Deferred Revenue Fair Value Adjustment (see note 7)	(90)	(109)
Gross Profit per the Consolidated Profit and Loss Account	**50,427**	**40,663**

The split in the table 1 above, and table 4 below, has changed compared to the prior year as follows:
- Following the acquisition of the CDYNE Services LLC business (see note 18) the USA is now shown separately.
- In the prior year, Spain was presented separately (now included within the Rest of the World).
- The Rest of Europe and Rest of the World groupings have been combined.

These changes have been made to better align these disclosures to the focus areas of senior management, and to better reflect the similarities in business activities and economic environment in the majority of the geographies that the Group operates in.

Table 2 – Equity and Financing Position

	2022 €'000	2021 €'000
Called up share capital (note 29)	14	14
Share premium account	1,270	1,270
Preference shares (note 23)	20,701	18,483
Shareholder loan notes (note 23)	29,078	25,950
Long/Medium term debt financing (note 23)	163,638	129,360
Total	**214,701**	**175,077**

Key Performance Measures

The primary measure used by the Directors to measure the performance of the Group is Operating EBITDA (see Tables 3 and 4). Overall, the board consider the following indicators to be important in measuring the performance of the Group:

- Operating EBITDA – €29.2m (2021: €21.7m)
- Gross profit - €50.4m (2021: €40.7m)
- Gross profit % - 35.8% (2021: 36.6%)
- Proportion of Revenue from non-SMS messaging sources – 6.8% (2021: 6.0%)

Operating EBITDA, as used to measure the performance of the Group, differs from the Operating Profit measure shown in the Consolidated Profit and Loss Account due to the following reconciling items:

Table 3 – Operating Loss to Operating EBITDA Reconciliation

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Operating (Loss) / Profit per Consolidated Profit and Loss Account	(846)	604
Adjustments:		
Amortisation of Intangible Assets (see note 15)	16,471	12,784
Acquisition Costs and other Exceptional Items (see note 7)	8,614	3,950
Head Office and Board Costs[1]	2,968	2,751
Depreciation of right-of-use assets (see note 16)	1,197	800
Depreciation of Tangible Assets (see note 14)	717	662
Profit impact of Deferred Revenue Fair Value Adjustment[2] (see note 7)	90	109
Operating EBITDA	**29,211**	**21,660**

[1] *Head Office and Board Costs*

These costs are not included within Operating EBITDA as they are fixed costs with limited variability, are not part of day to day trading operations and are costs that many likely future owners of the Group would not incur. As such, the board, owners and senior management judge the performance of the business excluding these costs to allow better analysis of underlying results. The costs include: directors' fees, executive management salaries and related expenses, owners' fees, professional compliance fees, and other sundry Head Office costs.

[2] *Deferred Revenue fair value adjustment*

There are one-off profit impacts in both the current and prior year from fair value adjustments made to Deferred Revenue acquired. This relates to the requirement to include Deferred Revenue acquired as part of a business combination on the opening Balance Sheet at the expected cost of delivering the service to the customer (with this expected cost being released to the Profit and Loss Account as the service is delivered such that there is no profit impact from the Deferred Revenue) rather than at the sales value of the Deferred Revenue (which would generate a profit when released).

The effect of this adjustment is to artificially depress revenue by treating the profit element of the deferred revenue as relating to the pre-acquisition period. As such, it is not considered when assessing the true performance of the Group and included as a reconciling item in the table above. The Revenue figure on the face of the profit and loss account has not been amended to exclude this item.

There is no impact on costs from this adjustment.

This Gross profit and Operating EBITDA performance can be further broken down by geography, as follows:

Table 4 – Gross profit and Operating EBITDA Analysis

	Gross profit		Operating EBITDA	
	Year ended 31 December 2022	**Year ended 31 December 2021**	**Year ended 31 December 2022**	**Year ended 31 December 2021**
	€'000	**€'000**	**€'000**	**€'000**
United Kingdom and Ireland	21,209	19,629	13,423	9,150
Italy	6,827	6,391	3,458	2,956
France	4,948	4,805	3,248	3,314
USA	5,343	-	2,231	-
Rest of the World	12,190	9,947	6,850	6,240
	50,517	**40,772**	**29,210**	**21,660**

Gross profit above differs from that shown in the Consolidated Profit and Loss Account due to the removal of the €90k (2021: €109k) Deferred Revenue fair value adjustment. See note 7 for details of this item.

Principal risks and uncertainties

The Group's operations expose it to a variety of risks. The principal risks are set out below:

- **Economic risks**

The Group is subject to the strength of the local economies in which it trades. However, the number and geographical diversity of the customer base, and their industry spread, ensures no reliance on any one or group of customers.

Cost price risk

The impact of Russia's unlawful invasion of the Ukraine and the re-opening of the economy following the Covid-19 pandemic, has resulted in significant inflationary increases in SMS cost prices during the year. In percentage terms, the inflation impact has been most notable in the increase in the cost of utilities, and the energy intensive services provided to the Group (such as data centre costs) however the majority of the Group's costs have also increased during the year. Partly as a result, the Group increased sales prices to most of its customer base. The limited impact on sales volumes from these price increases reflects the strength of the Group's service offering.

Recession risk

The impact on end users of the Group's services of the increased cost prices noted above and of the higher interest rates described in the Financial risks section below, has or is expected to push the majority of the markets that the Group operates in into recession. This slowdown in economic activity will reduce demand for the Group's services in some areas. The broad range of industry segments that the Group operates in, and wide variety of use cases for its services – including areas such as financial services, logistics and weather alerts that are resistant to recession - and the evidence of past economic slowdowns, give the Directors confidence that the Group can continue to grow, albeit at a potentially slower rate, in this recessionary environment.

Climate risk

In common with all global businesses, the ongoing climate emergency represents a risk to the Group's future operations and profitability. The nature of the Group's operations mean that this risk is not expected to have a direct impact on future revenues – and the move to more sustainable methods of communication may present an opportunity for growth – but changes in the regulatory environment or actions needed to mitigate the impacts of climate change may increase costs in the future. In addition, the impact of climate change may impact on the economies in which the Group operates (in terms of lower economic growth and changes in the profitability of specific industries that make up part of the Group's customer base).

If the Group fails to adapt its strategy and business model to changes in regulatory requirements and customer / supplier expectations on a timely basis, it may have a material and adverse impact on the Group's future growth. At present, it is not considered possible to quantify the impact or timing of this climate risk and, as there is also a potential upside from the Group's services being a relatively sustainable form of communication, climate risks have not been included in the consideration of discount rates or the going concern assessment.

- **Competitive risks**

The Group is a leading provider of mission critical business messaging for customers and differentiates itself by aiming to provide an unrivalled quality of service and innovative products.

The Directors believe that a significant ongoing risk to the business is the potentially disruptive effect of new messaging technologies. Whilst the Directors see no immediate threat, the Group is constantly addressing this risk through a continuous research and development programme. This means that whilst this has been noted as an area of threat, it also opens up future opportunities for the business – particularly in relation to the roll-out of Rich Communication Services and Facebook / WhatsApp messaging that is currently underway across Mobile Network Operators.

- **Financial risks**

Interest rate risk – The future interest payable on the Group's third-party debt is dependent on movements in EURIBOR (for Euro denominated loans) and the near Risk-Free Rates known as SONIA and SOFR for Sterling and US dollar denominated loans.

During the year there were significant increases in the central bank base rates that are the main driver of the EURIBOR, SONIA and SOFR rates. As a result, the cost of servicing the Group's debt increased significantly in the year and this higher cost is expected to continue in the coming year. In order to get certainty on the future cash flows associated with the external debt, the Group has arranged hedges for approximately two thirds of its interest rate exposure (see note 21). SONIA and SOFR hedges commenced on 30 September 2022 and the EURIBOR hedge commences on 31 March 2023. This gives the Group certainty over the majority of its interest cashflows for a period that runs to 12 months before the end of the hedged facilities. This period was chosen as – at the point of entering into the hedges – there is an expectation of improved rates beyond this period, but this expectation will be kept under review.

Foreign currency risk - A proportion of the Group's revenue is earned in currencies other than the Euro. The majority of this non-Euro revenue is in Sterling and US dollars and to manage this risk an appropriate proportion of the bank debt is denominated in these currencies. This proportion is reviewed regularly and re-balanced in the year as part of the draw-down of additional funding to facilitate the Bulk SMS acquisition.

Credit risk - The Group has policies that require appropriate credit checks on all potential customers before credit is granted. Smaller customers are generally required to make payment in advance of being able to use the Group's services. Many significant customers pay by direct debit, credit limits are reviewed on a regular basis and the Group performs a detailed review of all outstanding debts to ensure the Balance Sheet value is fairly stated.

Liquidity risk - The Group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable cash needs. This approach involves regular reconciliation and review of the full Balance Sheet, comprehensive credit control policies and a rolling cash and debt covenant forecasting procedure that gives early visibility of any potential liquidity or covenant compliance issues that could result in the Group being unable to pay its debts as they fall due or breaching their banking covenant – potentially leading to a withdrawal of the Group's the debt financing facilities.

These procedures identified the future liquidity and covenant compliance risks from the increase in interest rates. As a result, the Group took steps to hedge the exposure to further interest rate increases and gain certainty over future cash flows, and also undertook stress testing of the debt covenant headroom in the period covered by the going concern review (as discussed in note 2).

People risk – The Group is reliant on key employees to maintain its competitive advantage. The Group manages this risk through effective management, training and development, the alignment of pay and benefits to market rates and the use of short-term contractors where required. The ongoing review of the cost and availability of staff resulted in the Group identifying the need to establish a new Engineering staff hub in Romania in the year. This hub will complement the Group's existing Engineering teams, establish an engineering centre of excellence, and counters the shortage of affordable staff in its existing locations.

Regulatory risk – The Group operates in a highly regulated environment and is subject to a changing and increasing number of laws and regulations relating to communications, data protection and credit card payments, amongst other items. This risk is managed via a dedicated Legal and Compliance team with Group wide responsibility for ensuring compliance with all operational regulations, including the Global Data Protection Regulations, and through maintaining the ISO27001:2013 standard for information security across the majority of the Group's trading entities.

- **Technology risks**

The online and e-commerce nature of the Group's operations mean that it is exposed to the following potentially significant technology based risks:

Cyber-crime and data protection risk – The potential to be a victim of cyber-crime is a feature of operating an e-commerce business, and the Board are acutely aware of this risk. As a result, the Group invests significant resources in people, process and technology to prevent and detect potential online security breaches. This includes an extensive programme of work that focusses on external and internal vulnerability scanning and third-party penetration testing, as well as the use of external specialists, staff training, and best practice updates on cyber security, data protection, social engineering information security and data protection. In addition, there is a system of centralised intelligence gathering on customer sign-ups to reduce the risk of the Group's services being used for fraudulent purposes.

IT systems failure risk – The Group's operations are dependent on electronic platforms and networks, including the internet and both internal and external messaging platforms, for the delivery of our products and services. These could be adversely impacted if they experience a significant failure, interruption or breach.

As a result, the Group has established procedures for the protection of our technology assets. These include the development of business continuity plans, including IT disaster recovery plans and back-up delivery systems, to reduce the likelihood and impact of business disruption in the event of a major technology failure.

Corporate and social responsibility

Employment Policies
The Group is an equal opportunities employer and ensures that all employees and job applicants are given equal opportunity. Furthermore, the Group believes it is essential to value and respect all employees as individuals and concentrate on people's strengths to ensure a diverse and successful workforce.

Recruitment and Retention
The Group's commitment remains to attract, lead, develop, manage and retain highly motivated, high performing people who work proactively toward delivering the Group's goals.

Employee Engagement
The Group is keen to involve its employees in the decision-making process of the business and places considerable value on their engagement. Amongst other methods, this is measured via quarterly anonymous employee surveys, monthly full Group "Town Hall" meetings and the on-going opportunity staff have to submit anonymous questions to the senior management group. In addition, the Group has Staff Councils, which are given considerable autonomy in respect of Corporate Social Responsibility initiatives and staff social and welfare activities.

Data Security

As a Data Processor for our customers' personal data, the Group takes data security extremely seriously. Trading entities representing the majority of the Group's gross profit are certified to the ISO27001:2013 standard for information security covering the full scope of their services.

S172(1) statement

The Directors are well aware of their duty under s172(1) 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 stakeholders as a whole, and in doing so, to have a regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly towards all stakeholders of the Company.

The Board determines the strategic objectives and policies of the Group to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of controls, delegated authority, and rewards.

The Board is collectively responsible for the success of the Company: the executive directors are directly responsible for running the business operations; and the Non-Executive directors must satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust. Following presentations by executive management, and a disciplined process of review and challenge by the Board, clear decisions on policy or strategy are adopted, and the executive management appropriately empowered to implement those decisions.

Stakeholders Statement

Stakeholder	*Strategic importance*	*How the Board engages with stakeholders and summarises its obligations*
Workforce	Our people are key to our business We want our people to feel engaged and empowered to deliver great outcomes for our customers We want our people to feel part of a community, with opportunities to socialise, enjoy themselves at work and grow as individuals	Although Covid-19 restrictions had abated in the countries we operate in, during January 2022 we carried out a 'Return to Work' survey with staff. As a result we implemented a permanent hybrid working policy in all locations. We also continued our programme of staff surveys with response rates of over 80% and a positive employee Net Promoter Score (NPS). A key action resulting from the surveys was a renewed focus on internal communications. We increased the frequency of on-site visits by executive leaders and gathered the senior management team together in the Autumn for a strategic review. These initiatives, plus access to senior management through chat channels and the office visits referred to above, ensure that the entire global workforce can voice concerns and ask questions directly to leadership. After a strategic review of suitable locations, in April 2022 we opened a legal entity in Romania. Our first employee joined in June and by the end of 2022 we were proud to have 20 new colleagues onboarded. This enables the creation of an Engineering Centre of Excellence that gives access to talent that is already developing Commify's next generation of Communications Platform as a Service (CPaaS) software. Throughout 2022, Commify also maintained its programme of numerous informal social interactions and events.

