Financial Statements
Falcon Equityco 2 Limited

For the year ended 31 December 2021

Registered number: 10777330

Company Information

Directors	T G Boucher P E J Burton R J Hanscott N D L Jordan H D Robinson
Registered number	10777330
Registered office	20 Wollaton Street Nottingham Nottinghamshire NG1 5FW
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Independent auditor	Ernst & Young LLP 1 Colmore Square Birmingham West Midlands B4 6HQ

Contents

Falcon Equityco 2 Limited

Group Strategic Report

For the year ended 31 December 2021

Introduction

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2021.

Although 2021 was impacted by the continued Covid-19 pandemic and lockdowns, the group headed by Falcon Equityco 2 Limited ('the Group') has grown revenue and gross profit for the full year by 20% and 14% respectively.

This growth has given the Directors the confidence to deliver their strategic investment agenda in 2021. In particular: several key executive level hires were made and there has also been a material investment in Commify's future software platform, a substantial increase in marketing investment and a successful return to large scale acquisitions - with the purchase of Spryng B.V. completed in August.

The Group has returned to the strategy of using acquisitions to supplement organic growth. The Spryng acquisition has strengthened the Group's position as Europe's premier provider of mobile messaging solutions, as well as providing entry into the Benelux market. Post year-end, the Group also completed the acquisition of CDYNE Services LLC and so gained access to the US market. There are also a number of further acquisitions currently under investigation which, if completed, will either give us access to new markets or products, or strengthen our market share in existing markets.

The Group also continued its integration of previous acquisitions, with the rationalisation of messaging platforms and brands.

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.

Business Review

During the year to 31 December 2021, the Group had Revenue of €111.0m (2020: €92.5m), Gross Profit of 36.6% (2020: 38.6%) and Operating EBITDA of €21.7m (2020: €22.4m). 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 €4.1m (2020: €2.2m) of development costs during the year (see note 15) and also completed the acquisition of the Spryng business based in the Netherlands (see note 18).

On a statutory basis, the Group made a Loss before Taxation of €11.7m (2020: €6.0m), 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 2021 €'000	Year ended 31 December 2020 €'000
United Kingdom and Ireland	19,629	18,164
Italy	6,391	6,225
France	4,805	4,094
Spain	3,503	3,179
Rest of Europe	3,276	1,629
Rest of the World	3,168	2,518
Gross Profit	**40,772**	**35,809**
Deferred Revenue Fair Value Adjustment (see note 7)	(109)	(73)
Gross Profit per the Consolidated Profit and Loss Account	**40,663**	**35,736**

Falcon Equityco 2 Limited

Group Strategic Report (continued)

For the year ended 31 December 2021

Table 2 – Equity and Financing Position

	2021 €'000	2020 €'000
Called up share capital (note 29)	10,960	10,960
Amounts owed to group companies (note 22)	18,808	18,359
Long/Medium term debt financing (note 23)	129,360	118,381
Total	**159,128**	**147,700**

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 – €21.7m (2020: €22.4m)
- Gross profit - €40.7m (2020: €35.7m)
- Gross profit % - 36.6% (2020: 38.6%)
- Proportion of Revenue from non-SMS messaging sources – 6.0% (2020: 5.6%)

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 2021 €'000	Year ended 31 December 2020 €'000
Operating Profit per Consolidated Profit and Loss Account	608	3,261
Adjustments:		
Amortisation of Intangible Assets (see note 15)	12,784	12,325
Acquisition Costs and other Exceptional Items (see note 7)	3,950	3,559
Head Office and Board Costs[1]	2,751	1,619
Depreciation of right-of-use assets (see note 16)	800	830
Depreciation of Tangible Assets (see note 14)	662	754
Profit impact of Deferred Revenue Fair Value Adjustment[2] (see note 7)	109	73
Operating EBITDA	**21,664**	**22,421**

[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. There has been an increase in these costs in the current year as two additional members of staff are now included (one of whom was previously included within Operating EBITDA), as well as the full year impact of changes made to the executive management team in the prior year.

[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 2021	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Year ended 31 December 2020**
	€'000	**€'000**	**€'000**	**€'000**
United Kingdom and Ireland	19,629	18,164	9,154	11,207
Italy	6,391	6,225	2,956	3,366
France	4,805	4,094	3,314	2,950
Spain	3,503	3,179	1,880	1,995
Rest of Europe	3,276	1,629	2,072	1,020
Rest of the World	3,168	2,518	2,288	1,883
	40,772	**35,809**	**21,664**	**22,421**

Gross profit above differs from that shown in the Consolidated Profit and Loss Account due to the removal of the €109k (2020: €73k) 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.

Covid risk

The Covid-19 pandemic resulted in a significant reduction in the Group's 2020 revenue in all territories except for Germany and Australia, but volumes subsequently recovered such that by the end of 2020 they were in line with the prior year. This risk could not have reasonably been foreseen but, due to mitigating cost reductions and cash conservation measures put in place, the Group continued to trade with positive Operating EBITDA throughout this reduction, demonstrating that the Group is able to withstand sizeable temporary reductions in volumes.

In 2021, there has been an on-going impact from the pandemic, though this has not been as severe as in the prior year. This impact has crystalised in the form of lower year-on-year growth than had been anticipated, but the Group has continued to trade profitably during this period and has not needed to make use of any of the cost mitigation of cash conservation measures utilised in the prior year. See also the going concern analysis in the Directors' Report and note 2 of the financial statements.

Brexit risk

The United Kingdom left the European Union at the end of the Brexit transition period that ran to 31 December 2020. There was a risk that this would result in a weakening of the GBP:EUR exchange rate. This did not come to pass, and the removal of the uncertainty caused by the ongoing negotiations between the EU and the UK has led to a strengthening of this exchange rate – and this exchange movement has had a positive impact on the Group's 2021 results.

The nature and set-up of the Group's operations, as well as governmental agreements in relation to data sovereignty and adequacy, mean that there have been no other significant consequences to the Group as a result of the UK leaving the European Union. In particular, an adequacy decision in relation to the Global Data Protection Regulations ('GDPR') was made by the EU which permits the transfer of data between the UK and the EU without further authorisation.

Climate risk

In common with all global businesses, the ongoing climate emergency represents a risk to the Group's future operations and profitability. The World Economic Forum, in their 2021 Global Risk Report, identified extreme weather, climate action failure and human-led environmental damage among the highest likelihood risks of the next ten years. This report also identified environmental risks amongst the highest impact risks during the same time period.

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 there is a risk that changes in the regulatory environment or actions needed to mitigate the impacts of climate change may result in increased costs in the future. In addition, the impact of climate change may lead to significant impacts 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**

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 to manage this risk an appropriate proportion of the bank debt is denominated in this currency. This proportion was reviewed as part of the re-financing performed in September 2019, and as part of the draw-down of additional funding in August 2021 to facilitate the Spryng B. V. acquisition.

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, from 31 March 2022, the near Risk Free Rate known as SONIA for sterling denominated loans. SONIA was intended to mirror the LIBOR based charge, so no financial impact is expected from this change.

Given the current low interest environment and following an assessment of the remaining term of the Group's debt and expected future interest rate movements, the Group decided not to hedge their interest rate exposure during the current or prior year, but this situation is kept under review.

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.

Credit risk increased as a result of Covid-19 pandemic, and this resulted in more stringent credit control policies and procedures being put in place, as well as steps being taken to support customers in critical industries. As a result of this, the Group experienced no notable increase in customers defaulting on their payments compared to the pre-pandemic position.

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 forecasting procedure that gives early visibility of any potential liquidity issues. These procedures identified the liquidity risk from Covid-19 before there was any financial impact and resulted in the Group taking steps in the prior year to reduce costs and draw down available loan facilities, and so significantly increase the liquid funds available. These steps were subsequently unwound in the current year, but remain available if needed in the future.

Group Strategic Report (continued)

For the year ended 31 December 2021

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.

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

Covid-19
The overall importance of employees to the Group, and the seriousness with which senior management and directors take their responsibilities to them, was demonstrated with the continued approach to staff safety during the Covid-19 pandemic. Remote working continued for most employees and significant efforts were made to check-in on employees and ensure their physical and mental wellbeing.

During the year all employees were invited to contribute to a consultation concerning the future of office working, this has resulted in a hybrid part office / part home working arrangement. A significant capital investment was made to ensure that all staff are able to work equally productively at home and in the office.

