Company Registered Number 11858430

APOLLO KALLIDUS MIDCO LIMITED

Annual Report and Consolidated Financial Statements

for the year ended 30 June 2021

APOLLO KALLIDUS MIDCO LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2021

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T S Green
V Krishna

REGISTERED OFFICE

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BANKERS

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London
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AUDITOR

Crowe U.K. LLP
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49-51 Blagrave Street
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Berkshire
RG1 1PL

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activities of the Group comprise the provision of software systems, e-learning, and consultancy services to support the effective recruitment, onboarding and development of an organisation's employees. These principal activities are delivered by the Group's main trading subsidiaries. The principal activity of the company is that of a holding company.

Review of the business

The Group's trading operations comprise Kallidus, Engage in Learning and Sapling Technologies.

On 23 December 2020, Apollo Kallidus Bidco Limited acquired 100% of the share capital of Sapling Technologies Inc., a leading People Operations Platform, based in San Francisco (US) and Vancouver (Canada).

To fund the acquisition of Sapling Technologies Inc. and support the continued growth of the enlarged Kallidus Group the existing £13.75 million Royal Bank of Scotland facility was replaced with a new £26.7 million senior secured unitranche facility (and additional Capex / Acquisition facility) along with a further £6.5m Investment from Apse Capital and the existing Kallidus management team.

At a consolidated level Group Revenues showed strong growth and at £15,887,000 increased by 35% or £4,133,000 on the year ended 30 June 2020 driven by a mixture of 25% organic growth on the Kallidus and Engage in Learning entities and £1,241,000 from the inclusion of the Sapling Technologies entity from the end of December 2020.

EBITDA at a group level reduced by 21% compared to prior year, with the 20% organic growth on the Kallidus and Engage In Learning entities being offset by the -£722,000 EBITDA losses in the Sapling Technologies entity as it scales to profitability.

Kallidus

The directors are pleased to report on a year of success for Kallidus with 11% revenue growth on the year ended 30 June 2020. Kallidus is following its strategy of increasing its recurring revenues in proportion to its services offering. This is strategically and tactically achieved by developing its multi-tenanted SaaS ('Software-as-a-Service') modules to be both quicker and easier to implement. This reduces and also de-risks the customer onboarding cycle whilst continuing to offer a premium end-user experience. It expedites SaaS sales, over a broader customer base, and results in an inherently lower cost to serve, with greater longer term value creation.

The results of the Group for the period are set out in the Statement of Comprehensive Income.

In the year, Kallidus Limited's significant activities and milestones include:

- Extending support operations to service international customers, both within their region and by deploying multiple time zone cover from the UK.

- Maintaining the customer Net Promoter Score (NPS) consistently above the industry average (at 34 for 2021 compared to 36 for 2020) through ongoing work on the Customer Excellence programme. NPS is widely used in the technology and service sectors to gain insight into the customer experience and instrumental in customer retention. Scoring starts at negative 100 to rise to a maximum positive 100. A negative score can be indicative of customer detractors, whereas a positive score alludes to customer advocacy and recommendation, which underpins growth potential. Average scores from our customer base also increased from 8.22 in 2020 to 8.3 in 2021.

STRATEGIC REPORT (continued)

Review of the business (continued)

Kallidus (continued)

- Continued development of the product suite, including the UX harmonisation and integration of the Kallidus suite and Engage in Learning content.

- Successfully adapting to totally remote working following the Covid-19 pandemic to date which has led to a more permanent adoption of hybrid working arrangements for the benefit of the business and employees alike.

- Winning recognition and notable awards in the year at the prestigious Learning Technology Awards in December 2020:
    - Silver awards for “Learning Designer of the year” and “Learning Platform of the year”
    - Bronze award for ‘External Learning Solution of the year”

- Also winning G2 awards for “Best Support”, “Momentum Leader” for Learn and “High Performer” for Learn based on user review scores.

- Shortlisted for the Sunday Times Tech Track 100 ‘Ones to Watch’ in September 2020.