Stakeholders Statement (continued)

Customers	Customers are at the heart of our business We aim to deliver truly outstanding customer experiences, ensure great outcomes and value for money	2022 marked a return to a wider range of customer engagement methods, as the restrictions imposed by Covid 19 eased. For the first time since 2019, customer face to face events were held across a number of our international locations, with an emphasis on helping our customers to understand how to extract maximum value from the Commify solutions they are using and to keep them abreast of the latest developments in conversational messaging. Conversational messaging was a consistent theme in 2022 for Commify and our customers, as the value of moving to 2-way communication from one way, notification based messaging, was better understood. Businesses are seeing the opportunity in being able to provide personalised communication with their customers. To better reflect this, the Esendex brand was relaunched in H1 as a conversational messaging CPaaS provider. While universal conversational messaging is still at an early stage of the adoption cycle, Commify is working hard to make it accessible to all customers across the globe. In support of this strategy, Commify completed the product development and accreditation process with Meta in H2 2022 to become a Business Solutions Partner ('BSP'), which allows Commify to provide direct access to Meta's messaging services (primarily WhatsApp) for the first time. Customer sentiment remained extremely positive, with the 2022 NPS score of +46 being a slight improvement on the already strong 2021 score of +44. Insight gained from NPS and other customer surveys was instrumental in designing the new Esendex platform front end, which was launched to UK customers in H2 2022. Data from customer usage is demonstrating a significantly higher conversion rate of messaging trialists compared to the previous version, which bodes well for the international roll out of the new platform front end in 2023.
Shareholders & Lenders	Our shareholders and lenders provide access to capital which is essential to deliver the Group's strategic goals	Shares and loan notes are held by both management and HG Capital Mercury Nominees Ltd. HG Capital is represented on the Board by one nominated Director. Management shareholders either sit on the Board as Executive Directors or engage through a Management Representative. The 11 scheduled Board meetings were supplemented with the formal Audit and Remuneration Committees, with two and six meetings respectively held during the year. The Group has three primary debt lenders, organised as a syndicate. The Board continued to engage formally with this syndicate through the provision of monthly financial reports, and the annual review meeting. During 2022 the CFO oversaw 1. the drawdown of additional facilities to enable the acquisition of CDYNE Services in the USA and Bulk SMS (trading as Voodoo) in the UK; and 2. the implementation of three interest rate swaps (Euro, Sterling and US Dollar) that provide cover for two thirds of drawn debt as at December 2022, thus increasing certainty over the Group's interest commitments until September 2024 The Board is committed to adhering to the terms of the Facilities Agreement. Monitoring of these obligations continued to be a priority during 2022. In particular, significant effort was expended in scenario modelling to ensure that an appropriate balance is struck in 2023 and 2024 between investment in platform development, acquisitions, and ensuring debt obligations will be met at a time when interest rates and the general economic climate remain uncertain.

Stakeholders Statement (continued)

Suppliers	Our suppliers are critical to ensuring we can deliver a high-quality service to our customers	The Board recognises the strategic importance of global Mobile Network Operators ('MNOs') to the Company. During 2022, engagement with these suppliers included Executive and Non-Executive Director meetings between the Group and MNOs, as well as strengthening relationships with Over The Top (OTT) suppliers, in particular with Meta. During the year Commify were excited to win 'preferred partner' status with Meta for the WhatsApp messing platform. The Board understands the importance of treating our suppliers fairly, adhering to contractual agreements and paying within agreed timescales. We have been participating in the UK Prompt Payment Reporting scheme, with the closing 2022 position showing average supplier payment days as 36.
Government	Ensuring compliance with local legislation and government guidance is an important element of Commify's operational controls	The Board continues to delegate authority to executive management to engage with the nine territories' governments and agencies as required. Local management ensured adherence with governmental advice in respect of employee safety, post pandemic office opening and any other changes in legislative conditions.

Principal Decisions Statement

Principal decisions taken in 2022	*Stakeholder & Long-Term Considerations*
Detailed strategic review / 5 year plan	In Q2 2022, the Board and Executive management team updated our five-year business plan for Commify. The overall strategy remains unchanged:- - to invest in driving organic growth - to invest in our future messaging platforms - to continue to upgrade customer experience by migrating from acquired platforms and brands - to continue our programme of inorganic growth In Q4, against a backdrop of inflation, recession and increased interest rates in many of the territories that Commify operates in, the plan was revisited and it was agreed that the investment in future platforms and hence migrations from acquired platforms would move at a slower pace in 2023 than original envisaged.
Improving the Organisation – investment in talent	Over the last two years significant investment has been made in senior management and their teams, deliberately aligned to our strategic ambitions of organic and inorganic growth and the building of Commify's future messaging platform. This investment continued into 2022 with material investment in new roles that included:- - the aforementioned creation of an Engineering Centre of Excellence in Romania - appointment of a Senior System Architect - increasing the capacity and capabilities of our cyber security resources

Group Strategic Report (continued)

For the year ended 31 December 2022

Principal Decisions Statement (continued)

Improving Customer Experience – investment in platform	In the Summer of 2022, we released the first elements of our next generation messaging platform, namely a new User Interface for UK customers of the Esendex brand and a new Routing Gateway that connects Commify to Mobile Network Operators. Customer response has been overwhelmingly positive and the roll out of this software to further brands and territories has commenced and will continue in 2023. The remaining elements of the platform build continue with releases scheduled for 2023.
Improving Customer Experience - upgrading from legacy platforms	In 2022, we continued to support a programme of improving customer experience, and reducing cost and risk, by migrating customers from legacy platforms to our current flagship platform. By the end H1 we had migrated all customers associated with the Fast SMS platform and brand that had been acquired in 2018. This programme has now been re-phased to ensure that the new platform is available to be the recipient platform, ensuring that migrated customers will have access to a world class messaging experience.
Acquiring the trade and assets of CDYNE Services LLC and Bulk SMS Ltd (Voodoo)	The Board were very pleased to welcome the CDYNE and Voodoo teams to the Group in 2022. These acquisitions have:- - enabled entry into the large, high growth, exciting new market of North America - resulted in the acquisition of a high growth, high quality UK brand These acquisitions, made in April and May, were heavily scrutinised by the Board. Not only did the Board want to ensure that Commify had the capacity financially and operationally to absorb acquisitions of this scale, we also needed to be sure that the businesses being acquired would demonstrate robust trading resilience and would not materially increase the Group's overall risk profile. The Board and advisors reviewed historic and recent trading data, alongside their existing knowledge of industry sectors impacted by Covid-19 and other growth trends, penetration testing results, and commercial insight with customers. In addition, legal, financial, tax and technical due diligence was undertaken before the Board decided that the acquisitions would be value creating for stakeholders.

This report was approved by the board of Directors on 12 May 2023. Signed on behalf of the board of Directors:

DocuSigned by:

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H D Robinson
Director

Directors' Report
For the year ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors

The Directors who served during the year were:

J F Berry
T G Boucher
P E J Burton
R J Hanscott
N D L Jordan
H D Robinson
C P Stewart (appointed 28 April 2023)

Dividends
No dividends were paid in the current or prior year, and no final dividend is proposed (2021: nil).

Research and development
The Group continually invests in research and development, both in respect of new products and continual improvement of the current product set. Where allowed under IFRS, this expenditure is capitalised and included on the Balance Sheet as an Intangible Asset which is then amortised over its useful life. The Directors regard this investment as fundamental to maintaining competitive advantage, as noted in the section on Competitive Risks in the Strategic Report.

Going Concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 9 and Notes 3 and 25 of the Financial Statements include a description of the Group's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The Company's Going Concern modelling has included stress testing that reflects the current global economic climate and in particular inflationary pressure and Commify's ability to pass through price rises to customers. Commify has successfully passed on input price increases during the last three years and the Board remains confident that this can continue.

The Group is funded by a €180m Structured Facilities Agreement (SFA) which was entered into in September 2019 and these facilities mature in September 2025 and September 2026. The Group has fully drawn down the main debt (€120m) and access to a revolving credit facility (€5m) and has used €46m of €56m committed acquisition facilities.

The SFA has a covenant measuring 12-month rolling EBITDA (as defined in the SFA, allowing for certain adjustments) to debt ratio, tested quarterly.

The Board has performed a number of stress tests to assess the Group's ability to continue as a Going Concern for a period of at least 12 months from the date of approval of these financial statements, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with its covenants.

The Directors have prepared forecasts for the Group covering a period through to 30 June 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows. The forecasts have been sensitised for a reduction in revenue to the end of the review period with the impact on profitability and cash flow considered. The forecasts have also been reverse stress tested without applying cost mitigations. The resulting break points are without increased revenue which is well beyond the Director's expectations and at levels which are materially below the current trading conditions. Remedial mitigation of the reduced revenue levels are achievable through cost reduction that is within the Director's control and results in relatively immaterial adjustments to the variable cost base. It demonstrates sufficient headroom and a low risk of breach.

Having considered all the above, including the Group's current financial position, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Events since the Balance Sheet date
As at the date of signing these accounts there have been no events since the balance sheet date that require disclosure in these accounts.

Political donations
No political donations were made during the year (2021: nil).

Environmental performance

Greenhouse gas emissions reporting
The Group reports its United Kingdom and Ireland greenhouse gas emissions in tonnes of carbon dioxide equivalent. The emissions of the Group result from the use of leased offices and from employee business travel. All Greenhouse gas emissions are classed as indirect scope 2 emissions. Emissions are detailed in the table below.

	2022		2021	
Emission generating activity	**Emission measure**	**Co2 generated (tons)**	**Emission measure**	**Co2 generated (tons)**
Lease of offices	126 Kw/h	30	86 Kw/h	20
Car travel	9.8k miles	4	15.8k miles	6
Total Co2 emissions for the year		**34**		**26**

In 2022, these greenhouse gas emissions equated to 0.47 tons (2021: 0.46 tons) of Carbon Dioxide equivalent per €1m of United Kingdom and Ireland revenue (including inter-segment revenue). The Group continues to monitor its emissions through regular reviews of the amount and nature of its travel and property costs and has invested in equipment that reduces the need for staff, customer and supplier travel.

Methodology

Our greenhouse gas emissions have been calculated in relation to the Group's United Kingdom and Ireland segmental revenue. This intensity metric was deemed to be the most appropriate as the UK emissions of the Group are directly attributable to the creation of this segment's revenue.

Emissions in respect of leased offices have been derived from consumption information included on utility bills. Details of employee travel is gathered during the year and emissions are calculated by reference to average emissions per car mile travelled.

Qualifying third party indemnity provisions

The Group has made qualifying third-party indemnity provisions for the benefit of its directors. These were made during the year and remain in force at the reporting date.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic report, Directors' report, and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 the company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs, and in respect of the parent company financial statements FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and financial performance;
- in respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the Group will not continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, and Directors' Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

The auditor, Ernst and Young LLP, has expressed willingness to be re-appointed.

This report was approved by the board of Directors on 12 May 2023.

Signed on behalf of the board of Directors:

DocuSigned by:

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H D Robinson
Director

Independent Auditor's Report to the Members of Commify Topco Limited

For the year ended 31 December 2022

Opinion

We have audited the financial statements of Commify Topco Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, Consolidated statement of Cash Flows, and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards ("IFRS"). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) ("FRS101").

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2024 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Commify Topco Limited

For the year ended 31 December 2022

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 directors' responsibilities statement set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting frameworks (IFRS and FRS101), Companies Act 2006 and the relevant tax compliance regulations in the regions in which the group operates.
- We understood how the group is complying with those frameworks by making enquiries of management, the Audit Committee and the Company General Counsel. We corroborated those enquiries through our review of Board minutes and noted that there was no contradictory evidence.

Independent Auditor's Report to the Members of Commify Topco Limited

For the year ended 31 December 2022

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk assessment performed by management, understanding the controls in place to mitigate fraud and considering which areas may be most susceptible to the risk of management override. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. Any fraud risk factors identified were evaluated to identify risk of material misstatement due to fraud as well as the presumptive risk of material misstatement due to fraud in respect of revenue recognition and management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved using data analytic approaches to identify any unusual journal entries, including any in the revenue process and obtaining evidence that those journals are authorised, supported by appropriate documentation and have been accounted for appropriately. We also made enquiries of those charged with governance and those outside of the finance function as to whether there was any actual or suspected fraud. These procedures were designed to provide reasonable assurance that the group and parent company financial statements were free from material misstatement due to fraud.

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

Use of our report

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

Ernst & Young LLP

18 May 2023

James Golder (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Commify Topco Limited

Consolidated Profit and Loss Account

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Revenue	5, 6	140,946	111,021
Cost of sales		(90,519)	(70,358)
Gross profit		**50,427**	**40,663**
Administrative expenses:			
Depreciation of tangible assets	14	(717)	(662)
Depreciation of right-of-use assets	16	(1,197)	(800)
Amortisation of intangible assets	15	(16,471)	(12,784)
Acquisition costs and other exceptional items	7	(8,614)	(3,950)
Other administrative expenses		(24,274)	(21,863)
Total administrative expenses		(51,273)	(40,059)
Operating profit before interest and taxation		**(846)**	**604**
Finance income	9	9	2
Finance costs	10	(19,077)	(14,081)
Other (costs) / income	11	1,604	(2,297)
Loss before taxation	8	**(18,310)**	**(15,772)**
Tax on loss	13	1,709	771
Loss for the year		**(16,601)**	**(15,001)**

The notes on page 23 to 63 form part of these financial statements.