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.

Group Strategic Report (continued)

For the year ended 31 December 2021

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 these 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	Covid-19 continued to dominate the Board's people agenda during 2021. Through the first nine months the Board continued to invoke Commify's business continuity plan, with staff vacating offices to work from home. By the end of the year we were able to open 8 offices in 6 countries and have, after consultation with staff, adopted a hybrid (part home / part office) working pattern globally. Despite the challenges of Covid and international travel the CEO and C-Suite leaders were able to visit all our operating countries, with the exception of Australia, where lock down restrictions prevented this. We continued our programme of staff surveys. In 2021 we carried out three, with one focussed specifically on return to work post pandemic. Response rates remained high at 80%+, and the eNPS score in the most recent survey indicates that the majority of staff are happy within the organisation and would recommend it to others. A key action resulting from the surveys was a renewed focus on internal communications. A regular CEO 'Town Hall', a newsletter cascading organisational changes and a series of videos that provided information about key projects were all introduced as a result. These initiatives, plus access to senior management through chat channels and office visits, ensured that the entire global workforce could voice concerns and ask questions directly to leadership. Throughout 2021, Commify maintained its programme of numerous informal social interactions and events, albeit in a virtual setting for most of the year

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	In 2021, the Board made an important customer centric decision, namely to create a dedicated C-Suite role of Chief Marketing Officer. In July 2021, Tom Rahder, a senior leader with significant B2B marketing experience joined the Group and took on responsibility for the Product Management, Product Marketing and Marketing functions. This appointment has improved the integration of sales and marketing activity, with marketing plans aligned to our growth objectives, all the way from group level down to an individual sales executive's territory plan. Our market roadmap has been refreshed and revalidated with the phasing of delivery of our new platform aligned to the market and existing customer requirements. Due to Covid-19, marketing and customer engagement activity continued to be primarily through online channels in 2021. However some face-to-face customer activity, together with attendance at industry conventions and awards ceremonies, was possible in H2. Awards won by the Group in the year included the Customer Engagement Solution award at the UK Credit & Collections Technology Awards 2021. Customer sentiment was measured through the year including delivery of the first global NPS survey, where customers across all group brands gave us an average of +44NPS – indicating a very high level of customer satisfaction Insight gained from these surveys clearly highlighted the priority our customers place on security of systems and data, all of which reinforced the decision early in the year to increase investment in the security capabilities of our platforms. In 2021 all our customers benefited from the introduction of a continual rolling programme to deliver enhanced security protocols, verification and authentication routines, which will continue into 2022.
Shareholders & Lenders	Our shareholders and lenders provide access to capital which is essential to deliver the Group's strategic goals	The company is 100% owned by its immediate parent company – Falcon EquityCo 1 Limited – and funded through a mixture of equity, owner debt and external debt. 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 an annual review meeting. In addition, the CFO oversaw the transition from LIBOR based interest rate borrowing to the new risk-free rate mechanism known as SONIA with the lenders. The Board is committed to adhering to the terms of the Facilities Agreement. Monitoring of these obligations continued to be a priority during 2021. In particular, significant effort was expended in scenario modelling to ensure that an appropriate balance is struck between investment in platform development, acquisitions and ensuring debt obligations will be met in 2022 and 2023. The material acquisition of Spryng BV (as detailed in the 'Principal Decisions Statement') was largely funded using a mix of free cash and an existing acquisition facility provided by the syndicate.

Group Strategic Report (continued)

For the year ended 31 December 2021

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. The Board recognises the strategic importance of a small number of suppliers. This includes the global MNOs and a few Managed Service Providers ('MSPs'). During 2021 engagement with these suppliers has been at both operational and strategic levels, with executive and senior management interactions. The Board understands the importance of treating our suppliers fairly, adhering to contractual agreements and paying within agreed timescales. In 2022, Commify will be participating in the UK prompt payment reporting scheme, and the Board has focused resource into ensuring data availability for this scheme.
Government	The response of governments in all Commify's trading locations during the Covid-19 pandemic was highly influential on the Board decision making processes in 2021	The Board continues to delegate authority to executive management to engage with trading 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 trading conditions.

Principal Decisions Statement

Principal decisions taken in 2021	*Stakeholder & Long-Term Considerations*
Detailed strategic review / 5 year plan	In the second half of 2021, 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 the customer experience by migrating from acquired platforms and brands - to continue our programme of inorganic growth
Continued response to Covid-19	The Covid-19 pandemic continued to influence the Board's agenda during 2021. The business has adapted well to trading in the pandemic environment and has become agile at adapting to the ever changing legislation and lock down periods in the countries that we operate from. During the first half of 2021, there were industry segments such as leisure and travel where trading was understandably low, however this was more than compensated by increased volumes from segments such as healthcare and logistics. Indeed in Germany, Australia, Italy and the UK Commify was proud to deliver use cases that supported either vaccine rollouts or Covid-19 testing. Remote working continues to prove successful. In the second half of 2021, where local conditions allowed, our offices have opened with staff adopting hybrid working patterns. The Board strongly believe that the resilience and agility that Commify has demonstrated throughout the 2020/21 pandemic period will continue. This confidence has underpinned some of the large strategic investment decisions which form the core of the five-year plan.

Principal Decisions Statement (continued)

Improving the Organisation – investment in talent	Significant investment has been made in the top management layers, deliberately aligned to our strategic ambitions of organic and inorganic growth and the building of Commify's future messaging platform. At the executive level we have hired: - a Chief Technology Officer, Vishal Manani, a role held vacant during the volatile 2020 period - the aforementioned new Chief Marketing Officer role - a further new role, Director of Change and Integration: David Whitewoods We have also made a material investment in the wider senior leadership team, with new roles that include: - A Head of Customer Migrations, to drive the integration of acquisitions; - A Head of Customer Demand Generation, to revise and update the Group's Marketing strategy; - A Head of Technology Operations, acknowledging the importance of cloud-based offerings and focus on security; and A Head of Data, acknowledging the demand for customer insight data to drive organic growth.
Improving Customer Experience – investment in platform	In the Spring of 2021, the Board agreed to a large investment in our next generation messaging platform programme. This will take until 2023 to complete, but in 2021 significant progress has been made on two of the major components, including the user interface which will be released in 2022.
Improving Customer Experience - upgrading from legacy platforms	Throughout 2021, the Board continued to support a programme of improving customer experience and reducing cost and risk by migrating customers from legacy platforms to Commify's current flagship platform. The impact on stakeholders was carefully considered and the Board regularly reviewed progress during the year to ensure minimum disruption to service continuity, concluding that a focus on fewer platforms would: - Improve the Group's ability to invest in continual improvement and in particular the richer forms of messaging that Commify offers, and the next generation platform - Improve customer experience, benefitting retention and new business - Deliver efficiencies and cost reduction - *Benefit staff with the opportunities to develop, support and sell fewer* better funded leading edge customer offerings - Improve the effectiveness of future investment in compliance, and improve security and certification During the year the customers from two legacy platforms were migrated and one of these legacy platforms decommissioned, with the second decommissioning following in early 2022.
Improving Customer Experience - brand and customer offer	In 2021, the Board reviewed brand strategy and agreed to continue the programme of brand consolidation. Our premium, enterprise orientated, Esendex brand was launched in Italy in July 2021, completing the global rollout of the Esendex brand. This not only enables a wider product offering for our Italian customers but unifies our global marketing approach for Esendex - improving the efficiency and effectiveness of marketing and sales operations. The introduction of Esendex into Italy also enabled the retirement of legacy brands in the territory, reducing in the in-country presence to two brands. In the UK we also removed several legacy brands, again improving operational efficiency.

Principal Decisions Statement (continued)

Acquiring the trade and assets of Spryng B.V.	The Board were very pleased to welcome the Spryng team in August. This large acquisition, made in August 2021 was heavily scrutinised by the Board. Not only did the Board want to ensure that Commify had the capacity financially and operationally to absorb an acquisition of this scale, we also needed to be sure that the business 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 knowledge of industry sectors impacted by Covid-19 and other growth trends, undertook detailed penetration testing to test system security, obtained commercial insight from customers, and completed legal, tax, and technical due diligence.