The directors continue to recognise that Kallidus Limited’s innovation and growth is due to the high levels of commitment and expertise of its staff. The recruitment of high-calibre employees, continuous staff development and their performance management are seen as being key to sustainable growth.

Engage in Learning
Engage is a rapidly growing business providing off-the-shelf and bespoke content through its proprietary learning management system, customers’ existing systems or third party learning platforms to over 800 customers (from SMEs to global multinationals) with over 200 courses focused on the more resilient compliance, health and safety and personal development sectors.

During the year ended 30 June 2021, Engage contributed revenue of £2,595,000, gross margin of £2,394,000 and net profit before tax of £905,000 to the Group’s performance.

Sapling Technologies
On 23 December 2020, Apollo Kallidus Bidco Limited acquired 100% of the share capital of Sapling Technologies Inc., a leading People Operations and employee onboarding Platform, based in San Francisco (US) and Vancouver (Canada).

To fund the acquisition of Sapling Technologies Inc. and support the continued growth of the enlarged Kallidus Group the existing £13.75 million Royal Bank of Scotland facility was replaced with a new £26.7 million senior secured unitranche facility (and additional Capex / Acquisition facility) along with a further £6.5m Investment from Apse Capital and the existing Kallidus management team.

During the 6 month period ended 30 June 2021, Sapling Technologies contributed revenue of £1,241,000, Gross Margin of £1,032,000 and Net Loss of £1,048,000 to the Group’s performance.

STRATEGIC REPORT (continued)

Key performance indicators

There are no relevant key performance indicators given the Company is a holding company. This commentary refers to Kallidus Limited. Highlights of Kallidus Limited's ("Kallidus") operating and financial performance for the year, compared to the full year ended 30 June 2020 are as follows:

Turnover, being the main KPI, saw growth of 11% on the previous year, increasing from £10,937,000 in 2020 to £12,112,000 in 2021 on which the Company saw gross margin of just under 69% (2020: 71%) through continued multi-talented SaaS module expansion.

As at 30 June 2021, 79% of trading revenues were also recurring in nature (2020: 78%).

Gross margin increased by £514,000 (or 7%) in the year ended 30 June 2021, when compared to the year ended 30 June 2020.

Selling and administrative expenses increased by £660,000 following a strategic decision to enhance investment in this area for the purposes of accelerating future growth. Product development costs, accounted for within selling and administrative expenses, were £489,000 for the year ended 30 June 2021 representing a 4% increase on the prior year ended 30 June 2020 (2020: £471,000).

The amortisation charge relating to the development cost intangible asset was £2,350,000 (2020: £2,355,000). Net loss before tax was £413,000 for the year ended 30 June 2021 (2020: loss of £266,000). This movement was due to the improvement in absolute gross margin, offset by strategic increases in selling and administrative expense to facilitate future revenue growth.

As at 30 June 2021, Kallidus employed 123 staff (2020: 112).

A five-year summary of the operating and financial performance of Kallidus Limited is laid out below:

Year ended:		2017	2018	2019	2020	2021
Turnover	£'000	8,480	8,962	10,605	10,937	12,112
% growth year-on-year	%	6%	6%	18%	3%	11%
% recurring revenue	%	61%	66%	79%	78%	79%
Gross profit	£'000	5,326	5,646	7,221	7,807	8,321
Gross profit %	%	63%	63%	68%	71%	69%
EBITDA	£'000	1,198	1,363	2,407	2,213	2,069
Profit/(loss) before tax	£'000	53	(631)	(52)	(266)	(413)

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The key risks and uncertainties affecting the Group and Company relate to reduction in product demand, market change, loss of key management personnel, changes in technology, financial risks and damage to reputation. Financial risks are discussed in the Directors' Report below.

Covid-19

In March 2020, the Covid-19 global pandemic severely impacted Europe, the USA and the UK.

Throughout the period since business volumes held up well, increasing year over year as the business capitalised on the online nature of its SaaS learning platform.

From a business model and revenue generation perspective, business volumes have held up well since with revenue levels increasing year on year throughout. Renewals and new business from the existing customer base have been strong with 100% renewals by value with the business well positioned with its online SaaS learning platform appealing to distributed and remote workforces internationally.