The loss for the year is fully attributable to the owners of the parent company.

Commify Topco Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 €'000	2021 €'000
Net loss for the year	(16,601)	(15,001)
Other comprehensive (loss) / income		
Other comprehensive (loss) / income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences	(5,520)	6,305
Gain in respect of cash flow hedges	77	-
Net Other comprehensive (loss) / income that may be reclassified to profit or loss in subsequent periods (net of tax):	**(5,443)**	**6,305**
Other comprehensive (loss) / income for the year, net of tax	**(5,443)**	**6,305**
Total comprehensive loss for the year, net of tax	**(22,044)**	**(8,696)**

The notes on page 23 to 63 form part of these financial statements.

The loss for the year is fully attributable to the owners of the parent company.

Consolidated Balance Sheet
As at 31 December 2022

	Note	2022 €'000	2021 €'000
Non-current assets			
Property, plant and equipment	14	1,215	1,265
Right-of-use assets	16	2,657	826
Intangible assets	15	146,554	125,924
Trade and other debtors	19	441	1,174
Derivative financial assets	21	115	-
Deferred tax asset	27	64	51
Investments	17	-	60
		151,046	129,300
Current assets			
Trade and other debtors	19	20,925	17,068
Corporation tax receivable		1,417	808
Cash and short-term deposits	20	11,053	10,881
		33,395	28,757
Total assets		**184,441**	**158,057**
Non-current liabilities			
Loans and borrowings	23	(210,806)	(172,598)
Derivative financial liabilities	21	(32)	-
Lease liabilities	16	(1,938)	(158)
Deferred tax liabilities	27	(8,071)	(10,544)
Net employee benefit liabilities	26	(378)	(560)
Provisions	26	(50)	(295)
Total Non-current liabilities		(221,275)	(184,155)
Current liabilities			
Loans and borrowings	23	(2,611)	(1,195)
Trade and other payables	22	(45,638)	(36,517)
Lease liabilities	16	(757)	(742)
Corporation tax liability		(653)	(238)
Provisions	26	(184)	-
Total current liabilities		(49,843)	(38,692)
Total liabilities		**(271,118)**	**(222,847)**
Net liabilities		**(86,677)**	**(64,790)**
Capital and reserves			
Called up share capital	29	14	14
Share premium account	29	1,270	1,270
Other reserves	29	1,362	1,203
Cash flow hedge reserve	21	77	-
Foreign exchange translation reserve		(778)	4,742
Own shares held	29	(137)	(135)
Profit and loss account		(88,485)	(71,884)
Total equity		**(86,677)**	**(64,790)**

The notes on page 23 to 63 form part of these financial statements. The financial statements were approved by the board of Directors on 12 May 2023.

Signed on behalf of the board of Directors:

DocuSigned by:

H D Robinson
Director
Company registration no: 10315598

Commify Topco Limited

Company Balance Sheet

As at 31 December 2022

	Note	2022 €'000	2021 €'000
Non-current assets			
Investments	17	11,607	11,410
Trade and other debtors	19	870	883
		12,477	12,293
Current assets			
Trade and other debtors	19	152	139
Cash and short-term deposits	20	154	32
		306	171
Total assets		12,783	12,464
Non-current liabilities			
Loans and borrowings	23	(20,701)	(18,483)
Current liabilities			
Trade and other creditors	22	(593)	(321)
Corporation tax liability		-	(85)
		(593)	(406)
Total liabilities		(21,294)	(18,889)
Net liabilities		**(8,511)**	**(6,425)**
Capital and reserves			
Called up share capital	29	14	14
Share premium account	29	1,270	1,270
Other reserves	29	888	721
Own shares held	29	(137)	(135)
Profit and loss account		(10,546)	(8,295)
Total equity		**(8,511)**	**(6,425)**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's result for the year was a loss of €2,251k (2021: loss of €1,978k).

The notes on page 23 to 63 form part of these financial statements.

The financial statements were approved by the board of Directors on 12 May 2023.

Signed on behalf of the board of Directors:

DocuSigned by:

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H D Robinson
Director
Company registration no: 10315598

Commify Topco Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 €'000	2021 €'000
Cash flows from operating activities		
Net loss for the year	(16,601)	(15,001)
Taxation credit	(1,709)	(771)
Amortisation of intangible assets	16,471	12,784
Depreciation of property, plant and equipment	717	662
Depreciation of right-of-use assets	1,197	800
Impairment of investment	60	-
Increase in trade and other debtors	(2,077)	(2,516)
Increase in trade and other creditors	5,832	1,500
(Decrease) / Increase in provisions	(243)	106
Net finance costs	17,464	16,376
Exchange variance on operating activities	(2,080)	-
Share based payment charge	164	105
Income taxes paid	(1,522)	(1,837)
Net cash flows from operating activities	17,673	12,208
Cash flows from investing activities		
Issue of ordinary share capital	-	145
Purchase of intangible assets	(3,975)	(107)
Purchase of property, plant and equipment	(772)	(286)
Capitalisation of internally developed intangible assets	(3,728)	(4,146)
Purchase of subsidiary undertakings	(31,241)	(12,356)
Net cash acquired with subsidiary undertakings	1,281	939
Net cash flows from investing activities	(38,435)	(15,811)
Cash flows from financing activities		
Drawdown of third-party borrowings	32,929	8,750
Issue costs of new borrowings	(975)	(91)
Repayment of third party borrowings	-	(750)
Cash payment to acquire or redeem the entity's shares	-	118
Repayment of lease liability	(1,296)	(939)
Interest paid	(9,486)	(8,402)
Net cash flows from financing activities	21,172	(1,314)
Net change in cash and cash equivalents	410	(4,917)
Cash and cash equivalents at beginning of year	10,881	14,048
Effect of foreign exchange rate changes	(238)	1,750
Cash and cash equivalents at end of the year	**11,053**	**10,881**

The notes on page 23 to 63 form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2022

	Note	Called-up share capital €'000	Share premium account €'000	Other reserves €'000	Cash flow Hedge reserve €'000	Foreign exchange translation reserve €'000	Owı
					Attributable to owners of Commify		
At 1 January 2021		14	1,144	1,025	-	(1,563)	
Net loss for the year		-	-	-	-	-	
Foreign exchange translation		-	-	-	-	6,305	
Total comprehensive loss for the year		-	-	-	-	6,305	
Share issues	29	1	144	-	-	-	
Capital reduction	29	(1)	(18)	-	-	-	
Share based payments	29	-	-	105	-	-	
Shares issued from trust	29	-	-	151	-	-	
Own shares re-purchased	29	-	-	-	-	-	
Transfer between reserves	29	-	-	(78)	-	-	
Total transactions with owners		-	126	178	-	-	
At 1 January 2022		14	1,270	1,203	-	4,742	
Net loss for the year		-	-	-	-	-	
Other comprehensive income	21	-	-	-	77	-	
Foreign exchange translation		-	-	-	-	(5,520)	
Total comprehensive loss for the year		-	-	-	77	(5,520)	
Share based payments	29	-	-	157	-	-	
Transfer between reserves	29	-	-	2	-	-	
Total transactions with owners		-	-	159	-	-	
At 31 December 2022		**14**	**1,270**	**1,362**	77	**(778)**	

Called-up share capital represents the nominal value of shares that have been issued. The Profit and Loss Account includes all current and p
The foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the Group's i

The notes on page 23 to 63 form part of these financial statements.

Commify Topco Limited

Company Statement of Changes In Equity

For the year ended 31 December 2022

	Note	Called-up share capital €'000	Share premium account €'000	Other reserves €'000	Own shares held €'000	Profit and loss account €'000	Total €'000
At 1 January 2021		14	1,144	538	(180)	(6,336)	(4,820)
Net loss for the year		-	-		-	(1,978)	(1,978)
Total comprehensive loss for the year		-	-		-	(1,978)	(1,978)
Share issues	29	1	144	-	-	-	145
Capital reduction	29	(1)	(18)	-	-	19	-
Share based payments	29	-	-	110	-	-	110
Shares issued from trust	29	-	-	151	-	-	151
Own shares re-purchased	29	-	-	-	(33)	-	(33)
Transfer between reserves	29	-	-	(78)	78	-	-
Total transactions with owners		-	126	183	45	19	373
At 1 January 2022		14	1,270	721	(135)	(8,295)	(6,425)
Net loss for the year		-	-	-	-	(2,251)	(2,251)
Total comprehensive loss for the year		-	-	-	-	(2,251)	(2,251)
Share based payments	29	-	-	165	-	-	165
Transfer between reserves	29	-	-	2	(2)	-	-
Total transactions with owners		-	-	167	(2)	-	165
At 31 December 2022		**14**	**1,270**	**888**	**(137)**	**(10,546)**	**(8,511)**

Called-up share capital represents the nominal value of shares that have been issued.
The Profit and Loss Account includes all current and prior year retained profits and losses.

The notes on page 23 to 63 form part of these financial statements.

1 General information

Commify Topco Limited (the 'Company') is a private company limited by shares incorporated in England and Wales. The registered office is 20 Wollaton Street, Nottingham, NG1 5FW.

The principal activity of Commify Topco Limited is that of a holding company for a group of technology companies providing business to business transactional mobile messaging (the 'Group').

2 Basis of preparation

The Consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 applicable as at 31 December 2022 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 ("FRS 101").

The functional currency of the Company is Euros and these financial statements and that of the Group are presented in Euros, rounded to the nearest thousand unless otherwise stated.

The Company and Consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In preparing the financial statements of the parent company, a number of disclosure exemptions have been taken advantage of, in accordance with FRS 101. Therefore, the individual entity financial statements of the parent company do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the Group as they are wholly owned within the Group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- The effect of future accounting standards not adopted
- Certain share-based payment disclosures
- Disclosures in relation to impairment of assets
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)

New and amended standards and interpretations

There are no amendments or interpretations that came into effect for the first time in 2022 that have had a material impact on the Consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 9 and Notes 3 and 25 of the Financial Statements include a description of the Group's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The company's Going Concern modelling has included stress testing that reflects the current global economic climate and in particular inflationary pressure and Commify's ability to pass through price rises to customers. Commify has successfully passed on input price increases during the last three years and the Board remains confident that this can continue.

The Group is funded by a €180m Structured Facilities Agreement (SFA) which was entered into in September 2019 and these facilities mature in September 2025 and September 2026. The Group has fully drawn down the main debt (€120m) and access to a revolving credit facility (€5m) and has used €46m of €56m committed acquisition facilities.

The SFA has a covenant measuring 12-month rolling EBITDA (as defined in the SFA, allowing for certain adjustments) to debt ratio, tested quarterly.

The Board has performed a number of stress tests to assess the Group's ability to continue as a Going Concern for a period of at least 12 months from the date of approval of these financial statements, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with its covenants.

2 Basis of preparation (continued)

Going Concern (continued)

The Directors have prepared forecasts for the Group covering a period through to 30 June 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows. The forecasts have been sensitised for a reduction in revenue to the end of the review period with the impact on profitability and cash flow considered. The forecasts have also been reverse stress tested without applying cost mitigations. The resulting break points are without increased revenue which is well beyond the Director's expectations and at levels which are materially below the current trading conditions. Remedial mitigation of the reduced revenue levels are achievable through cost reduction that is within the Director's control and results in relatively immaterial adjustments to the variable cost base. It demonstrates sufficient headroom and a low risk of breach.

Having considered all the above, including the Group's current financial position, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

3 Significant accounting policies

3.1 Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

3 Significant accounting policies (continued)

3.2 Business combinations and goodwill

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Consolidated Profit and Loss Account in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Profit and Loss Account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. The investments are reviewed for indicators of impairment at each reporting date and, in the event of any impairment being identified, the losses are recognised immediately in the Profit and Loss Account, as are any reversals of previous impairment losses.

3.4 Revenue recognition

IFRS 15 and its related amendments apply to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group provides business communication services. The majority of revenue derives from the sale of SMS credits and is recognised based on the actual number of credits used in the reporting period. Revenue from set up and other support services is recognised as performance obligations are satisfied. For most sales, the enforceable contract is the individual purchase order, which is an individual, short term contract. As the enforceable contract for most arrangements is the purchase order, the transaction price is determined at the date of each sale and, therefore, there is no future variability that is within scope of IFRS 15 and no further remaining performance obligations under those contracts.

When the Group sells multiple services as a package, the components are separated and accounted for separately to the extent that this is material.

Revenue received before services are delivered is recognised as deferred income and transferred to the profit and loss account once the services have been performed.

3 Significant accounting policies (continued)

3.5 Foreign currency

The Group's Consolidated financial statements are prepared in Euros (€), which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, at prevailing rates set each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary Balance Sheet items at year end exchange rates are recognised in the Consolidated Profit and Loss Account.

In the Group's financial statements, all items and transactions of Group entities with a functional currency other than Euros were translated into Euros upon consolidation. Assets and liabilities have been translated into Euros at the closing rate at the Balance Sheet date. Income and expenses have been translated into Euros at the average rate over the reporting period. Any differences arising from this procedure have been charged or credited through other comprehensive income to the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euros at the closing rate.

3.6 Employee benefits - Defined contribution pension schemes

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if an underpayment or prepayment has occurred and are included in liabilities or assets as appropriate.