This report was approved by the board of Directors on 30 May 2022. Signed on behalf of the board of Directors:

DocuSigned by:
Hayden Robinson
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H D Robinson
Director

Falcon Equityco 2 Limited

Directors' Report
For the year ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors

The Directors who served during the year were:

T G Boucher
P E J Burton
R J Hanscott
N D L Jordan
H D Robinson

Dividends
No dividends were paid in the current or prior year, and no final dividend is proposed (2020: 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 10 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 Board has considered the potential future impact of the ongoing Covid-19 pandemic and, whilst the uncertainty it generates makes forecasting future performance more difficult, do not believe that it poses a threat to the Group's ability to continue trading as a going concern. The initial stages of the pandemic demonstrated that the Group is able to implement contingency plans to increase available liquidity and reduce costs in order to survive a downturn. The pandemic has also demonstrated that, in some instances, there were sales upsides from customers recognising the need to access digitalised services and modern multi-channel communication services or from entirely new use cases.

As at the date of signing, the Group is funded by a €181.0m Senior Facilities Agreement ('SFA') which was entered into in September 2019 and updated in March 2022. These facilities mature in September 2025 and September 2026. The Group has fully drawn down the initial debt (€120.0m) and utilised part of the revolving credit facility (of €5.0m) during the year (this was repaid before the year-end). In addition, €8m of the €25m initial committed acquisition facility was drawn in the year to fund the acquisition of Spyrng B.V described in note 18. After the year-end an additional committed acquisition facility of €31m was entered into. The remaining €17m of the initial committed acquisition facility, and €8.0m of the additional facility were then used to fund the acquisition of CDYNE Services LLC in April 2022. The SFA has a covenant measuring the 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 at least 30 June 2023. 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 five individual scenarios that could impact on the Group's revenue, costs and cash balances up to the end of the review period - with the impact on profitability and cash flow considered, net of cost savings within the control of the Group that would be undertaken given the reduced volumes.

These cost savings would involve permanently reducing directly attributable overhead spend, and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the Directors would also undertake a further review on discretionary expenditure and capital investment to protect the Group's position.

In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations. Reverse stress testing was also performed on the scenarios modelled, 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. The reverse stress break point reduces volumes well beyond the Directors expectations and is materially below the current trading conditions.

Going Concern (continued)
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 until at least 30 June 2023, and therefore continue to adopt the going concern basis in preparing the financial statements.

Events since the Balance Sheet date
Following Russia's invasion of Ukraine, a cross functional team was set up to assess the impact on the Group's operations and ensure that we remained compliant with any sanctions put in place. The work done included an IT risk assessment, a review of suppliers to assess availability and, in particular, to see what could be done to support the one Ukrainian supplier to the Group and their employees, and an assessment of the impact on customers. The limited nature of the Group's operations in Russia and Ukraine mean that the impact is not expected to have a material impact on or results for the year, but the situation is still being assessed regularly.

On 9 March 2022, a new company, Commify USA Holdings LLC was created. The company was created to acquire 100% of the share capital of CDYNE Services LLC, a trading entity, which was acquired for a headline consideration of USD 28m (including USD 2m of deferred consideration) on 4 April 2022. This acquisition gives the group access to a new geographical market, brand, and customer base. Due to the recent nature of the acquisition the exercise to determine the initial fair value / acquisition accounting has not yet been completed.

On 4 May 2022 the group acquired 100% of the share capital of Mobile Messaging Group Limited, and its trading subsidiary Bulk SMS Limited, for a headline consideration of GBP 6.3m (including GBP 0.6m of deferred consideration). This acquisition gives the group access to a new brand and customer base. Due to the recent nature of the acquisition the exercise to determine the initial fair value / acquisition accounting has not yet been completed.

Political donations
No political donations were made during the year (2020: 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 datacentres, and from employee business travel. All Greenhouse gas emissions are classed as indirect scope 2 emissions. Emissions are detailed in the table below.

	2021		2020 restated	
Emission generating activity	**Emission measure**	**Co2 generated (tons)**	**Emission measure**	**Co2 generated (tons)**
Lease of offices	86 Kw/h	20	110 Kw/h	26
Car travel	15.8k miles	6	5.5k miles	2
Total Co2 emissions for the year		**26**		**28**

2020 SECR reporting has been restated due to the removal of datacentre emissions. The group is unable to gain accurate energy usage from the datacentre providers and, as such, including a value would be misleading. Before restatement, the 2020 emissions for leased offices and datacentres combined was 264 Kw/h or 206 tons of Carbon Dioxide. The greenhouse gas emissions were 4.44 tons per €1m of United Kingdom and Ireland revenue (including inter-segment revenue).

In 2021 these greenhouse gas emissions equated to 0.46 tons (2020 restated: 0.60 tons) of Carbon Dioxide equivalent per €1m of United Kingdom and Ireland revenue (including inter-segment revenue). Due to the Covid-19 pandemic no significant energy efficiency actions were taken during the year.

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. Emissions in respect of leased datacentres have been excluded since the group is unable to gain accurate information from the datacentre providers. 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 30 May 2022.

Signed on behalf of the board of Directors:

DocuSigned by:

Hayden Robinson

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H D Robinson
Director

Independent Auditor's Report to the Members of Falcon Equityco 2 Limited

For the year ended 31 December 2021

Opinion

We have audited the financial statements of Falcon Equityco 2 Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 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 their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

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 2021 and of the Group's loss December 2021 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 UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; 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 from when the financial statements are authorised for issue through to 31 June 2023.

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 Falcon Equityco 2 Limited

For the year ended 31 December 2021

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 13, 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the regions in which the Group operates. In addition, the Group and parent company have to comply with laws and regulations relating to its operations, including health and safety and GDPR.

Independent Auditor's Report to the Members of Falcon Equityco 2 Limited

For the year ended 31 December 2021

- We understood how Falcon Equityco 2 Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Group and parent company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We understood the programmes and controls that the Group and parent company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, in respect of management override, including as related to recognition of revenue and the processing of consolidation adjustments, we performed audit procedures to address the identified fraud risk. These procedures included walking through the key processes relating to revenue and the financial statement close process, including any controls designed to mitigate significant risk of misstatement due to fraud. Our procedures were designed to provide reasonable assurance that the Group and parent company financial statements were free from material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals posted by the key management personnel including directors of the parent company and journals indicating large unusual transactions based on our understanding of the business and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial 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.

DocuSigned by:
Ernst & Young LLP
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James Golder (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham, UK
30 May 2022

Consolidated Profit and Loss Account

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Revenue	5	111,021	92,530
Cost of sales		(70,358)	(56,794)
Gross profit		**40,663**	**35,736**
Administrative expenses:			
Depreciation of tangible assets	14	(662)	(754)
Depreciation of right-of-use assets	16	(800)	(830)
Amortisation of intangible assets	15	(12,784)	(12,325)
Acquisition costs and other exceptional items	7	(3,950)	(3,559)
Other administrative expenses		(21,859)	(15,007)
Total administrative expenses		(40,055)	(32,475)
Operating profit before interest and taxation		**608**	**3,261**
Finance income	9	9	7
Finance costs	10	(10,010)	(11,364)
Other (costs) / income	11	(2,297)	2,136
Loss before taxation	8	**(11,690)**	**(5,960)**
Tax on loss	13	908	(512)
Loss for the year		**(10,782)**	**(6,472)**

The notes on page 24 to 58 form part of these financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021 €'000	2020 €'000
Net loss for the year	(10,782)	(6,472)
Other comprehensive income / (loss)		
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences	6,305	(5,071)
Net Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):	**6,305**	**(5,071)**
Other comprehensive income / (loss) for the year, net of tax	**6,305**	**(5,071)**
Total comprehensive loss for the year, net of tax	**(4,477)**	**(11,543)**

The notes on page 24 to 58 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 2021

	Note	2021 €'000	2020 €'000
Non-current assets			
Property, plant and equipment	14	1,265	1,587
Right-of-use asset	16	826	1,254
Intangible assets	15	125,924	115,408
Trade and other debtors	20	291	-
Deferred tax asset	27	51	56
Investments	17	60	60
		128,417	118,365
Current assets			
Trade and other debtors	20	17,181	13,420
Corporation tax receivable		894	227
Cash and cash equivalents	21	10,849	14,000
		28,924	27,647
Total assets		**157,341**	**146,012**
Non-current liabilities			
Loans and borrowings	23	(128,165)	(116,914)
Lease liabilities	16	(158)	(620)
Deferred tax liabilities	27	(10,544)	(9,999)
Net employee benefit liabilities	26	(560)	(489)
Provisions	26	(295)	(289)
Total Non-current liabilities		(139,722)	(128,311)
Current liabilities			
Loans and borrowings	23	(1,195)	(1,467)
Trade and other payables	22	(55,325)	(50,727)
Lease liabilities	16	(742)	(774)
Corporation tax liability		(238)	(242)
Total current liabilities		(57,500)	(53,210)
Total liabilities		**(197,222)**	**(181,521)**
Net liabilities		**(39,881)**	**(35,509)**
Capital and reserves			
Called up share capital	29	10,960	10,960
Other reserves		902	797
Foreign exchange translation reserve		4,742	(1,563)
Profit and loss account		(56,485)	(45,703)
Total equity		**(39,881)**	**(35,509)**

The notes on page 24 to 58 form part of these financial statements. The financial statements were approved by the board of Directors on 30 May 2022.