Kallidus also commenced a move to working from home/remote working arrangements from 13 March 2020, and has been operating effectively since with no efficiency reductions experienced to date. As a result the Board have further successfully moved to a hybrid arrangement following the relaxation of restrictions and intend to for the foreseeable future.

With its resilient “digital” business model, strong customer and supplier relationships, diverse customer base and also a robust liquidity outlook, the directors believe that Kallidus and the wider Kallidus Group, are well placed to manage any potential business risks from the continued Covid-19 pandemic going forward. In addition, the Board acknowledge it has the opportunity to capitalise on the trend towards digital learning and remote onboarding and employee management, as this is only being accelerated with the Covid-19 pandemic.

Future developments

The Group, under the ownership of its new investors, will pursue a strategy of organic and acquisitive growth to provide a broader set of Human Capital Management (“HCM”) solutions and functionality to customers. This strategy aims to not only develop new customer relationships but also to offer deeper and further solutions into the existing customer base.

With regard to organic growth, the Group continues to significantly invest in research and development (“R&D”) to develop both new products, enhance product features and continuously extend the capabilities of its technically advanced platform. This virtual platform can be rapidly and internationally scaled. In addition, the Company has continued to invest in the Sales and Marketing infrastructure to commercially exploit the R&D activities.

Approved by the board of directors and signed on its behalf by:

V Krishna
Director

31 March 2022

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 30 June 2021.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

RESEARCH AND DEVELOPMENT

The Group's software products continue to be key to its future success. During the year ended 30 June 2021, the Group's investment in research and development charged to the Statement of Comprehensive Income was £662,000 (2020: £494,000) but total development expenditure in the year ended 30 June 2021, including capitalised software development costs, was £5,205,000 (2020: £2,767,000).

GOING CONCERN

The directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future. At this stage, there is no expectation that the conflict between Russia and Ukraine will have an adverse impact on the Group and Company's prospects as the business has no customers in Ukraine or Russia.

The Group meets its loan repayments from cash generated within the wider Kallidus Group, specifically Kallidus Limited. As outlined in the Strategic Report the directors have a reasonable expectation that the Company and the wider Kallidus Group have adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from the signing of these financial statements. This is supported by the various financial modelling scenarios undertaken by the Board as part of its Covid-19 response, which are detailed in the Strategic Report.

The Group loss before tax of £18,060,000 is after charging amortisation on intangible of £13,766,000 and loan note interest of £4,260,000 that is rolled into a payment-in-kind loan. Loan note interest is to be settled on redemption. Loan notes are redeemable on the earlier of an exit or March 2029. An exit event is defined as the sale, liquidation or listing of the Group. None of these charges had a cash flow effect and further details on the full year performance of the trading subsidiary, Kallidus Limited, can be found in the Review of the Business section in the Strategic Report. The underlying result excluding these items is a loss before tax of £34,000.

The Group's major shareholder is a Private Equity ("PE") firm. As is typical in PE investments there is a significant funding debt, primarily loan notes, which sit in the upper section of the balance sheet. This funding structure results in net liabilities. Such funding is long-term, and it is intended to be redeemed on an exit event. It is not a liability arising from the normal trading operations of the Group and has no cash effect on trading.

Net current liabilities include deferred income balances of £9,801,000. The deferred income balances arise from billing customers in advance and then recognising the income over the life of the customer contract. They are not a cash liability. In the very short-term such customer payments increase cash. However, the Group's strategy of investing in product has seen a proportion of cash receipts then being expended on development expenditure within intangible assets. In the year ended 30 June 2021 the Group spent £3,784,000 on development-cost additions within intangible assets. This use of cash increases fixed asset value but conversely also increases the net current liability.

Overall Group net liabilities are primarily driven by £48,643,000 of loan notes. These investor loan notes are financing the Group and are not a trading liability. In accordance with FRS 102, loan notes are accounted for as a liability and not within equity.