3.7 Employee benefits – Termination indemnity provision

The Group operates a legally required termination indemnity provision for its Italian employees. If material, remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Any material past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Any material net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3.8 Exceptional items

Exceptional items are material items which arise from unusual, non-recurring or non-trading events. This includes items (such as costs relating to acquisitions) that have occurred in more than one period but are unusual or non-trading and of significant enough size to distort analysis of the Group's performance if not separately disclosed.

Exceptional items are separately disclosed in aggregate on the Consolidated Profit and Loss Account where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. See note 7 for the items disclosed in the current year.

3.9 Taxation

Income tax comprises both the income tax payable, based on taxable profits for the year, and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Profit and Loss Account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3 Significant accounting policies (continued)

3.9 Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or, the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the Consolidated Profit and Loss Account except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive in come or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.10 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on these assets on a straight-line basis over the estimated useful economic life of each asset. Material residual value estimates and useful economic lives are updated as required and at least annually. The expected lives applicable are shown below, though a shorter life will be applied if an asset is deemed to have a shorter useful economic life:

- Fixtures and fittings	3 – 5 years
- Office equipment	3 – 5 years
- Computer equipment	3 – 5 years
- Motor Vehicles	3 – 5 years
- Leasehold Improvements	3 – 5 years

3.11 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) at cost. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subsequently measured net of accumulated depreciation and impairment losses and are adjusted for any remeasurement of lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment reviews.

The lease term is determined by considering the contract terms, and the Group strategy, for each lease. This review takes into account any available extension and termination options, applying judgement on whether the Group intends to utilise any options to extend.

3 Significant accounting policies (continued)

3.12 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Useful lives of certain assets have been revised in the current year due to changes in the expectations of useful lives.

The expected lives applicable are shown below, though a shorter life will be applied if an asset is deemed to have a shorter useful economic life:

-	Trade names	3 - 12 years
-	Customer relationships	3 - 11 years
-	Acquired technology	1 - 5 years
-	Software and licenses	2 - 5 years
-	Contractual obligations	length of the obligation

Capitalised development costs

Costs associated with maintaining software programmes 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; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised over 3 – 5 years from the point at which the asset is ready for use.

Goodwill

Goodwill is measured as described in note 3.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the geographical markets.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Consolidated Profit and Loss Account when the asset is derecognised.

3 Significant accounting policies (continued)

3.13 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Profit and Loss Account unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Reversal of an impairment loss is recognised immediately in the Consolidated Profit and Loss Account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into consideration the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a debtor is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the debtor can be measured reliably.

3.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to their fair value, as appropriate. Transaction costs directly attributable to the acquisition of financial assets held at amortised cost are capitalised.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3 Significant accounting policies (continued)

3.15 Financial instruments (continued)

For purposes of subsequent measurement, financial assets held by the Group are held at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Financial assets measured at amortised cost comprise cash at bank and in hand, trade and other debtors, and amounts owed by group undertakings.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the profit and 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 Group expects to receive. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience of similar financial assets. This, and the basis of provisions and write-offs made, is explained in note 25.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and lease liabilities.

Subsequent measurement

The subsequent 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. Gains and losses are recognised in the Consolidated Profit and Loss Account when the liabilities are derecognised as well as through the EIR amortisation process.

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 Consolidated Profit and Loss Account.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 23.

3 Significant accounting policies (continued)

3.15 Financial instruments (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. No variable lease elements have been identified.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The rate implicit in the lease could not be readily determined and as such the incremental borrowing rate has been applied for all leases.

The incremental borrowing rate is the rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate for each lease was calculated by adjusting the Group's incremental borrowing rate for the applicable conditions of each lease.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. As such lease payments are allocated between the liability and finance cost. The finance cost is charged to the Consolidated Profit and Loss Account over the lease period.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Profit and Loss Account.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Fair value measurement

IFRS 13 emphasises that fair value is a market-based measurement, not an entity-specific measurement. Therefore, fair value measurements under IFRS 13 are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, IFRS 13 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs utilise quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

- Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

3 Significant accounting policies (continued)

3.16 Derivatives and hedging activities

The Company enters into floating to fixed interest rate hedges to manage its exposure to interest rate risks. These derivatives are initially recognised at fair value at the date which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether or not the derivative is designated for hedge accounting.

Derivatives embedded in non-derivative host contracts that are not financial assets are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when the host contracts are not measured at fair value though profit or loss.

Hedge accounting

The Company designates its derivatives as hedging instruments for a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Company documents whether a hedging relationship meets the hedge effectiveness requirements under IFRS 9 and whether there continues to be an economic relationship between the hedged item and the hedging instrument.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately within the Profit and Loss Account.

Amounts previously recognised in other comprehensive are reclassified to earnings in the periods when the hedged item is recognised in profit or loss. These earnings are included within the same line of the Consolidated Profit and Loss Account as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. Any gain or loss recognised in the cash flow hedge reserve remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.17 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below £3,600). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.18 Own shares held

The cost of own shares held in employee share trusts is deducted from shareholders' equity until the shares are cancelled, re-issued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

3 Significant accounting policies (continued)

3.19 Share-based payments

Estimating fair values for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

The Group only has equity-settled transactions with non-market-based vesting conditions and as such the fair value of share-based payment transactions is determined using the Black-Scholes model. The 5 inputs to the model are share price, exercise price, expected life of the share option or appreciation right, risk free rate, and volatility.

4 Significant accounting judgements and estimates

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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 judgements, 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 and in any future periods affected.

Judgements:

Valuation of intangible fixed assets

The valuation of intangible assets acquired regarding the acquisitions included in note 18 have been made with reference to external experts' reports, which valued the intangibles to be recognised on these acquisitions and also made an initial determination of the useful economic lives for each category of asset. These useful economic lives have been amended only where there is a reasonable expectation that the actual life will differ significantly from the usual life of the asset in question.

Judgements made in determining capitalised development costs relate to the assessment of individual projects against the criteria, as per the above accounting policy, as to whether the project is capital in nature. The value to capitalise is derived from timesheets completed by staff working on capital projects and salary information for these individuals. The useful economic life of each development project is estimated based on how long the Group judges that an economic benefit will be derived from the completed project.

Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Alternative Performance Measures

The non IFRS performance measures used in the Group Strategic Report, and the classification of the costs detailed in note 7 as exceptional or non-recurring, is a matter of judgement. As such, a reconciliation of the non IFRS measure used to those in the Consolidated Profit and Loss Account is presented, and care is taken to ensure that the measures and classifications used are the same as those used by the board, owners and senior management to judge the performance of the business.

Estimates:

Impairment of Non-current assets

When an impairment test is prepared, including the annual goodwill impairment test, the Group estimates the recoverable value of CGUs including intangible assets and goodwill through estimation of future cash flows. This includes an estimation of an appropriate discount rate (see note 15).

The macro-economic environment, climate emergency and internal factors such as the development of the new Titan messaging platform were all considered as part of the review for indicators of impairment, and any expected impacts fed into the estimated future cash flows used to calculate recoverable values. Whilst it is very difficult to forecast the impact of the climate emergency, the nature of the Group's products means that no adverse impact on trading is considered to be likely in the foreseeable future.

Expected credit losses

At each reporting period, the Directors review outstanding debts and determine appropriate provision levels based on expected credit losses. The method for calculating expected credit loss is predicated on historical experience and hence there is an assumption that past experience will be reflective of future defaults. The Group's approach to calculating expected credit losses is detailed in note 25.

5. Revenue from contracts with customers

For the year ended 31 December 2022 all Revenue for the Commify Topco Limited Group was for the rendering of business to business communication services. All significant revenue streams are recognised at the point at which the service has been provided, which is usually when SMS messages are sent. Revenue analysed geographically is shown in note 6.

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

	2022 €'000	2021 €'000
Deferred income – SMS sales	9,877	9,743

6 Operating Segments

Operating segments are reported here in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the board of Directors of the Company.

For management purposes these operating segments are the geographical segments shown in the tables below. The key metrics that are monitored based on this split are Revenue and Operating EBITDA. Other costs and the non-current assets of the business are managed centrally and not by operating segment.

Revenue

Year ending 31 December 2022:

	UK and Ireland €'000	Italy €'000	France €'000	USA €'000	Rest of the World €'000	Fair value adjustment (note 7) €'000	Total €'000
Segment Revenue	70,599	20,288	17,250	9,785	37,476	(90)	155,308
Inter-segment Revenue	(12,105)	(1,084)	(1,171)	-	(2)	-	(14,362)
Revenue from external customers	**58,494**	**19,204**	**16,079**	**9,785**	**37,474**	**(90)**	**140,946**

Year ended 31 December 2021:

	UK and Ireland €'000	Italy €'000	France €'000	USA €'000	Rest of the World €'000	Fair value adjustment (note 7) €'000	Total €'000
Segment Revenue	57,368	18,774	19,731	-	27,236	(109)	123,000
Inter-segment Revenue	(7,610)	(660)	(3,707)	-	(2)	-	(11,979)
Revenue from external customers	**49,758**	**18,114**	**16,024**	**-**	**27,234**	**(109)**	**111,021**

Operating EBITDA

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
United Kingdom and Ireland	13,424	9,150
Italy	3,458	2,956
France	3,248	3,314
USA	2,231	-
Rest of the World	6,850	6,240
	29,211	**21,660**

6 Operating Segments (continued)

Operating EBITDA as used to monitor segment performance is a non-GAAP measure. The Operating Profit as per the Consolidated Profit and Loss Account reconciles to Operating EBITDA as follows:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Operating (Loss) / Profit per Consolidated Profit and Loss Account	(846)	604
Adjustments:		
Amortisation of Intangible Assets (see note 15)	16,471	12,784
Acquisition Costs and other Exceptional Items (see note 7)	8,614	3,950
Head Office and Board Costs	2,968	2,751
Depreciation of right-of-use Assets (see note 16)	1,197	800
Depreciation of Tangible Assets (see note 14)	717	662
Profit impact of Deferred Revenue Fair Value Adjustment (see note 7)	90	109
Operating EBITDA	**29,211**	**21,660**

Head Office and Board Costs are not included within Operating EBITDA as these are fixed costs with limited variability and are not part of day to day trading operations. Head Office costs include directors' fees and senior head office management and related expenses, owners' fees, professional compliance fees, and other sundry Head Office costs.

Non-current assets

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
United Kingdom and Ireland	83,685	82,976
Italy	18,487	20,696
France	7,882	8,184
USA	24,706	-
Rest of the World	16,286	17,444
	151,046	**129,300**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, intangible assets, non-current trade and other debtors, deferred tax assets and investments.

7 Acquisition Costs and Other Exceptional Items

During the current and prior year, the Group recognised exceptional costs in relation to:

- the acquisitions disclosed in note 18
- a potential new majority investment in the Group's equity by external investors
- the subsequent work undertaken to integrate acquisitions into the Group
- restructuring of the executive management team
- staff restructuring costs
- one off data and regulatory costs
- impairment of a fixed asset investment

The table below quantifies the above items, and also includes the profit impact of the Deferred Revenue fair value adjustment to show the total profit impact of exceptional items. This includes items that have occurred in more than one period but are unusual or non-trading and significant enough to distort analysis of the Group's performance if not separately disclosed.

This Deferred Revenue fair value adjustment is described below. The Revenue figure on the face of the Consolidated Profit and Loss Account has not been amended to exclude this item.

7 Acquisition Costs and Other Exceptional Items (continued)

In order to allow better understanding of financial performance in the current year and prior year, exceptional items are presented separately on the face of the Consolidated Profit and Loss Account and consist of the following:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Costs relating to the acquisition of subsidiaries (note A)	4,013	865
Costs relating to a potential new majority investment in the Group's equity (note B)	2,923	-
Costs relating to the integration of the Group (note C)	1,487	1,584
One-off costs in relation to changes to the executive management structure (note D)	8	108
Staff restructuring costs (note E)	53	542
One off data and regulatory costs (note F)	70	851
Impairment of a fixed asset investment (note G)	60	-
Total exceptional costs	**8,614**	**3,950**
Profit impact of Deferred Revenue fair value adjustment (note H)	90	109
Total profit impact of exceptional items	**8,704**	**4,059**

Note A – Acquisition of subsidiaries

External costs, mainly in relation to earn out payments, due diligence and legal services in relation to completed, aborted and potential future acquisitions, €162k of initial set-up costs of the Commify Esendex S.R.L. entity are also included here.

Note B – Potential new majority investment in the Group's equity

One off costs, mainly in relation to professional services, incurred in preparing information to support a potential financial investment in the Group by a third party.

Note C – Integration

Costs relating to the integration of previously acquired entities into the Group's systems, processes and controls. This includes work relating to migrating the customers of acquired entities on to other of the Group's messaging platforms, as well as finance integrations, legal changes and brand rationalisations. Included within this cost is €704k (2021: €854k) relating to the salaries of employees who were working solely on this integration activity.

Note D – Executive management structure

One off costs in relation to changes to the structure of the Group's leadership team. Including one-off costs in relation to leavers, as well as any one-off costs in relation to new members of the leadership team.

Note E – Staff restructuring

Payments to staff, and related legal costs, in relation to the restructuring of the Group's operations

Note F – Data and regulatory costs

One off costs relating to external inspections and work done in relation to improvements in the data, privacy and cyber security environment of the Group

Note G – Asset impairment

Write-off of the book value of a fixed asset investment due to uncertainty over the value and timing of any future cash flows (see note 17)

7 Acquisition Costs and Other Exceptional Items (continued)

Note H – Deferred Revenue fair value adjustment

This relates to the requirement to include Deferred Revenue acquired as part of a business combination on the opening Balance Sheet at the expected cost of delivering the service to the customer (with this expected cost being released to the Consolidated Profit and Loss Account as the service is delivered such that there is no profit impact from the Deferred Revenue) rather than at the sales value of the Deferred Revenue (which would generate a profit when released).