Signed on behalf of the board of Directors:

DocuSigned by:

Hayden Robinson

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H D Robinson
Director
Company registration no: 10777330

Falcon Equityco 2 Limited

Company Balance Sheet

As at 31 December 2021

	Note	2021 €'000	2020 €'000
Non-current assets			
Investments	17	11,410	11,270
Current assets			
Trade and other debtors	20	26,967	22,973
Total assets		38,377	34,243
Current liabilities			
Trade and other creditors	22	(18,668)	(18,222)
Total liabilities		(18,668)	(18,222)
Net liabilities		**19,709**	**16,021**
Capital and reserves			
Called up share capital	29	10,960	10,960
Other reserves		450	310
Profit and loss account		8,299	4,751
Total equity		**19,709**	**16,021**

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 profit of €3,548k (2020: profit of €1,522k).

The notes on page 24 to 58 form part of these financial statements.

The financial statements were approved by the board of Directors on 30 May 2022.

Signed on behalf of the board of Directors:

DocuSigned by:
Hayden Robinson
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H D Robinson
Director
Company registration no: 10777330

Falcon Equityco 2 Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 €'000	2020 €'000
Cash flows from operating activities		
Net loss for the year	(10,782)	(6,472)
Taxation (credit) / charge	(908)	512
Amortisation of intangible assets	12,784	12,325
Depreciation of property, plant and equipment	662	754
Depreciation of right-of-use assets	800	830
Gain on disposal of subsidiary undertakings	-	(198)
(Increase) / decrease in trade and other debtors	(2,367)	420
Increase in trade and other creditors	1,194	1,646
Decrease in provisions	106	143
Net finance costs	12,298	9,221
Share based payment charge	105	310
Income taxes paid	(1,453)	(458)
Net cash flows from operating activities	12,439	19,033
Cash flows from investing activities		
Purchase of intangible assets	(107)	(283)
Purchase of property, plant and equipment	(286)	(360)
Capitalisation of internally developed intangible assets	(4,146)	(2,443)
Proceeds from disposal of Property, plant and equipment	-	18
Purchase of subsidiary undertakings	(12,356)	(1,914)
Net cash acquired with subsidiary undertakings	939	62
Net cash flows from investing activities	(15,956)	(4,920)
Cash flows from financing activities		
Drawdown of third-party borrowings	8,750	4,995
Issue costs of new borrowings	(91)	(758)
Repayment of third party borrowings	(750)	(4,995)
Repayment of lease liability	(939)	(922)
Interest paid	(8,402)	(7,745)
Net cash flows from financing activities	(1,432)	(9,425)
Net change in cash and cash equivalents	(4,949)	4,687
Cash and cash equivalents at beginning of year	14,048	9,665
Effect of foreign exchange rate changes	1,750	(352)
Cash and cash equivalents at end of the year	**10,849**	**14,000**

The notes on page 24 to 58 form part of these financial statements.

Falcon Equityco 2 Limited

Consolidated Statement of Changes In Equity

For the year ended 31 December 2021

	Note	Called-up share capital €'000	Other reserves €'000	Foreign exchange translation reserve €'000	Profit and loss account €'000	Total €'000
		Attributable to owners of Falcon Equityco 2 Limited				
At 1 January 2020		10,960	487	3,508	(39,231)	(24,276)
Net loss for the year		-	-	-	(6,472)	(6,472)
Foreign exchange translation		-	-	(5,071)	-	(5,071)
Total comprehensive loss for the year		-	-	(5,071)	(6,472)	(11,543)
Share based payments		-	310	-	-	310
Total transactions with owners		-	310	-	-	310
At 1 January 2021		10,960	797	(1,563)	(45,703)	(35,509)
Net loss for the year		-	-	-	(10,782)	(10,782)
Foreign exchange translation		-	-	6,305	-	6,305
Total comprehensive loss for the year		-	-	6,305	(10,782)	(4,477)
Share based payments		-	105	-	-	105
Total transactions with owners		-	105	-	-	105
At 31 December 2021		**10,960**	**902**	**4,742**	**(56,485)**	**(39,881)**

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 foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Euros.

The notes on page 24 to 58 form part of these financial statements.

Company Statement of Changes In Equity

For the year ended 31 December 2021

	Note	Called-up share capital €'000	Other reserves €'000	Profit and loss account €'000	Total €'000
At 1 January 2020		10,960	-	3,229	14,189
Net loss for the year		-	-	1,522	1,522
Total comprehensive loss for the year		-	-	1,522	1,522
Share based payments		-	310	-	310
Total transactions with owners		-	310	-	310
At 1 January 2021		10,960	310	4,751	16,021
Net profit for the year		-	-	3,548	3,548
Total comprehensive profit for the year		-	-	3,548	3,548
Share based payments		-	140	-	140
Total transactions with owners		-	140	-	140
At 31 December 2021		**10,960**	**450**	**8,299**	**19,709**

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 24 to 58 form part of these financial statements.

1 General information

Falcon Equityco 2 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 Falcon Equityco 2 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 2021 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

Several amendments and interpretations applied for the first time in 2021 but did not have a material impact on the Consolidated financial statements of the Group and, hence, have not been disclosed. 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 10 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 Board has considered the potential future impact of the ongoing Covid-19 pandemic and, whilst the uncertainty it generates makes forecasting future performance more difficult, do not believe that it poses a threat to the Group's ability to continue trading as a going concern. The initial stages of the pandemic demonstrated that the Group is able to implement contingency plans to increase available liquidity and reduce costs in order to survive a downturn. The pandemic has also demonstrated that, in some instances, there were sales upsides from customers recognising the need to access digitalised services and modern multi-channel communication services or from entirely new use cases.

As at the date of signing, the Group is funded by a €181.0m Senior Facilities Agreement ('SFA') which was entered into in September 2019 and updated in March 2022. These facilities mature in September 2025 and September 2026. The Group has fully drawn down the initial debt (€120.0m) and utilised part of the revolving credit facility (of €5.0m) during the year (this was repaid before the year-end). In addition, €8m of the €25m initial committed acquisition facility was drawn in the year to fund the acquisition of Spyrng B.V described in note 18. After the year-end an additional committed acquisition facility of €31m was entered into. The remaining €17m of the initial committed acquisition facility, and €8.0m of the additional facility were then used to fund the acquisition of CDYNE Services LLC in April 2022. The SFA has a covenant measuring the 12-month rolling EBITDA (as defined in the SFA, allowing for certain adjustments) to debt ratio, tested quarterly.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Basis of preparation (continued)

Going Concern (continued)

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 at least 30 June 2023. 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 five individual scenarios that could impact on the Group's revenue, costs and cash balances up to the end of the review period - with the impact on profitability and cash flow considered, net of cost savings within the control of the Group that would be undertaken given the reduced volumes.

These cost savings would involve permanently reducing directly attributable overhead spend, and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the Directors would also undertake a further review on discretionary expenditure and capital investment to protect the Group's position.

In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations. Reverse stress testing was also performed on the scenarios modelled, 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. The reverse stress break point reduces volumes well beyond the Directors expectations and is materially below the current trading conditions.

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 2021. 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
- 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
- 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.

3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Consolidated Profit and Loss Account in the period in which they become receivable. In accordance with the provisions of IAS 20, non-asset related grants are deducted from the related expense. Furlough costs, and other staff costs financial assistance, have been recognised net of the payroll costs they relate to within other administrative expenses in the Consolidated Profit and Loss Account.

3 Significant accounting policies (continued)

3.6 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.

3.7 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.

3.8 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.

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.

3 Significant accounting policies (continued)

3.9 Taxation (continued)

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.

3.12 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.12 Intangible assets (continued)

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.

3.13 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.

3 Significant accounting policies (continued)

3.13 Impairment of assets (continued)

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) as a result 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.

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.

3 Significant accounting policies (continued)

3.15 Financial instruments (continued)

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.

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.

3 Significant accounting policies (continued)

3.15 Financial instruments (continued)

Lease liabilities (continued)

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

Derivative financial instruments are recognised at fair value, with any gains or losses being reported in the Consolidated Profit and Loss Account. Foreign currency forward contracts are not traded in active markets. The fair value of these instruments is calculated using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

3.16 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.

3.17 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. This timesheet system was implemented in the year and replaced a system whereby projects were assigned a points value based on estimated time and effort spent by a team, as described in the prior year financial statements. 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 impact of Brexit, the Covid-19 pandemic 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. The impact of Brexit on the future trading cash flows of the Group is expected to be minimal due to the Group's decentralised operating structure, and by the end of 2020 the Group was trading in line with the prior year – despite the impact of the Covid-19 pandemic. 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 2021 all Revenue for the Falcon Equityco 2 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:

	2021 €'000	2020 €'000
Deferred income – SMS sales	9,743	9,051

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 2021:

2021	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Fair value adjustment (note 7) €'000	Total €'000
Segment Revenue	57,368	18,774	19,731	9,339	13,054	4,843	(109)	123,000
Inter-segment Revenue	(7,610)	(660)	(3,707)	(2)	-	-	-	(11,979)
Revenue from external customers	**49,758**	**18,114**	**16,024**	**9,337**	**13,054**	**4,843**	**(109)**	**111,021**

Year ended 31 December 2020:

2020	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Fair value adjustment (note 7) €'000	Total €'000
Segment Revenue	46,874	19,371	16,514	7,655	5,439	3,779	(73)	99,559
Inter-segment Revenue	(3,041)	(502)	(3,486)	-	-	-	-	(7,029)
Revenue from external customers	**43,833**	**18,869**	**13,028**	**7,655**	**5,439**	**3,779**	**(73)**	**92,530**

Operating EBITDA

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
United Kingdom and Ireland	9,154	11,207
Italy	2,956	3,366
France	3,314	2,950
Spain	1,880	1,995
Rest of Europe	2,072	1,020
Rest of the World	2,288	1,883
	21,664	**22,421**

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 2021 €'000	Year ended 31 December 2020 €'000
Operating Profit per Consolidated Profit and Loss Account	608	3,261
Adjustments:		
Amortisation of Intangible Assets (see note 15)	12,784	12,325
Acquisition Costs and other Exceptional Items (see note 7)	3,950	3,559
Head Office and Board Costs	2,751	1,619
Depreciation of right-of-use Assets (see note 16)	800	830
Depreciation of Tangible Assets (see note 14)	662	754
Profit impact of Deferred Revenue Fair Value Adjustment (see note 7)	109	73
Operating EBITDA	**21,664**	**22,421**

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 2021 €'000	Year ended 31 December 2020 €'000
United Kingdom and Ireland	82,093	82,671
Italy	20,696	23,248
France	8,184	8,651
Spain	2,158	2,541
Rest of Europe	15,153	1,204
Rest of the World	133	50
	128,417	**118,365**

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
- the subsequent work undertaken to integrate these acquisitions into the Group
- restructuring of the executive management team
- staff restructuring costs
- costs in relation to one off cyber security enhancement work (current year only)
- impairment of customer relationship intangibles (prior year only)

In addition, in the prior year, the Group also recognised an exceptional gain on the disposal of an 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.

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:

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

7 Acquisition Costs and Other Exceptional Items (continued)

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Costs relating to the acquisition of subsidiaries (note A)	865	265
Costs relating to the integration of the Group (note B)	1,584	1,513
One-off costs in relation to changes to the executive management structure (note C)	108	1,004
Staff restructuring costs (note D)	542	937
One off cyber security enhancement costs (note E)	851	-
Intangible asset impairment	-	10
Acquisition costs and other exceptional items	3,950	3,729
Gain on disposal of investments and associated costs (note F)	-	(170)
Total exceptional costs	**3,950**	**3,559**
Profit impact of Deferred Revenue fair value adjustment (note G)	109	73
Total profit impact of exceptional items	**4,059**	**3,632**

Note A – Acquisition of subsidiaries

External costs, mainly in relation to due diligence and legal services in relation to completed, aborted and potential future acquisitions.

Note B – 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 €854k (2020: €927k) relating to the salaries of employees who were working solely on this integration activity.

Note C – 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 D – Staff restructuring

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

Note E – Cyber security

Costs in relation to one off cyber security enhancement work.

Note F – Gain on disposal

Disposal of a non-core business unit in the prior year. See note 19 for details.

Note G – 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

8 Loss before taxation

The Loss before taxation is stated after:

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Auditor's remuneration:		
Fees payable to the Company's auditor and its associates for:		
- Audit of the Company's annual accounts	13	11
- Audit of the Consolidated annual accounts	292	323
- Audit of subsidiaries	148	69
- Other services	123	10
Total Auditor's remuneration	576	413
Depreciation of owned tangible fixed assets (note 14)	662	754
Depreciation of right-of-use Assets (note 16)	800	830
Foreign exchange costs/(income)	2,308	(1,153)
Short-term lease rentals	82	31
Amortisation - intangible assets acquired in a business combination	9,598	9,992
Amortisation - capitalised development costs	2,709	1,976
Amortisation - intangible assets acquired separately	477	357

9 Finance income

Group	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Bank interest income	2	-
Intercompany interest receivable	7	-
Interest income on disposal of lease liabilities	-	7
	9	**7**

10 Finance costs

Group	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Interest payable on interest-bearing loans and overdrafts	7,913	8,317
Amortisation of attributable transaction costs	947	862
Bank interest payable	4	85
Interest expense on lease liability	81	134
Other finance charges	313	335
Interest payable on other loans	752	1,631
	10,010	**11,364**

11 Other income / (costs)

Other costs of €2,297k (2020: income of €2,136k) relates to realised and unrealised foreign exchange gains and losses on retranslation of third party borrowings and accrued interest.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

12 Directors' and employees' remuneration

Group

Employee benefits expense

Staff costs during the year were as follows:	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Wages and salaries	12,689	10,801
Social security costs	2,168	1,891
Other people costs	1,719	1,218
	16,576	**13,910**

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 €608k (2020: €427k). Contributions totalling €102k (2020: €72k) were a creditor to the fund at the year end and are included in other creditors.

During the year ended 31 December 2020, the Group utilised a number of Government employee retention schemes. Wages and salaries above are presented net of €337k of such incentives. No such incentives were used in the current year.

The average number of employees (including Directors) of the Group during the year was:	Year ended 31 December 2021 No.	Year ended 31 December 2020 No.
Sales	110	109
Technical	90	104
Administration	37	44
	237	**257**

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 2021 €'000	Year ended 31 December 2020 €'000
Remuneration	1,115	1,201
Pension contributions to money purchase pension schemes	10	8
	1,125	**1,209**

During the year, one director (2020: one) participated in money purchase pension schemes. The remuneration of the highest paid director was €431k (2020: €586k), 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 2021 was €1,289k (2020: €1,419k).

Company

The Company had no employees for the year to 31 December 2021 other than directors (2020: none). Directors are remunerated through other Group companies.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

13 Tax on loss

The tax (credit)/charge is based on the loss for the year and represents:	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Current income tax:		
Current UK income tax charge	397	695
Current overseas income tax charge	763	714
Adjustments in respect of current income tax of previous year	(13)	(315)
Deferred taxation:		
Origination and reversal of temporary differences	(2,055)	(582)
Tax (credit)/charge	**(908)**	**512**

The aggregate current and deferred tax relating to items that are recognised in Other Comprehensive Income in the year is €458k (2020: €422k).