The effect of this adjustment is to artificially depress revenue by treating the profit element of the deferred revenue as relating to the pre-acquisition period. The Revenue figure on the face of the Consolidated Profit and Loss Account has not been amended to exclude this item. There is no impact on costs from this adjustment.

8 Loss before taxation

The Loss before taxation is stated after:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Auditor's remuneration:		
Fees payable to the Company's auditor and its associates for:		
- Audit of the Company's annual accounts	14	13
- Audit of the Consolidated annual accounts	246	292
- Audit of subsidiaries	284	148
- Other services	737	123
Total Auditor's remuneration	1,281	576
Depreciation of owned tangible fixed assets (note 14)	717	662
Depreciation of right-of-use Assets (note 16)	1,197	800
Foreign exchange costs/(income)	(2,085)	2,308
Short-term lease rentals	210	82
Amortisation - intangible assets acquired in a business combination	11,155	9,598
Amortisation - capitalised development costs	4,894	2,709
Amortisation - intangible assets acquired separately	422	477

9 Finance income

Group	**Year ended 31 December 2022 €'000**	**Year ended 31 December 2021 €'000**
Bank interest income	-	2
Other finance income	9	-
	9	**2**

Other finance income includes a €9k credit (2021: €nil) in respect of the ineffective portion of the Group's hedging instruments (see note 21 for further information).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

10 Finance costs

Group	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Interest payable on preference shares	2,218	1,980
Interest payable on owner loans	3,128	2,791
Interest payable on interest-bearing loans and overdrafts	12,033	7,913
Amortisation of attributable transaction costs	1,101	947
Bank interest payable	22	4
Interest expense on lease liability	135	81
Commitment fees	258	313
Other finance costs	182	52
	19,077	**14,081**

Other finance costs above include €145k (2021: €nil) of interest due to the Group's hedge provider. This is the excess of the hedge interest rate above the market rate of interest.

11 Other income / (costs)

Other income of €1,604k (2021: costs of €2,297k) relates to realised and unrealised foreign exchange gains and losses on retranslation of third party borrowings and accrued interest.

12 Directors' and employees' remuneration

Group

Employee benefits expense

Staff costs during the year were as follows:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Wages and salaries	17,382	12,689
Social security costs	2,682	2,168
Other people costs	1,871	1,719
	21,935	**16,576**

The Group operates stakeholder defined contribution pension schemes for the benefit of employees and directors in some territories. The assets of the scheme are administered by an independent pension provider. In all other territories employee pension benefits are provided through government schemes. Pension payments expensed during the year amount to €699k (2021: €608k). Contributions totalling €290k (2021: €102k) were a creditor to the fund at the year end and are included in other creditors.

The average number of employees (including Directors) of the Group during the year was:	Year ended 31 December 2022 No.	Year ended 31 December 2021 No.
Sales	127	110
Technical	109	90
Administration	55	37
	291	**237**

Directors' remuneration

All salaried directors' remuneration was paid by Commify UK Limited. All salaried directors are employed by Commify Limited. The remuneration in respect of non-executive directors was paid by Commify Limited.

Remuneration in respect of directors was as follows:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Remuneration	1,040	1,143
Pension contributions to money purchase pension schemes	18	10
	1,058	**1,153**

12 Directors' and employees' remuneration (continued)

During the year, one director (2021: one) participated in money purchase pension schemes. The remuneration of the highest paid director was €373k (2021: €431k), there were no pension contributions in respect of this director.

Key management personnel

The Group considers the key management of the business to be the Directors of Commify Topco Limited. The total cost of key management personnel (including related employment taxes) to the Group for 2022 was €1,203k (2021: €1,289k).

Company

The Company had no employees for the year to 31 December 2022 other than directors (2021: none). Directors are remunerated through other Group companies.

13 Tax on loss

The tax credit is based on the loss for the year and represents:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Current income tax:		
Current UK income tax charge	57	397
Current overseas income tax charge	1,109	763
Adjustments in respect of current income tax of previous year	85	124
Deferred taxation:		
Origination and reversal of temporary differences	(2,960)	(2,055)
Tax credit	**(1,709)**	**(771)**

The aggregate current and deferred tax relating to items that are recognised in Other Comprehensive Income in the year is €341k (2021: €458k). The tax credit assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%). The differences are explained as follows:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 restated €'000
Accounting loss before tax	(18,310)	(15,772)
Loss multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	(3,479)	(2,997)
Fixed asset differences	(16)	4
Expenses not deductible for tax purposes	1,263	225
RDEC expenditure credits	16	(20)
Adjustments to tax charge in respect of previous periods	47	5
Change in tax rates	(67)	1,076
Other non-taxable income	(117)	-
Non-deductible interest	619	742
Deferred tax charged directly to equity	(7)	(5)
Share based payments	15	8
Deferred tax not recognised	(706)	(171)
Difference in overseas tax rate	294	(7)
Preference share interest	421	376
Foreign exchange movement	8	(7)
Net tax credit in the Consolidated Profit and Loss Account	**(1,709)**	**(771)**

The prior year has been restated to separate out the impact of preference share interest. This was previously reported within expenses not deductible for tax purposes.

13 Tax on loss (continued)

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021 to increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 which was substantively enacted on 24 May 2021. No additional deferred tax (2021: charge of €1,544k) was recognised in the year as a result of the remeasurement of UK deferred tax to 25%.

The change in tax rates within the reconciliation above of €67k (2021: €1,076k) includes both the remeasurement of the opening deferred tax balance and also the current year rate differential during the current year.

14 Property, Plant and Equipment

Group	**Fixtures and Fittings €'000**	**Office Equipment €'000**	**Computer Equipment €'000**	**Motor Vehicles €'000**	**Leasehold Improvements €'000**	**Total €'000**
Cost						
At 1 January 2021	245	848	2,038	11	589	3,731
On acquisition of subsidiaries	-	39	-	-	-	39
Reclassifications within Property, Plant and Equipment	(8)	(1)	1	-	8	-
Additions	5	40	201	-	40	286
Disposals	(283)	(105)	(1,496)	-	-	(1,884)
Effect of foreign exchange rates	4	9	131	-	32	176
At 1 January 2022	(37)	830	875	11	669	2,348
On acquisition of subsidiaries	-	-	16	-	-	16
Additions	72	1	697	-	2	772
Disposals	-	(24)	(457)	-	(314)	(795)
Effect of foreign exchange rates	(4)	(8)	(116)	-	(11)	(139)
At 31 December 2022	**31**	**799**	**1,015**	**11**	**346**	**2,202**
Depreciation						
At 1 January 2021	(200)	(773)	(895)	(11)	(265)	(2,144)
Reclassifications within Property, Plant and Equipment	2	(18)	20	-	(4)	-
Provided in the year	(11)	(24)	(515)	-	(112)	(662)
Disposals	283	105	1,442	-	-	1,830
Effect of foreign exchange rates	(4)	(7)	(78)	-	(18)	(107)
At 1 January 2022	70	(717)	(26)	(11)	(399)	(1,083)
Provided in the year	(5)	(51)	(544)	-	(117)	(717)
Disposals	(70)	23	457	-	311	721
Effect of foreign exchange rates	3	6	76	-	7	92
At 31 December 2022	**(2)**	**(739)**	**(37)**	**(11)**	**(198)**	**(987)**
Carrying value						
At 31 December 2021	33	113	849	-	270	1,265
At 31 December 2022	**29**	**60**	**978**	**-**	**148**	**1,215**

As at 31 December 2022, the Group had €nil of capital commitments (2021: €187k).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

15 Intangible fixed assets

Group	Business Combinations (see below) €'000	Software & Licenses €'000	Brands & Patents €'000	Development €'000	Goodwill €'000	Total €'000
Cost						
At 1 January 2021	82,910	1,258	70	5,989	63,030	153,257
On acquisition of subsidiary undertakings (note 18)	8,283	-	-	-	5,819	14,102
Additions	-	106	1	-	-	107
Internally developed additions	-	3	-	4,143	-	4,146
Effect of foreign exchange rates	3,434	30	-	493	2,669	6,626
At 1 January 2022	94,627	1,397	71	10,625	71,518	178,238
On acquisition of subsidiary undertakings (note 18)	16,930	-	-	-	16,263	33,193
Reclassifications within Intangible fixed assets	-	9	(9)	-	-	-
Additions	-	141	-	3,834	-	3,975
Internally developed additions	-	-	-	3,728	-	3,728
Disposals	-	(4)	-	(838)	-	(842)
Effect of foreign exchange rates	(2,819)	(32)	-	(858)	(2,246)	(5,955)
At 31 December 2022	**108,738**	**1,511**	**62**	**16,491**	**85,535**	**212,337**
Accumulated amortisation						
At 1 January 2021	(34,833)	(117)	(49)	(2,850)	-	(37,849)
Charge for the year	(9,598)	(468)	(9)	(2,709)	-	(12,784)
Effect of foreign exchange rates	(1,396)	(7)	-	(278)	-	(1,681)
At 1 January 2022	(45,827)	(592)	(58)	(5,837)	-	(52,314)
Charge for the year	(11,155)	(419)	(3)	(4,894)	-	(16,471)
Reclassifications within Intangible fixed assets	-	(9)	9	-	-	-
Disposals	-	4	-	838	-	842
Effect of foreign exchange rates	1,642	14	-	504	-	2,160
At 31 December 2022	**(55,340)**	**(1,002)**	**(52)**	**(9,389)**	**-**	**(65,783)**
Carrying value						
At 31 December 2021	48,800	805	13	4,788	71,518	125,924
At 31 December 2022	**53,398**	**509**	**10**	**7,102**	**85,535**	**146,554**

15 Intangible fixed assets (continued)

The business combinations intangible asset consists of four separately identifiable assets as detailed below, and relate to the acquisitions included in note 18:

	Customer relationships €'000	Trade names €'000	Acquired technology €'000	Contractual obligations €'000	Total Business combinations €'000
Cost					
At 1 January 2021	66,370	6,043	10,212	285	82,910
On acquisition of subsidiary undertakings (note 18)	5,747	1,294	1,242	-	8,283
Effect of foreign exchange rates	2,705	232	497	-	3,434
At 1 January 2022	74,822	7,569	11,951	285	94,627
On acquisition of subsidiary undertakings (note 18)	10,537	566	5,827	-	16,930
Effect of foreign exchange rates	(2,215)	(227)	(377)	-	(2,819)
At 31 December 2022	**83,144**	**7,908**	**17,401**	**285**	**108,738**
Accumulated amortisation					
At 1 January 2021	(23,272)	(3,340)	(7,936)	(285)	(34,833)
Charge for the year	(7,188)	(477)	(1,933)	-	(9,598)
Effect of foreign exchange rates	(927)	(90)	(379)	-	(1,396)
At 1 January 2022	(31,387)	(3,907)	(10,248)	(285)	(45,827)
Charge for the year	(8,667)	(590)	(1,898)	-	(11,155)
Effect of foreign exchange rates	1,129	104	409	-	1,642
At 31 December 2022	**(38,925)**	**(4,393)**	**(11,737)**	**(285)**	**(55,340)**
Carrying value					
At 31 December 2021	43,435	3,662	1,703	-	48,800
At 31 December 2022	**44,219**	**3,515**	**5,664**	**-**	**53,398**

Contractual obligations in the table above relate to the fair value of non-compete agreements.

The intangibles above that arose from business combinations relate to the following cash generating units:

2022	Goodwill €'000	Customers relationships €'000	Trade names €'000	Acquired technology €'000	Total €'000
UK	48,660	22,372	2,135	941	74,108
Italy	10,577	7,422	-	-	17,999
France	6,590	1,129	134	-	7,853
Spain	1,718	29	37	-	1,784
Germany	209	610	68	-	887
Australia	-	-	-	-	-
Netherlands	5,819	4,729	1,141	656	12,345
USA	11,961	7,928	-	4,067	23,956
	85,534	**44,219**	**3,515**	**5,664**	**138,932**

15 Intangible fixed assets (continued)

2021	Goodwill €'000	Customers relationships €'000	Trade names €'000	Acquired technology €'000	Total €'000
UK	46,604	26,299	2,091	633	75,627
Italy	10,577	9,395	-	-	19,972
France	6,590	1,385	190	-	8,165
Spain	1,718	191	52	-	1,961
Germany	209	717	80	-	1,006
Australia	-	-	-	-	-
Netherlands	5,820	5,448	1,249	1,070	13,587
USA	-	-	-	-	-
	71,518	**43,435**	**3,662**	**1,703**	**120,318**

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and tested annually for impairment.

The key assumptions for each of the cash generating units include stable profit margins, determined based on past experience and adjusted for any known changes, and growth as detailed below. Internal and external market data has been used in setting the assumptions, and the discount rates used (noted below) reflect the markets that the individual CGUs operate in. It is considered that these are the best available inputs for forecasting future cash flows.

The uncertain macro-economic environment, impact on capitalised assets of the ongoing development of the Group's new Titan messaging platform and the climate emergency were all considered as part of the review for indicators of impairment, and any expected impacts fed into the estimated future cash flows used to calculate recoverable values. No impairment was identified from these reviews. Whilst it is very difficult to forecast the impact of the climate emergency, the nature of the Group's products means that no adverse impact on trading is likely in the foreseeable future.