The tax (credit)/charge assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Accounting loss before tax	(11,690)	(5,960)
Loss multiplied by standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	(2,221)	(1,132)
Fixed asset differences	4	17
Expenses not deductible for tax purposes	224	5
RDEC expenditure credits	(20)	20
Group relief surrendered	132	199
Adjustments to tax charge in respect of previous periods	(132)	440
Change in tax rates	1,076	683
Other non-taxable income	-	(7)
Non-deductible interest	211	217
Deferred tax charged directly to equity	(5)	-
Share based payments	8	-
Deferred tax not recognised	(171)	14
Difference in overseas tax rate	(7)	50
Foreign exchange movement	(7)	6
Net tax (credit)/charge in the Consolidated Profit and Loss Account	**(908)**	**512**

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. An additional deferred tax 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 €1,076k (2020: €683k) includes both the remeasurement of the opening deferred tax balance and also the current year rate differential during the current year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2020	275	950	2,096	11	579	3,911
Reclassifications within Property, Plant and Equipment	2	(10)	8	-	-	-
Reclassification of assets to Intangible fixed assets	-	(88)	-	-	-	(88)
Additions	8	10	307	-	35	360
Disposals	(18)	-	(184)	-	-	(202)
Effect of foreign exchange rates	(22)	(14)	(189)	-	(25)	(250)
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 31 December 2021	**(37)**	**830**	**875**	**11**	**669**	**2,348**
Depreciation						
At 1 January 2020	(147)	(749)	(665)	(11)	(162)	(1,734)
Reclassifications within Property, Plant and Equipment	3	-	(5)	-	2	-
Provided in the year	(72)	(39)	(538)	-	(105)	(754)
Disposals	-	-	184	-	-	184
Effect of foreign exchange rates	16	15	129	-	-	160
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 31 December 2021	**70**	**(717)**	**(26)**	**(11)**	**(399)**	**(1,083)**
Carrying value						
At 31 December 2020	45	75	1,143	-	324	1,587
At 31 December 2021	**33**	**113**	**849**	**-**	**270**	**1,265**

As at 31 December 2021, the Group had €187k of capital commitments (2020: nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2020	84,575	1,121	33	4,397	64,758	154,884
On acquisition of subsidiary undertakings (note 18)	1,314	-	-	-	1,191	2,505
Reclassification of assets from Tangible fixed assets	-	(158)	33	-	-	(125)
Additions	-	270	13	-	-	283
Disposals	-	(247)	-	(309)	-	(556)
Internally developed additions	-	285	-	2,158	-	2,443
Valuation adjustment	-	-	-	-	(600)	(600)
Effect of foreign exchange rates	(2,979)	(13)	(9)	(257)	(2,319)	(5,577)
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 31 December 2021	**94,627**	**1,397**	**71**	**10,625**	**71,518**	**178,238**
Accumulated amortisation						
At 1 January 2020	(25,675)	(254)	(15)	(1,294)	-	(27,238)
Reclassification of assets from Tangible fixed assets	-	228	(15)	-	-	213
Charge for the year	(9,992)	(338)	(19)	(1,976)	-	(12,325)
Disposals	-	247	-	309	-	556
Effect of foreign exchange rates	834	-	-	111	-	945
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 31 December 2021	**(45,827)**	**(592)**	**(58)**	**(5,837)**	**-**	**(52,314)**
Carrying value						
At 31 December 2020	48,077	1,141	21	3,139	63,030	115,408
At 31 December 2021	**48,800**	**805**	**13**	**4,788**	**71,518**	**125,924**

The 2020 valuation adjustment relates to the correction of the original accounting entries recognised in respect of a historic acquisition. This adjustment is not considered material to the initial accounting and has been corrected in the current period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15 Intangible fixed assets (continued)

The business combinations intangible 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 2020	67,384	6,250	10,656	285	84,575
On acquisition of subsidiary undertakings (note 18)	1,314	-	-	-	1,314
Effect of foreign exchange rates	(2,328)	(207)	(444)	-	(2,979)
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 31 December 2021	**74,822**	**7,569**	**11,951**	**285**	**94,627**
Accumulated amortisation					
At 1 January 2020	(17,172)	(2,212)	(6,049)	(242)	(25,675)
Charge for the year	(6,637)	(1,181)	(2,131)	(43)	(9,992)
Effect of foreign exchange rates	537	53	244	-	834
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 31 December 2021	**(31,387)**	**(3,907)**	**(10,248)**	**(285)**	**(45,827)**
Carrying value					
At 31 December 2020	43,098	2,703	2,276	-	48,077
At 31 December 2021	**43,435**	**3,662**	**1,703**	**-**	**48,800**

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:

2021	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Total €'000
Goodwill	46,604	10,577	6,590	1,718	6,029	-	71,518
Customer relationships	26,299	9,395	1,385	191	6,165	-	43,435
Trade names	2,091	-	190	52	1,329	-	3,662
Acquired technology	633	-	-	-	1,070	-	1,703
	75,627	**19,972**	**8,165**	**1,961**	**14,593**	**-**	**120,318**

2020	UK and Ireland €'000	Italy €'000	France €'000	Spain €'000	Rest of Europe €'000	Rest of the World €'000	Total €'000
Goodwill	43,936	10,577	6,590	1,718	209	-	63,030
Customer relationships	28,772	11,368	1,641	492	825	-	43,098
Trade names	2,299	-	245	67	92	-	2,703
Acquired technology	1,997	279	-	-	-	-	2,276
	77,004	**22,224**	**8,476**	**2,277**	**1,126**	**-**	**111,107**

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15 Intangible fixed assets (continued)

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 growth and profit margins, which have been determined based on past experience in this market, as adjusted for any known changes (such as Brexit and the Covid-19 pandemic, as noted below). Internal and external market data has been used in setting the assumptions and the pre-tax discount rate used of 7.63% (2020: 7.69%) is based on the Group's access to funding, which is the same across all geographies. It is considered that these are the best available inputs for forecasting this market.

The impact of Brexit, the Covid-19 pandemic 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. The impact of Brexit on the future trading cash flows of the Group is expected to be minimal due to the Group's decentralised operating structure, and by the end of 2020 the Group was trading in line with the prior year – despite the impact of the Covid-19 pandemic. 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.

The recoverable amounts were determined based on a value-in-use calculation, covering a detailed four-year forecast, followed by an extrapolation of expected cash flows at growth rates for each cash generating unit that reflect the individual market conditions. The long term growth rates used do not exceed the long-term average growth for the market in which the individual acquisition operates. 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.

If the growth rate was assumed to be nil there would still be no provision for impairment required. The Directors believe that there are no reasonably possible changes in assumptions which would cause recoverable amounts to equal carrying amounts. No further sensitivities have been applied to the calculation.

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:

2021	**Land and buildings**	**Motor Vehicles**	**Data centre and Hosting**	**Total**
	€'000	**€'000**	**€'000**	**€'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**

2020	**Land and buildings**	**Motor Vehicles**	**Data centre and Hosting**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2020	1,483	50	616	2,149
Additions	-	8	93	101
Depreciation expense	(522)	(32)	(276)	(830)
Disposals	(98)	(1)	-	(99)
Effect of foreign exchange rates	(45)	-	(22)	(67)
At 31 December 2020	**818**	**25**	**411**	**1,254**

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

16 Leases (continued)

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:

2021	**Land and buildings**	**Motor Vehicles**	**Data centre and Hosting**	**Total**
	€'000	**€'000**	**€'000**	**€'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**

2020	**Land and buildings**	**Motor Vehicles**	**Data centre and Hosting**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2020	1,573	54	631	2,258
Additions	-	8	93	101
Accretion of interest	93	4	37	134
Payments	(582)	(37)	(303)	(922)
Disposals	(103)	(1)	-	(104)
Effect of foreign exchange rates	(49)	-	(24)	(73)
At 31 December 2020	**932**	**28**	**434**	**1,394**
Current	501	26	247	774
Non-current	431	2	187	620
	932	**28**	**434**	**1,394**

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

	2021	**2020**
	€'000	**€'000**
Depreciation expense of right-of-use assets	800	830
Interest income on disposal of lease liabilities	-	(7)
Interest expense on lease liabilities	81	134
Total amount recognised in Consolidated Profit and Loss Account	**881**	**957**

Falcon Equityco 2 Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

17 Investments

At 31 December 2021 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
Commify 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
Commify UK Limited	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England
Collstream Limited	Ordinary	100%	Holding company	
TA and MB Limited*	Ordinary	100%	Dormant company	Suite A 7th Floor City Gate East, Tollhouse Hill, Nottingham, NG1 5FS
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
Mobile PRO S.a.S.u	Ordinary	100%	Provision of business communication services	
Commify Netherlands Holdings B.V. **	Ordinary	100%	Holding company	Hannie Dankbaarpassage 18, 1053 CG Amsterdam, Netherlands
Spyrng 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

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

* On 30 June 2021, the trade and assets of TA and MB Limited were transferred to Commify UK Limited and subsequently TA and MB Limited entered voluntary liquidation.