The recoverable amounts were determined based on a value-in-use calculation, built up using a detailed board approved Budget for 2023, a prudent view on growth rates for 2024 to 2027 and then the long-term perpetual growth rate of the relevant economy for the terminal value. The 2024 to 2027 growth rates were set to decline over time such that the growth of each CGU dropped to close to the relevant economy's long-term perpetual growth rate over time. This was done in order to show a prudent cash generation outlook for the purposes of the value-in-use calculation. A forecast period of five years has been used representing the expected minimum period that the business model is sustainable assuming no significant changes in the business.

The assumptions used in the value-in-use calculation are:

	Discount rate (%)	Long-term perpetual growth rate for Terminal Value (%)	% growth rate (maximum)
UK and Ireland	12.1%	1.5%	6%
Italy	16.0%	0.7%	7%
France	12.8%	1.4%	11%
Spain	16.1%	1.7%	31%
Germany	10.8%	1.3%	10%
Australia	11.5%	2.3%	20%
Benelux	13.4%	1.5%	18%
USA	14.9%	1.9%	15%

The growth rates used for 2023 are aligned to the Board approved Budget for the year. These reflect management's detailed expectation of growth in 2023 – including any exceptional growth due to a rebound from lower growth in 2022 or other one-off factors. Rates for later years are adjusted to reflect any one-off factors in the Budget year that are not expected to be repeated in later years.

Stress testing of the above assumptions showed that there are no reasonably possible changes in assumptions which would cause recoverable amounts to drop below the carrying amounts. Goodwill and impairment policies are detailed in note 3 to these Consolidated financial statements.

16 Leases

Set out below are the carrying amounts of right-of-use assets recognised on the face of the Consolidated Balance Sheet and the movements during the current and prior year:

2022	Land and buildings €'000	Motor Vehicles €'000	Data centre and Hosting €'000	Total €'000
At 1 January 2022	637	12	177	826
Additions	2,194	114	641	2,949
Depreciation expense	(801)	(46)	(350)	(1,197)
Disposals	68	-	-	68
Effect of foreign exchange rates	8	(1)	4	11
At 31 December 2022	**2,106**	**79**	**472**	**2,657**

2021	Land and buildings €'000	Motor Vehicles €'000	Data centre and Hosting €'000	Total €'000
At 1 January 2021	818	25	411	1,254
Additions	319	20	-	339
Depreciation expense	(518)	(33)	(249)	(800)
Disposals	(6)	-	-	(6)
Effect of foreign exchange rates	24	-	15	39
At 31 December 2021	**637**	**12**	**177**	**826**

Set out below are the carrying amounts of lease liabilities recognised on the face of the Consolidated Balance Sheet and the movements during the current and prior years:

2022	Land and buildings €'000	Motor Vehicles €'000	Data centre and Hosting €'000	Total €'000
At 1 January 2022	693	12	195	900
Additions	2,194	114	641	2,949
Accretion of interest	98	9	28	135
Payments	(853)	(53)	(390)	(1,296)
Disposals	-	-	-	-
Effect of foreign exchange rates	2	2	3	7
At 31 December 2022	**2,134**	**84**	**477**	**2,695**
Current	449	31	277	757
Non-current	1,685	53	200	1,938
	2,134	**84**	**477**	**2,695**

2021	Land and buildings €'000	Motor Vehicles €'000	Data centre and Hosting €'000	Total €'000
At 1 January 2021	932	28	434	1,394
Additions	296	20	-	316
Accretion of interest	57	1	23	81
Payments	(624)	(37)	(278)	(939)
Disposals	-	-	-	-
Effect of foreign exchange rates	32	-	16	48
At 31 December 2021	**693**	**12**	**195**	**900**
Current	538	12	192	742
Non-current	155	-	3	158
	693	**12**	**195**	**900**

16 Leases (continued)

The following are the amounts recognised in the Consolidated Profit and Loss Account:

	2022 €'000	2021 €'000
Depreciation expense of right-of-use assets	1,197	800
Interest income on disposal of lease liabilities	-	-
Interest expense on lease liabilities	135	81
Total amount recognised in Consolidated Profit and Loss Account	**1,332**	**881**

17 Investments

At 31 December 2022 the investments in which the Group and Company hold any class of share capital are:

Directly owned subsidiary	Type of shares	Proportion held	Nature of business	Registered Office
Falcon Equityco 1 Limited	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England

Indirectly owned subsidiaries	Type of shares	Proportion held	Nature of business	Registered Office
Falcon Equityco 2 Limited	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England
Commify Limited	Ordinary	100%	Holding company	
Commify UK Limited	Ordinary	100%	Provision of business communication services	
Collstream Limited	Ordinary	100%	Dormant company	
Esendex Australia Pty Limited	Ordinary	100%	Provision of business communication services	RSM, Level 21, 55 Collin Street, Melbourne VIC 3000, Australia
Commify Iberia S.L	Ordinary	100%	Provision of business communication services	Avenida Diagonal 453, 2º-1ª, Barcelona 08036, Spain
Commify Germany GmbH	Ordinary	100%	Provision of business communication services	Radeberger Strasse 1, 01099 Dresden, Germany
Commify Italia S.r.l.	Ordinary	100%	Provision of business communication services	Via Alessandro Manzoni 38, 20121 Milano
Commify France S.a.S.u *	Ordinary	100%	Provision of business communication services	28, Avenue de Maurin, 34000 Montpellier, France
Commify Netherlands Holdings B.V.	Ordinary	100%	Holding company	Hannie Dankbaarpassage 18, 1053 CG Amsterdam, Netherlands
Spryng B.V.	Ordinary	100%	Provision of business communication services	
Commify Esendex S.R.L.**	Ordinary	100%	Provision of engineering services to group entities	Strada G-RAL Ernest Broşteanu 31, Bucharest, Romania
Commify USA Holdings LLC ***	Ordinary	100%	Holding company	Capitol Services Inc, 108 Lakeland Avenue, Dover, DE 19901
CDYNE Services LLC ***	Ordinary	100%	Provision of business communication services	505 Independence Parkway, Chesapeake, VA 23320
Mobile Messaging Group Ltd ****	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England
Bulk SMS Ltd ****	Ordinary	100%	Provision of business communication services	

Indirectly owned equity investments	Type of shares	Proportion held	Nature of business	Registered Office
The Digital Box S.p.A.	Ordinary	8%	Mobile marketing	Largo San Francesco 5, CAP 70024, Gravina, Puglia, Italy

17 Investments (continued)

* On 30 June 2022, the Group merged Commify France S.a.S.u and Mobile PRO S.a.S.u, and the resulting entity was named Commify France S.a.S.u.

** On 10 February 2022, the Group incorporated Commify Esendex S.R.L. to provide engineering services to other entities in the Group. Commify Esendex S.R.L. is domiciled in Romania.

*** On 9 March 2022, the Group incorporated Commify USA Holdings LLC to facilitate the acquisition of CDYNE Services LLC, which was acquired on 4 April 2022. Both companies are domiciled in the USA. For more information about the acquisition of CDYNE Services LLC please refer to note 18.

**** On 4 May 2022, the Group acquired 100% of the share capital of Mobile Messaging Group Ltd and Bulk SMS Ltd. Both companies are domiciled in the UK. For more information about this acquisition please refer to note 18.

Transactions with non-controlling interests

The movement in the carrying amount of the investments during the year is summarised as follows:

Name of entity	% of ownership interest		Nature of relationship	Carrying amount	
	2022	2021		2022	2021
	%	%		€'000	€'000
The Digital Box S.p.A.	8	8	Equity investment	-	60
Total equity accounted investments				**-**	**60**

The Digital Box S.p.A. is incorporated in and has its principal place of business in Italy. Its shares are not quoted on an active market and it is not considered to be material to the Group, and so no fair value table has been presented. Due to uncertainty over the value and timing of any future cash flows from this investment, its carrying amount was fully impaired in the year.

Company	2022	2021
	€'000	€'000
Investments in subsidiaries	11,607	11,410
Net book amount at 31 December	**11,607**	**11,410**

The €197k increase (2021: €140k increase) in investment in subsidiaries relates to the movement in the share option balances in the year.

18 Acquisitions

Acquisition of subsidiaries (current year)

CDYNE Services LLC

On 4 April 2022, the Group acquired 100% of the issued share capital of CDYNE Services LLC This acquisition was made to gain access to a new brand and customer base, and to give the Group a foothold in a new geography that has the potential to provide significant future growth opportunities. The acquisition was included in the Group's Balance Sheet at fair value at the date of acquisition, and the related acquisition costs were included within Acquisition Costs and other Exceptional items in the Consolidated Profit and Loss Account.

A summary of the consideration paid and fair value of the identifiable net assets / (liabilities) acquired in the above transaction is shown below. In respect of this acquisition:

- The goodwill recognised related to acquired intangible assets that did not meet the criteria for recognition as a separate asset. This included the value of any assembled workforce, potential future or new contracts and relationships. This is not expected to be deductible for tax purposes.
- The fair value of the receivables was the same as the gross contractual amount and, at the acquisition date, it was expected that all amounts would be collected.

	Fair value
	€'000
Property, plant and equipment	15
Customer relationships	8,556
Acquired technology	4,680
Trade and other receivables	1,345
Cash and cash equivalents	139
Trade and other payables	(787)
Total	**13,948**
Cash paid	23,889
Deferred consideration accrued	1,757
Goodwill	**11,698**

During 2022, this acquisition contributed €9,785k of revenue and €677k of profit before tax to the Group results. If the entity had been owned for the full year it would have contributed €12,736k of revenue and €822k of profit before tax.

Mobile Messaging Group Ltd and Bulk SMS Ltd

On 4 May 2022, the Group acquired 100% of the issued share capital of Mobile Messaging Group Ltd and Bulk SMS Ltd. This acquisition was made to gain access to this customer base and brand, and to strengthen the Group's position as Europe's premier provider of mobile messaging solutions. The acquisition was included in the Group's Balance Sheet at fair value at the date of acquisition, and the related acquisition costs were included within Acquisition Costs and other Exceptional items in the Consolidated Profit and Loss Account.

A summary of the consideration paid and fair value of the identifiable net assets / (liabilities) acquired in the above transaction is shown below. In respect of this acquisition:

- Deferred revenue was stated at the expected cost of delivering the service rather than sales value. See the Deferred Revenue fair value adjustment section of note 7 for details.
- The goodwill recognised related to acquired intangible assets that did not meet the criteria for recognition as a separate asset. This included the value of any assembled workforce, potential future or new contracts and relationships. This is not expected to be deductible for tax purposes.
- The fair value of the receivables was the same as the gross contractual amount and, at the acquisition date, it was expected that all amounts would be collected.

18 Acquisitions (continued)

Acquisition of subsidiaries (current year) (continued)

	Fair value €'000
Customer relationships	1,979
Trade names	566
Acquired technology	1,147
Trade and other receivables	397
Cash and cash equivalents	1,146
Trade and other payables	(649)
Corporation tax liability	(108)
Deferred tax	(880)
Deferred revenue	(259)
Total	**3,340**
Cash paid	7,352
Deferred consideration accrued	553
Goodwill	**4,565**

During 2022, this acquisition contributed €3,574k of revenue and €182k of profit before tax to the Group results. If the entity had been owned for the full year it would have contributed €5,722k of revenue and €489k of profit before tax.

Acquisition of subsidiaries (prior year) – Sprying B.V.

On 11 August 2021, the Group acquired 100% of the issued share capital of Spyrng B.V. This acquisition was made to gain access to a new brand, customer base, and territory in order to strengthen the Group's position as Europe's premier provider of mobile messaging solutions. The acquisition was included in the Group's Balance Sheet at fair value at the date of acquisition, and the related acquisition costs were included within Acquisition Costs and other Exceptional items in the Consolidated Profit and Loss Account.

A summary of the consideration paid and fair value of the identifiable net assets / (liabilities) acquired in the above transaction is shown below. In respect of this acquisition:

- Deferred revenue was stated at the expected cost of delivering the service rather than sales value. See the Deferred Revenue fair value adjustment section of note 7 for details;
- The goodwill recognised related to acquired intangible assets that did not meet the criteria for recognition as a separate asset. This included the value of any assembled workforce, potential future or new contracts and relationships. This is not expected to be deductible for tax purposes;
- The fair value of the receivables was the same as the gross contractual amount and, at the acquisition date, it was expected that all amounts would be collected.

	Fair value €'000
Property, plant and equipment	39
Customer relationships	5,747
Trade names	1,294
Acquired technology	1,242
Trade and other receivables	1,373
Corporation tax receivable	107
Cash and cash equivalents	939
Trade and other payables	(1,737)
Deferred tax	(2,071)
Deferred revenue	(397)
Total	**6,536**
Cash paid	12,355
Goodwill	**5,819**

During 2021, this acquisition contributed €5,498k of revenue and €209k of profit before tax to the Group results. If the entity had been owned for the full year it would have contributed €11,914k of revenue and €664k of profit before tax.

19 *Trade and other debtors*

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Balances from contracts with customers	17,534	-	15,257	-
Amounts owed by group companies	-	152	-	139
Other debtors and prepayments	3,172	210	2,325	223
Loans to directors	660	660	660	660
Total trade and other debtors	**21,366**	**1,022**	**18,242**	**1,022**
Total current	20,265	152	17,068	139
Total non-current	1,101	870	1,174	883
	21,366	**1,022**	**18,242**	**1,022**

Non-current trade and other debtors relate to loans advanced to directors during the year, S455 tax, and deposits. S455 tax amounts receivable are included within other debtors and prepayments. The director loans balance is detailed in note 30.