** On 9 August 2021, the Group incorporated Commify Netherlands Holdings B.V. to facilitate the acquisition of Spryng B.V. Commify Netherlands Holdings B.V. is domiciled in the Netherlands. For more information about the acquisition of Spyrng B.V. please refer to note 18.

*** 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.

17 Investments (continued)

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	
	2021	2020		2021	2020
	%	%		€'000	€'000
The Digital Box S.p.A.	8	8	Equity investment	60	60
Total equity accounted investments				**60**	**60**

The Digital Box S.p.A. is incorporated in and has its principal place of business in Italy. Its shares are 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.

Company	2021	2020
	€'000	€'000
Investments in subsidiaries	11,410	11,270
Net book amount at 31 December	**11,410**	**11,270**

The €140k *increase in investment in subsidiaries relates to the movement in the share option balances in the year.*

18 Acquisitions

(a) Acquisition of subsidiaries (current year)

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**

18 Acquisitions (continued)

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.

(b) *Trade and asset acquisition (prior year)*

On 6 November 2020, the Group acquired the UK customer base and certain related assets of 2SMS.com Limited. The acquisition was made to gain access to this customer base and to strengthen the Group's position as Europe's premier provider of mobile messaging solutions.

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
Customer relationships	1,314
Trade and other receivables	97
Cash and cash equivalents	62
Trade and other payables	(144)
Deferred tax	(251)
Deferred revenue	(217)
Total	861
Cash paid	1,833
Deferred consideration accrued but not paid	219
Total cost of acquisition	2,052
Goodwill	1,191

During 2020 this acquisition contributed €255k of revenue and €116k of profit before tax to the Group results. If the entity had been owned for the full year, it would have contributed €1,508k of revenue and €753k of profit before tax.

19 Disposals

On 18 November 2020, the Group disposed of 100% of the share capital of Mediaburst Limited for £1 initial consideration. Following this the consideration was adjusted for movements in working capital pre completion. The Group recognised a gain on disposal of €170k which was recognised within the prior year Consolidated Profit and Loss Account as part of Acquisition costs and other exceptional items (see note 7). Details of the sale were:

	18 November 2020 €'000
Consideration receivable / (payable):	
Initial consideration	-
Deferred consideration accrued but not yet paid	(41)
Total disposal consideration payable	**(41)**
Carrying value of net assets disposed of:	
Trade and other receivables	147
Trade and other payables	(160)
Provisions for liabilities and charges	(3)
Deferred revenue	(223)
Total net liabilities disposed of	**(239)**
Gain on disposal of Mediaburst Limited	**198**
Associated costs of disposal	(28)
Gain on disposal of Mediaburst Limited recognised in Acquisition costs and other exceptional items	**170**

20 Trade and other debtors

	Group 2021 €'000	Company 2021 €'000	Group 2020 €'000	Company 2020 €'000
Balances from contracts with customers	15,257	-	11,279	-
Amounts owed by group companies	113	26,967	-	22,973
Other debtors and prepayments	2,102	-	2,141	-
Total trade and other debtors	**17,472**	**26,967**	**13,420**	**22,973**
Total current	17,181	26,967	13,420	22,973
Total non-current	291	-	-	-
	17,472	**26,967**	**13,420**	**22,973**

Non-current trade and other debtors relate to loans advanced to directors during the year, associated S455 tax, and deposits. S455 tax amounts receivable are included within other debtors and prepayments. The director loans balance is further 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 4.75% to 12%.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

20 Trade and other debtors (continued)

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

Trade debtors from activities related to sales of messaging services and the provision of consulting services 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 of 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;
- 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.

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						
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%

	Operating segment						
2020	**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	6,819	1,831	909	1,164	367	632	11,722
Expected credit losses	250	29	76	82	2	4	443
Expected credit loss rate	3.7%	1.6%	8.4%	7.0%	0.5%	0.6%	3.8%

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

	2021	**2020**
	€'000	**€'000**
Balance beginning of the year	443	489
Provision for expected credit loss	350	247
Amounts released	(203)	(148)
Amounts used	(28)	(133)
Effect of Foreign exchange rates	16	(12)
Balance at end of the year	**578**	**443**

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

21 Cash and cash equivalents

	2021 €'000	2020 €'000
Cash at banks and in hand	10,849	14,000
	10,849	14,000

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 no cash or cash equivalents at either year end.*

22 Trade and other creditors

	Group 2021 €'000	Company 2021 €'000	Group 2020 €'000	Company 2020 €'000
Amounts falling due within one year				
Trade creditors	13,594	-	12,876	-
Amounts owed to group companies	18,808	18,668	18,359	18,222
Other taxation and social security	3,064	-	3,101	-
Accruals and other creditors	10,116	-	7,340	-
Deferred income	9,743	-	9,051	-
	55,325	**18,668**	**50,727**	**18,222**

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

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

23 Loans and borrowings

	Group 2021 €'000	Company 2021 €'000	Group 2020 €'000	Company 2020 €'000
Amounts falling due within one year				
Third party loans and accrued interest (note 24)	1,195	-	1,467	-
	1,195	-	1,467	-
Amounts falling due after one year				
Third party loans and accrued interest (note 24)	128,165	-	116,914	-
	128,165	**-**	**116,914**	**-**

The repayment profile of the third party loans is disclosed in note 24.

Interest on the third party loans accrues at a rate of EURIBOR / LIBOR plus a margin of between 2.5% and 7.5%.

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 2021	Company 2021	Group 2020	Company 2020
Third party loans and accrued interest:	€'000	€'000	€'000	€'000
Within one year	1,195	-	2,410	-
Between one to two years	-	-	-	-
Between two to five years	132,688	-	-	-
In more than five years	-	-	121,349	-
	133,883	**-**	**123,759**	**-**
Attributable transaction costs	(4,523)	-	(5,378)	-
	129,360	**-**	**118,381**	**-**

Third party loans are stated net of attributable transaction costs of €4,523k (2020: €5,378k).

Analysis of net debt:

	2020	From acquisitions	Cash flows	Exchange Differences	Other	2021
	€'000	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	(14,000)	(939)	5,840	(1,750)	-	(10,849)
Debt due within one year	1,467	-	(8,402)	(90)	8,220	1,195
Debt due after more than one year	116,914	-	7,909	2,387	955	128,165
Adjusted net debt	**104,381**	**(939)**	**5,347**	**547**	**9,175**	**118,511**

	2019	From acquisitions	Cash flows	Exchange Differences	Other	2020
	€'000	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	(9,665)	(62)	(4,626)	353	-	(14,000)
Debt due within one year	1,668	-	(7,745)	(45)	7,589	1,467
Debt due after more than one year	117,751	-	(758)	(2,121)	2,042	116,914
Adjusted net debt	**109,754**	**(62)**	**(13,128)**	**(1,813)**	**9,631**	**104,381**

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

	Group 2021	Group 2020
	€'000	€'000
At the beginning of the period	119,775	121,677
Drawdown of third-party borrowings	8,750	4,995
Accretion of interest on third-party borrowings	8,228	8,769
Amortisation of attributable transaction costs	947	862
Repayment of third party borrowings	(750)	(4,995)
Repayment of interest accrued on third party borrowings	(8,402)	(7,745)
Issue costs of third-party borrowings	(91)	(758)
Recognition of lease liabilities	315	101
Accretion of interest on lease liabilities	81	134
Repayment of lease liabilities	(939)	(922)
Disposal of lease liabilities	-	(104)
Effects of foreign exchange	2,346	(2,239)
At the end of the period	**130,260**	**119,775**

25 Financial assets and liabilities

	Group 2021 €'000	Company 2021 €'000	Group 2020 €'000	Company 2020 €'000
Financial assets				
Financial assets measured at amortised cost				
Investments	60	-	60	-
Cash and cash equivalents	10,849	-	14,000	-
Trade and other debtors	17,472	26,967	13,420	22,973
	28,381	26,967	27,480	22,973

	Group 2021 €'000	Company 2021 €'000	Group 2020 €'000	Company 2020 €'000
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade creditors, accruals and other creditors	(42,518)	(18,668)	(38,575)	(18,222)
Lease liabilities	(900)	-	(1,394)	-
Interest bearing loans and borrowings	(129,360)	-	(118,381)	-
	(172,778)	(18,668)	(158,350)	(18,222)

Fair value hierarchy

All 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 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. To manage this risk an appropriate portion of the bank debt in Commify Limited is denominated in Sterling.

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

	31-Dec-21			31-Dec-20		
	GBP €'000	Other €'000	TOTAL €'000	GBP €'000	Other €'000	TOTAL €'000
Trade debtors	6,241	729	6,970	5,349	628	5,977
Third party loans	(39,633)	-	(39,633)	(37,377)	-	(37,377)
Trade creditors	(4,352)	(310)	(4,662)	(4,111)	(277)	(4,388)
	(37,744)	**419**	**(37,325)**	**(36,139)**	**351**	**(35,788)**

The following table demonstrates the sensitivity to a reasonably possible change in the GBP 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 items noted in the table above. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in GBP rate	Effect on profit before tax €'000	Effect on net liabilities €'000
2021	+ 5%	(1,189)	(1,887)
	-5%	1,189	1,887
2020	+5%	(1,128)	(1,807)
	-5%	1,128	1,807

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

25 Financial assets and liabilities (continued)

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:

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	-	132,688
Interest-bearing loans and borrowings (excluding attributable transaction costs) – cumulative accrued interest	-	1,195	-	-	1,195
Lease liabilities	-	742	158	-	900
Trade and other payables	9,743	45,582	-	-	55,325
	9,743	**47,519**	**132,846**	**44,433**	**190,108**

2020	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	-	-	-	121,349	121,349
Interest-bearing loans and borrowings (excluding attributable transaction costs) – cumulative accrued interest	-	2,410	-	-	2,410
Lease liabilities	-	774	620	-	1,394
Trade and other payables	9,051	41,676	-	-	50,727
	9,051	**44,860**	**620**	**161,011**	**175,880**

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.

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 not paid, split by geographical region. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

25 Financial assets and liabilities (continued)

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

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

2020	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	0.31%	0.04%	0.43%	0.32%	0.00%	0.14%	0.25%
Sales to apply credit loss to	20,208	9,406	7,359	3,951	4,551	3,581	49,056
Expected credit loss (excluding specific provisions made)	63	3	31	13	0	5	116

For derivative financial instruments, management has established limits so that, at any time, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty. 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. Interest rate risk has been reviewed by the Group and a decision was made to accept this risk. 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:

	2021 €'000	% of total loans	2020 €'000	% of total loans
Variable rate borrowings	129,360	100%	118,381	100%

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

25 Financial assets and liabilities (continued)

Interest rate sensitivity
The following table demonstrates the sensitivity 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:

	2021 Increase / (decrease) in basis points	Effect on loss before tax €'000	2020 Increase / (decrease) in basis points	Effect on loss before tax €'000
Euro	+25	(238)	+25	(211)
Pounds Sterling	+25	(98)	+25	(94)
Euro	(25)	238	(25)	198
Pounds Sterling	(25)	98	(25)	94

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.

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:

	2021 €'000	2020 €'000
Net employee benefit liabilities	560	489
Research and Development incentive provision	253	253
Other employee related provisions	3	3
Other provisions	39	33
	855	778

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:	2021 €'000	2020 €'000
At the start of the year	489	323
Provision created	210	198
Provision released	(123)	-
Amounts utilised	(16)	(32)
At 31 December	560	489

The research and development incentive provision was created during 2020. This provision is for research and development credits received which may need to be paid back.

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:	2021 €'000	2020 €'000
Deferred tax assets:		
Losses and other deductions	584	10
Short term temporary differences	148	46
	732	**56**
Deferred tax liabilities:		
Fixed asset temporary differences	(1,149)	(684)
Intangibles recognised on business combinations	(10,076)	(9,315)
	(11,225)	**(9,999)**

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 Consolidate Balance Sheet.

Group:	2021 €'000	2020 €'000
Deferred tax assets	51	56
Deferred tax liabilities	(10,544)	(9,999)
	(10,493)	**(9,943)**

Deferred tax assets have been recognised in respect of tax losses carried forward which are expected to be offset against future taxable profits of the Group. These include UK tax losses of €417k (2020: €10k) and French tax losses of €135k (2020: €0k).

Deferred tax assets have not been recognised in respect of Italian interest restrictions of €12k (2020: €388k), UK unpaid interest carried forward of €1,713k (2020: €1,713k), German trade tax losses of €858k (2020: €798k), German corporate tax losses of €853k (2020: €794k), or French tax losses of €nil (2020: €851k) as these are not expected to be utilised in the foreseeable future.

German losses have been restated following an investigation into historical losses and a better understanding being obtained. In addition, in line with the requirements of IAS 12, comparatives have been restated in order to report deferred tax not recognised at amounts before the relevant tax rate has been applied (the gross value). The availability of restricted Italian interest costs of €3,502k carried forward (in gross terms) continued to be uncertain throughout the year ended 31 December 2021. In March 2022 the Italian tax authorities approved an application for these losses to be available to the group, whereas in 2020 these losses were assumed to be trapped.

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

Group:	2021 €'000	2020 €'000
At the start of the year	9,943	10,730
On acquisition of subsidiary undertakings	2,071	253
Amounts credited against the provision	(2,055)	(582)
Amounts charged to Other Comprehensive Income	458	(422)
Deferred tax charged directly to equity	5	-
Foreign exchange	71	(36)
At 31 December	**10,493**	**9,943**

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 €608k (2020: €427k). Contributions totalling €102k (2020: €72k) 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	2021 €	2020 €
Allotted, called up and fully paid:		
10,960,397 A Ordinary shares of €1 each	10,960	10,960
	10,960	**10,960**

A Ordinary Shares carry voting rights and the right to dividends, but do not carry any rights as respect to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law.

	2021 No.	2021 €	2020 No.	2020 €
At 1 January	10,960,397	10,960	10,960,397	10,960
Shares issued in the year:				
A Ordinary Shares	-	-	-	-
At 31 December	**10,960,397**	**10,960**	**10,960,397**	**10,960**

All shares were issued fully paid.

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 not been disclosed in this note where they are eliminated on consolidation.

The Consolidated Balance Sheet includes amounts owed due from Falcon Equityco 1 Limited of €113k (2020: €nil), amounts owed to Falcon Equityco 1 Limited of €18,669k (2020: €18,222k), and amounts owed to Commify Topco Limited of €139k (2020: €137k).

During the year ended 31 December 2021 the Group incurred expenses with HG Capital LLP of €96k (2020: €81k). These have been recorded within other administrative expenses within the Consolidated Profit and Loss Account.

31 *Contingent assets and liabilities*

The Group has no Contingent assets or liabilities as at 31 December 2021 (2020: €nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

32 Events after the reporting period

Following Russia's invasion of Ukraine, a cross functional team was set up to assess the impact on the Group's operations and ensure that we remained compliant with any sanctions put in place. The work done included an IT risk assessment, a review of suppliers to assess availability and, in particular, to see what could be done to support the one Ukrainian supplier to the Group and their employees, and an assessment of the impact on customers. The limited nature of the Group's operations in Russia and Ukraine mean that the impact is not expected to have a material impact on or results for the year, but the situation is still being assessed regularly.

On 9 March 2022, a new company, Commify USA Holdings LLC was created. The company was created to acquire 100% of the share capital of CDYNE Services LLC, a trading entity, which was acquired for a headline consideration of USD 28m (including USD 2m of deferred consideration) on 4 April 2022. This acquisition gives the group access to a new geographical market, brand, and customer base. Due to the recent nature of the acquisition the exercise to determine the initial fair value / acquisition accounting has not yet been completed.

On 4 May 2022 the group acquired 100% of the share capital of Mobile Messaging Group Limited, and its trading subsidiary Bulk SMS Limited, for a headline consideration of GBP 6.3m (including GBP 0.6m of deferred consideration). This acquisition gives the group access to a new brand and customer base. Due to the recent nature of the acquisition the exercise to determine the initial fair value / acquisition accounting has not yet been completed.

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 2021. 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.