Amounts owed by Group companies are unsecured and repayable on demand. Intercompany balances attract interest in line with intercompany agreements, with interest being charged at multiple rates ranging from 5% to 12%.

Balances from contracts with customers are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade debtors are recognised initially at the amount of consideration that is unconditional. The Group holds the trade debtors with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the expected credit loss allowance are provided below. Due to the short-term nature of the current debtors, their carrying amount is considered to be the same as their fair value.

Impairment of trade and other debtors

Debtors arising from trading activities are subject to the IFRS 9 expected credit loss ('ECL') model. The Group applies a simplified approach in calculating ECLs and does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience for similar financial assets.

Based on historical experience, trade debtors for each Group Operating segment (as specified in note 6) carry a different default risk, due to variations in customer mix and primary economic environment. As such, separate ECL calculations have been performed for each Group Operating segment.

Impairment of trade and other debtors (continued)

Calculated ECLs for each Operating segment consist of:

- Specifically identified balances with a high risk of default resulting from a review of receivables, with a focus on large balances and balances over 90 days overdue; and
- Application of an expected credit loss rate to receivables not covered by the review detailed above.

The expected credit loss rate for each Operating segment is determined from historical experience, taking into account the customer mix and primary economic environment.

19 Trade and other debtors (continued)

Set out below is the information about the credit risk exposure on the Group's balances from contracts with customers using a provision matrix:

	Operating segment						
2022	**United Kingdom and Ireland**	**Italy**	**France**	**Spain**	**Rest of Europe**	**Rest of the World**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Gross Trade debtors	7,291	1,752	2,183	1,233	3,516	2,187	18,162
Expected credit losses	(330)	(48)	(87)	(58)	(19)	(86)	(628)
Expected credit loss rate	4.5%	2.7%	4.0%	4.7%	0.5%	3.9%	3.5%

	Operating segment						
2021	**United Kingdom and Ireland**	**Italy**	**France**	**Spain**	**Rest of Europe**	**Rest of the World**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Gross Trade debtors	6,954	1,936	2,316	1,097	2,798	734	15,835
Expected credit losses	(321)	(74)	(87)	(74)	(17)	(5)	(578)
Expected credit loss rate	4.6%	3.8%	3.8%	6.7%	0.6%	0.7%	3.7%

The movement in the allowance for expected credit losses of trade receivables is shown below:

	2022	**2021**
	€'000	**€'000**
Balance beginning of the year	578	443
Provision for expected credit loss	333	350
Amounts released	(10)	(203)
Amounts used	(256)	(28)
Effect of Foreign exchange rates	(17)	16
Balance at end of the year	**628**	**578**

20 Cash and short-term deposits

	2022	**2021**
	€'000	**€'000**
Cash and cash equivalents	11,053	10,881
	11,053	10,881

Cash and cash equivalents consist of cash at bank and in hand. All cash at bank and in hand held by subsidiary undertakings is available for use by the Group. The Company had €154k of cash or cash equivalents at 31 December 2022 (2021: €32k).

21 Derivative financial instruments

Derivative financial assets	**2022**	**2021**
Derivatives designated as hedging instruments	**€'000**	**€'000**
Interest rate swaps – cash flow hedges	115	-
	115	-

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

21 Derivative financial instruments (continued)

Derivative financial liabilities	**2022**	**2021**
Derivatives designated as hedging instruments	**€'000**	**€'000**
Interest rate swaps – cash flow hedges	(32)	-
	(32)	-

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group has entered into hedge relationships where the critical terms of the hedging instrument and the hedged item match. Therefore, for the prospective assessment of effectiveness, a qualitative assessment is performed and the hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Cash flow interest rate swaps

The Group manages part of its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. The Group raises long-term borrowings at floating rates and during the year has entered into floating to fixed interest rate swaps to reduce the related interest rate volatility. All swaps entered into have a maturity date of 30 September 2024.

At 31 December 2022, the applicable floating rates were EURIBOR, SONIA and SOFR. Gains and losses on interest rate swap contracts recognised within equity (in the cash flow hedging reserve) as at 31 December 2022 will be released to the consolidated Profit and Loss Account as the related interest expense is recognised.

The ineffective portion of the swaps has been recognised in Finance income and amounts to a gain of €9k (2021: €nil).

22 Trade and other creditors

	Group 2022 €'000	**Company 2022 €'000**	**Group 2021 €'000**	**Company 2021 €'000**
Amounts falling due within one year				
Trade creditors	14,056	-	13,594	-
Amounts owed to group companies	-	593	-	291
Other taxation and social security	2,974	-	3,064	30
Accruals and other creditors	18,731	-	10,116	-
Deferred income	9,877	-	9,743	-
	45,638	**593**	**36,517**	**321**

Trade creditors are unsecured and throughout the period were, on average, paid within 36 days (2021: 32 days) of recognition. Deferred income relates to contractual obligations to deliver messaging services to customers.

Accruals and other creditors as at 31 December 2022 include €4,513k of accrued deferred consideration in respect of 2022 acquisitions. Amounts fall due during the year ended 31 December 2023.

The carrying amounts of trade and other creditors are materially the same as their fair values, due to their short-term nature.

23 Loans and borrowings

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Amounts falling due within one year				
Third party loans and accrued interest (note 24)	2,611	-	1,195	-
	2,611	-	1,195	-
Amounts falling due after one year				
Third party loans and accrued interest (note 24)	161,027	-	128,165	-
Other loans and accrued interest	29,078	-	25,950	-
Preference shares and accrued interest	20,701	20,701	18,483	18,483
	210,806	**20,701**	**172,598**	**18,483**

Both the other loans and the preference shares are due to be repaid on the earlier of 12 June 2027, the sale of the entire issued share capital of the Company, or the listing of any of the Company's shares on a recognised stock exchange. The interest on both the loan notes and the preference shares accrues up to the point that they are redeemed, at which point it becomes payable. The repayment profile of the third party loans is disclosed in note 24.

Interest on the third party loans accrues at a rate based on EURIBOR, SONIA or SOFR (depending on the currency of the loan) plus a margin of between 2.5% and 7.5%. As detailed in note 21, the Group entered into cash flow hedging contracts in the year in order to limit its interest rate exposure on approximately two thirds of its variable SONIA and SOFR debt. The Group has also committed to commencing a EURIBOR hedge on 31 March 23 to hedge two thirds of its interest exposure.

Interest on other loans and preference shares accrues at a rate of 12% as disclosed in note 24.

The third party loans are due to be repaid in two tranches, on 12 September 2025 and 12 September 2026. They include a financial covenant that measures the ratio of EBITDA (as defined in the banking facilities agreement) to net debt. This is formally tested each calendar quarter, and the Group has met the covenant requirement in every quarter to date.

24 Borrowings

Third party loans repayable, included within Loans and borrowings, are analysed as follows:

	Group	Company	Group	Company
	2022	2022	2021 restated	2021
Third party loans and accrued interest:	€'000	€'000	€'000	€'000
Within one year	3,799	-	2,147	-
Between one to two years	-	-	-	-
Between two to five years	164,236	-	131,736	-
In more than five years	-	-	-	-
	168,035	**-**	**133,883**	**-**
Attributable transaction costs	(4,397)	-	(4,523)	-
	163,638	**-**	**129,360**	**-**

Third party loans are stated net of attributable transaction costs of €4,397k (2021: €4,523k). The 2021 ageing disclosure has been updated following a review of underlying calculations.

Analysis of net debt:

	2021	From acquisitions	Cash flows	Exchange Differences	Accrued Interest	2022
	€'000	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	(10,881)	(1,281)	(1,096)	2,204	-	(11,053)
Debt due within one year	1,195	-	(9,486)	(119)	11,021	2,611
Debt due after more than one year	172,598	-	33,010	(1,485)	6,683	210,806
Adjusted net debt	**162,912**	**(1,281)**	**22,430**	**598**	**17,704**	**202,364**

	2020	From acquisitions	Cash flows	Exchange Differences	Accrued Interest	2021
	€'000	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	(14,048)	(939)	5,856	(1,750)	-	(10,881)
Debt due within one year	1,467	-	(8,402)	(90)	8,220	1,195
Debt due after more than one year	156,576	-	7,909	2,387	5,726	172,598
Adjusted net debt	**143,995**	**(939)**	**5,363**	**547**	**13,946**	**162,912**

Analysis of changes in interest-bearing loans and borrowings and lease liabilities:

	Group 2022	Group 2021
	€'000	€'000
At the beginning of the period	174,693	159,437
Drawdown of third-party borrowings	32,929	8,750
Accretion of interest on third-party borrowings	12,313	8,228
Accretion of interest on owner loans	3,128	2,791
Accretion of interest on preference shares	2,218	1,980
Amortisation of attributable transaction costs	1,101	947
Repayment of third party borrowings	-	(750)
Repayment of interest accrued on third party borrowings	(9,486)	(8,402)
Issue costs of third-party borrowings	(975)	(91)
Recognition of lease liabilities	2,949	315
Accretion of interest on lease liabilities	135	81
Repayment of lease liabilities	(1,296)	(939)
Effects of foreign exchange	(1,597)	2,346
At the end of the period	**216,112**	**174,693**

25 Financial assets and liabilities

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Financial assets				
Financial assets measured at amortised cost				
Investments	-	-	60	-
Cash and cash equivalents	11,053	-	10,881	-
Trade and other debtors	21,366	1,022	18,242	1,022
	32,419	1,022	29,183	1,022

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade creditors, accruals and other creditors	(32,787)	(593)	(23,710)	(321)
Lease liabilities	(2,695)	-	(900)	-
Interest bearing loans and borrowings	(192,716)	-	(155,310)	-
Preference shares classified as debt	(20,701)	(20,701)	(18,483)	(18,483)
	(248,899)	(21,294)	(198,403)	(18,804)

Fair value hierarchy

All financial assets and liabilities, except for derivates financial assets and liabilities, have a fair value which approximates to their carrying value and as such there is no requirement to analyse their value in the fair value hierarchy. The Group's derivative financial assets and liabilities fall within level 2 of the fair value hierarchy.

The Group has exposure to four main areas of financial risk - foreign exchange transitional currency exposure, liquidity risk, customer credit exposure, and interest rate risk.

Foreign exchange transactional currency exposure and sensitivity

Foreign currency is any currency not denominated in the Euro. The Group is exposed to currency exchange rate risk due to a proportion of its Revenue, cost of sales, and operating expenses being transacted in foreign currencies. The majority of the foreign currency transactions are denominated in Sterling or US dollars. To manage this risk an appropriate portion of the bank debt in Commify Limited is denominated in these two currencies.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in €'000, was as follows:

	31-Dec-22				31-Dec-21 restated			
	GBP €'000	USD €'000	Other €'000	TOTAL €'000	GBP €'000	USD €'000	Other €'000	TOTAL €'000
Trade debtors	6,664	1,270	831	8,765	6,241	-	729	6,970
Third party loans	(39,037)	(25,108)	-	(64,145)	(39,633)	-	-	(39,633)
Trade creditors	(5,948)	(532)	(216)	(6,696)	(4,352)	(102)	(208)	(4,662)
	(38,321)	**(24,370)**	**615**	**(62,076)**	**(37,744)**	**(102)**	**521**	**(37,325)**

25 Financial assets and liabilities (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the GBP and USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the net liabilities is due to changes in the value of the GBP and USD items noted in the table above. The Group's exposure to foreign currency changes for all other currencies is not material.

2021 figures have been updated to show the value of USD balances separately. Previously these were reported within other.

		GBP		USD	
	Change in rate	**Effect on profit before tax €'000**	**Effect on net liabilities €'000**	**Effect on profit before tax €'000**	**Effect on net liabilities €'000**
2022	+ 5%	(341)	(798)	660	(1,245)
	-5%	341	798	(660)	1,245
2021	+ 5%	(1,189)	(1,887)	N/a	N/a
	-5%	1,189	1,887	N/a	N/a

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. Based on current year profit and cash generation results the Group continues to have no concerns over the ability to pay future liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, excluding future interest accruals. The financial derivative instruments disclosed are the gross undiscounted cash flows. However, those amounts may be settled gross or net:

2022	**On demand €'000**	**Less than 1 year €'000**	**1 to 5 years €'000**	**> 5 years €'000**	**Total €'000**
Interest-bearing loans and borrowings (excluding attributable transaction costs) - capital	-	-	184,525	-	184,525
Interest-bearing loans and borrowings (excluding attributable transaction costs) – cumulative accrued interest	-	3,799	29,490	-	33,289
Lease liabilities	-	757	1,938	-	2,695
Trade and other payables	9,877	35,761	-	-	45,638
	9,877	**40,317**	**215,953**	**-**	**266,147**

2021	**On demand €'000**	**Less than 1 year €'000**	**1 to 5 years €'000**	**> 5 years €'000**	**Total €'000**
Interest-bearing loans and borrowings (excluding attributable transaction costs) – capital	-	-	132,688	20,289	152,977
Interest-bearing loans and borrowings (excluding attributable transaction costs) – cumulative accrued interest	-	1,195	-	24,144	25,339
Lease liabilities	-	742	158	-	900
Trade and other payables	9,743	26,774	-	-	36,517
	9,743	**28,711**	**132,846**	**44,433**	**215,733**

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding debtors.

Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

25 Financial assets and liabilities (continued)

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

The Group has policies that require appropriate credit checks on all potential customers before credit is granted. Smaller customers are generally required to make a payment in advance of being able to use the Group's services. Many significant customers pay by direct debit and credit limits are reviewed on a regular basis. Impairment losses are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

An impairment analysis is performed at each reporting date in order to measure expected credit losses. Provision is made based on a review of the full debt ledger for any specific debts not expected to be recoverable, and an additional general provision is made based on expected credit losses. The provision rate for the general provision is based on the historic proportion of debts written off, split by geographical region (in the prior year, the provision rate was based on the historic proportion of debts not paid). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in this note. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are split over multiple jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

2022	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Total €'000
Expected credit loss rate	0.09%	0.19%	0.12%	0.03%	0.07% to 0.11%	0.04% to 0.30%	0.12%
Sales to apply credit loss to	61,133	19,199	16,261	9,673	22,014	17,718	145,998
Expected credit loss (excluding specific provisions made)	52	36	20	3	17	41	169

2021	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Total €'000
Expected credit loss rate	0.52%	0.45%	0.17%	0.02%	0.09%	0.03%	0.34%
Sales to apply credit loss to	26,677	9,400	8,289	5,026	19,865	4,432	73,690
Expected credit loss (excluding specific provisions made)	140	43	14	1	18	1	217

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Cash flow and fair value interest rate risk

The Group has borrowed in the form of long-term loans, loan notes and preference shares. The preference shares are considered to be debt like in nature and so are included in debt rather than equity. Long-term loans are chargeable to both fixed and variable interest. As detailed in note 21, the Group entered into cash flow hedging contracts in the year in order to limit its interest rate exposure. SONIA and SOFR hedges commenced on 30 September 2022 and the EURIBOR hedge commences on 31 March 2023. Interest rate risk is regularly reviewed by the Group and a decision was made to accept the residual risk beyond the proportion covered by the hedging contracts put in place. This decision is reviewed regularly. All of the loan notes and preference shares are chargeable to fixed rather than variable interest.

The Group's borrowings and debtors are carried at amortised cost.

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2022 €'000	% of total loans	2021 €'000	% of total loans
Variable rate 3rd party borrowings (unhedged)	121,933	57%	129,360	74%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

25 Financial assets and liabilities (continued)

Interest rate sensitivity
The following table demonstrates the sensitivity of the unhedged element of the Group's variable rate borrowings to plausible changes in applicable interest rates. With all other variables held constant, the Group's loss before tax is affected by movements in variable borrowing rates as follows:

	2022 Increase / (decrease) in basis points	Effect on loss before tax €'000	2021 Increase / (decrease) in basis points	Effect on loss before tax €'000
Euro	+25	(283)	+25	(238)
Pounds Sterling	+25	(94)	+25	(98)
USD	+25	(47)	+25	Not applicable
Euro	(25)	283	(25)	238
Pounds Sterling	(25)	94	(25)	98
USD	(25)	47	(25)	Not applicable

The assumed movement in basis points for the interest rate sensitivity analysis is the maximum movement which is reasonably likely when considering the observable market environment.

In the year ended 31 December 2021 USD exposure was not material and as such sensitivity analysis was not performed for this currency.

Measurement of financial instruments
Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, external loans creditor, and amounts owed to group undertakings. The Directors consider the undiscounted balance of amounts owed to / from group undertakings to not be materially different to their fair value.

26 Provisions and net employee benefit liabilities

Provisions and net employee benefit liabilities consists of:

	2022 €'000	2021 €'000
Net employee benefit liabilities	378	560
Research and Development incentive provision	184	253
Privacy and Other provisions	50	42
	612	**855**
Total current	184	-
Total non-current	428	855
	612	**855**

Net employee benefit liabilities relate to a statutory provision required in case of termination of an employment contract by the Group. The amount and timing of the amount payable is uncertain until the point that an individual leaves the Group's employment. Movements in the net employee benefit liabilities during the year were:

Group:	2022 €'000	2021 €'000
At the start of the year	560	489
Provision created	76	210
Provision released	(145)	(123)
Amounts utilised	(113)	(16)
At 31 December	**378**	**560**

26 Provisions and net employee benefit liabilities (continued)

The research and development incentive provision relates to a potential repayment of research and development credits, along with associated penalties, due to a challenge by the tax authorities. The liability at 31 December 2022 has been settled post year-end. Movements in the research and development incentive provision during the year were:

Group:	2022 €'000	2021 €'000
At the start of the year	253	253
Provision released	(69)	-
At 31 December	**184**	**253**

The other provisions relate to a number of small provisions in respect of the group's operations. Movements in the other provision during the year were:

Group:	2022 €'000	2021 €'000
At the start of the year	42	36
Provision created	40	6
Provision released	(32)	-
At 31 December	**50**	**42**

27 Deferred taxation

Deferred taxation is provided for at the rate of the jurisdiction in which each group entity is located, in line with substantively enacted legislation, as set out below:

Group:	2022 €'000	2021 €'000
Deferred tax assets:		
Losses and other deductions	900	584
Short term temporary differences	168	148
	1,068	**732**
Deferred tax liabilities:		
Fixed asset temporary differences	(1,016)	(1,149)
Intangibles recognised on business combinations	(8,059)	(10,076)
	(9,075)	**(11,225)**

The analysis of the deferred tax balances, after considering the offset of assets and liabilities within entities where there is a legal right to do so, is detailed below, and corresponds to the Consolidated Balance Sheet.

Group:	2022 €'000	2021 €'000
Deferred tax assets	64	51
Deferred tax liabilities	(8,071)	(10,544)
	(8,007)	**(10,493)**

The deferred tax assets recognised on the interest restrictions of €2,131k (2021: €1,582k) are included with the deferred tax liabilities arising on intangible assets of €10,190k (2021: €11,658k), resulting in a net figure of €8,059k (2021: €10,076k).

Deferred tax assets have been recognised in respect of the UK corporate interest restriction disallowance of €1,445k (2021: €1,582), Italian interest restrictions of €686k (2021:nil) and tax losses carried forward which are expected to be offset against future taxable profits of the Group. These include UK tax losses of €891k (2021: €417k) and French tax losses of €9k (2021: €135k).

27 Deferred taxation (continued)

Deferred tax assets have not been recognised in respect of UK unpaid interest carried forward of €1,828k (2021: €1,713k), German trade tax losses of €879k (2021: €858k), German corporate tax losses of €874k (2021: €853k), US corporate tax losses of €539k (2021: €nil) and US timing differences on intangibles of €263k (2021: €nil) as these are not expected to be utilised in the foreseeable future.

Movements in the net provision for deferred tax during the year were:

Group:	**2022**	**2021**
	€'000	**€'000**
At the start of the year	10,493	9,943
On acquisition of subsidiary undertakings	880	2,071
Amounts credited against the provision	(2,960)	(2,055)
Amounts charged to Other Comprehensive Income	(341)	458
Deferred tax charged directly to equity	7	5
Foreign exchange	(72)	71
At 31 December	**8,007**	**10,493**

28 Pension scheme arrangements

The Group operates a stakeholder defined contribution pension scheme for the benefit of UK employees and directors. The assets of the scheme are administered by an independent pension provider. In all other territories employee pension benefits are provided through government schemes. Pension payments recognised as an expense during the year amount to €746k (2021: €608k). Contributions totalling €290k (2021: €102k) were a creditor to the fund at the year end and are included in other creditors. The Group's legal or constructive obligation for these plans is limited to the contributions.

29 Equity

Group and Company	**2022**	**2021**
	€	**€**
Allotted, called up and fully paid:		
787,935 A Ordinary shares of €0.01 each	7,879	7,879
22,938 B Ordinary shares of €0.01 each	230	230
136,424 C Ordinary shares of €0.01 each (2021: 136,424 of €0.01 each)	1,364	1,364
5,000 D Ordinary shares of €1.00 each (2021: 5,000 of €1.00 each)	5,000	5,000
	14,473	**14,473**

A Ordinary Shares carry voting rights and the right to dividends according to amounts paid up on shares, and in respect of any surplus on a return of capital.

B and C Ordinary shares have no voting rights but do have the right to dividends pro-rata to nominal amounts of shares held, and in respect of any surplus on a return of capital.

D Ordinary Shares have voting rights set at 5% of voting rights per 1,000 shares held, the right to dividends pro-rata to nominal amounts of shares held, and in respect of any surplus on a return of capital.

Of the issued and fully paid C ordinary shares, 26,057 shares (2021: 26,057 shares) are held by an employee benefit trust. This equates to €261k (2021: €261k) at par value. Of the issued and fully paid D ordinary shares, nil shares (2021: nil shares) are held by an employee benefit trust. This equates to €nil (2021: €nil) at par value. The weighted average cost of shares held by the employee benefit trust is recognised as an own share reserve. At 31 December 2022 the weighted average cost of the shares held by the employee benefit trust is €137k (2021: €135k).

During 2022, the Group issued 5,247 (2021: 5,724) share options over the C shares held by the employee benefit trust, and nil (2021: 1,908) options lapsed. At 31 December 2022, the total number of share options in issue were 19,557 (2021: 14,310). The fair value of the share options was determined in order to assess the impact on both the Consolidated Profit and Loss Account and Consolidated Balance Sheet of recognising the share options under IFRS 2 *'Share based Payment'*.

Shares held by the employee benefit trust are held to provide incentives to current or future staff and will be allocated to employees at the discretion of the Directors.

29 Equity (continued)

	2022 No.	2022 €	2021 No.	2021 €
At 1 January	952,297	14,473	945,665	14,407
Shares issued in the year:				
C Ordinary Shares	-	-	6,632	66
D Ordinary Shares	-	-	1,000	1,000
Capital reduction in the year:				
D Ordinary Shares	-	-	(1,000)	(1,000)
At 31 December	**952,297**	**14,473**	**952,297**	**14,473**

All shares were issued fully paid.

C shares issued in the prior year created a share premium of €126k. D shares issued in the prior year created a share premium of €18k which was subsequently reversed following a capital reduction.

Other Reserves

Other reserves in the Consolidated Balance Sheet are made up of:

	Share based payment reserve €'000	Share issue reserve €'000	Other reserves €'000	Total €'000
At 1 January 2021	310	228	487	1,025
Share based payments	105	-	-	105
Shares issued from trust	-	151	-	151
Transfer between reserves	-	(78)	-	(78)
Total transactions with owners	105	73	-	178
At 1 January 2022	415	301	487	1,203
Share based payments	157	-	-	157
Transfer between reserves	-	2	-	2
Total transactions with owners	157	2	-	159
At 31 December 2022	**572**	**303**	**487**	**1,362**

Other Reserves relate to non-distributable reserves that are required to be held in some territories that the group operates in.

29 Equity (continued)

Other reserves in the Company Balance Sheet are made up of:

	Share based payment reserve €'000	Share issue reserve €'000	Total €'000
At 1 January 2021	310	228	538
Share based payments	110	-	110
Shares issued from trust	-	151	151
Transfer between reserves	-	(78)	(78)
Total transactions with owners	110	73	183
At 1 January 2022	420	301	721
Share based payments	165	-	165
Transfer between reserves	-	2	2
Total transactions with owners	165	2	167
At 31 December 2022	**585**	**303**	**888**

The share issue reserve relates to the value of shares issued out of the Employee benefit trust to employees.

Other reserves relate to various statutory reserves in overseas subsidiaries which are classed as non-distributable.

Capital risk management
The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal debt structure to minimise the weighted average cost of capital.

For the purposes of these objectives, the Group considers capital to include long term debt and preference shares, as well as the equity elements of the Group's capital structure.

As a consequence of the debt structure of the Group, and limitations that this imposes on changes to the capital structure, the Group have no plans to pay dividends or return capital to shareholders.

30 Transactions and balances with related parties

Transactions and balances between the Group and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions and balances with funds managed by HG Capital LLP

Included within the loans and borrowings disclosed in note 23 are amounts owed to funds managed by HG Capital LLP (see note 33). The transactions in relation to these loans and borrowings, and the amounts outstanding at the end of the year are:

	2022 €'000	2021 €'000
Loans, loan notes and preference shares drawn down at 1 January	44,433	39,662
Interest accrued in the period	5,346	4,771
Loans, loan notes and preference shares drawn down at 31 December	**49,779**	**44,433**

During the year ended 31 December 2022 the Group incurred expenses with HG Capital LLP of €106k (2021: €96k). These have been recorded within other administrative expenses within the Consolidated Profit and Loss Account.

Directors' loans

The Group has offered certain key management personnel a facility to borrow money for specified purposes related to equity incentives. Such loans are unsecured, and no interest is charged. They are repayable at the earlier of; the sale of the business, 8 years from the date of issue, or if the employee leaves the business. All outstanding loans are included in trade and other debtors (see note 19). The loans outstanding were:

	2022 €'000	2021 €'000
Loan advanced on 13 January, 2020	202	202
Loan advanced on 18 March 2020	37	37
Loan advanced on 18 March 2020	37	37
Loan advanced on 01 April 2020	127	127
Loan advanced on 29 April 2021	128	128
Loan advanced on 26 June 2021	129	129
	660	**660**

31 Contingent assets and liabilities

As at the year-end, the Group had contingent liabilities of €158k (2021: €nil) that will become payable in the event that the entire issued share capital of the Company is sold to a third party before 20 June 2024.

32 Events after the reporting period

As at the date of signing these accounts there have been no events since the balance sheet date that require disclosure in these accounts.

33 Ultimate Parent Undertaking and Controlling party

A number of limited partnerships which are managed by HG Capital LLP (holding through nominee companies) held a significant interest in the ordinary shares of the Company at 31 December 2022. The Directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HG Capital LLP has an ownership of more than 20% of the issued share capital of the Company and there are no further controlling parties.