As explained above the loan notes, and their accrued interest, can only be redeemed on an exit event. The directors do not foresee an exit event occurring before the 12 months from the signing of these financial statements. Therefore, the net liabilities are not considered to impact the cash flows of the Group in the period of at least 12 months from the signing of these financial statements and the directors have adopted a going concern basis for the preparation of these financial statements.

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and macro-economic risk arising from Covid-19.

Foreign exchange risk
The Group's activities occasionally expose it to the financial risk of changes in foreign currency exchange rates. Since 84% of the Group's turnover is derived from the UK, the risk associated with such transactions is considered to be relatively low.

Interest rate risk
The Group is exposed to interest rate fluctuations on its borrowings as its bank facilities are at floating rates. The Board review such exposure with a view as to whether any hedging instruments may be required as part of its normal monthly reviews and no such hedging was deemed necessary during the period.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for any doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term term debt finance in the form of a £26.7 million senior secured unitranche facility (and additional Capex / Acquisition facility), along with issued loan stock and preference shares. As the main trading subsidiary, Kallidus Limited is cash generative, the Group's reliance on such long-term debt finance will diminish over time. In addition no repayments are due on the unitranche facility until Dec 2026.

Macro-economic risk
Due to the global Covid-19 pandemic the Group is exposed to the risk of existing customers' businesses being stressed and a potential reduction in these customers' renewals whether by value or loss of customer. The Group has a relatively low fixed overhead. Peak staffing needs within the trading subsidiary, Kallidus Limited, in this and prior periods, have been serviced by contractors. In addition, there are contingent remuneration arrangements and the virtual-platform hosting costs vary with customer usage. These dynamics, with committed banking facilities, will mitigate risk. The Group is continuously monitoring Covid-19 developments, as best it can, given it is a novel disease. The Group continues to plan accordingly.

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report. These provisions apply to this company and all other companies in the group headed by the ultimate parent company, Apollo Kallidus Holdco Limited.

DIVIDENDS

The directors do not recommend payment of a dividend for the year ended 30 June 2021 (2020: £nil). No dividend has been recommended or paid after 30 June 2021 to the date of this report.

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

DIRECTORS

The following directors, who served during the year and subsequently unless otherwise stated, are as follows:

T S Green
V Krishna

PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Crowe U.K. LLP have indicated their willingness to continue in office as the Company's auditor. A resolution to reappoint Crowe U.K. LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

V Krishna
Director

31 March 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APOLLO KALLIDUS MIDCO LIMITED

Opinion

We have audited the financial statements of Apollo Kallidus Midco Limited (the "parent company") and its subsidiaries (the "group") for the year ended 30 June 2021 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

• give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
• 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's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements. We are required to determine whether 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and UK taxation legislation.

INDEPENDENT AUDITOR’S REPORT (continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks include sample testing revenue across the year and deferred revenue as at year end agreeing to supporting documentation, and reviewing revenue received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council’s website at: 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 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.

Christine Dobson
Senior Statutory Auditor
For and on behalf of
Crowe U.K LLP
Statutory Auditor

Aquis House
49-51 Blagrave Street
Reading
RG1 1PL

31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
TURNOVER	3	15,887	11,754
Cost of sales		(3,961)	(3,187)
GROSS PROFIT		11,926	8,567
Amortisation of intangible assets		(13,766)	(11,533)
Administrative expenses and distribution costs		(10,090)	(6,131)
Administrative expenses		(23,856)	(17,664)
OPERATING LOSS		(11,930)	(9,097)
Interest payable and similar charges	6	(6,130)	(4,352)
LOSS BEFORE TAXATION	5	(18,060)	(13,449)
Tax credit on loss	7	96	1
LOSS FOR THE FINANCIAL YEAR		(17,964)	(13,448)

There are no recognised gains or losses for the year, or the preceding year, other than as stated in the Consolidated Statement of Comprehensive Income.

All of the Group's activities are classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Goodwill	8		36,919		36,592
Intangible assets	8		7,840		6,355
Tangible assets	10		226		152
			44,985		43,099
CURRENT ASSETS					
Debtors – falling due within one year	11	9,074		2,867	
Debtors – falling due after more than one year	11	-		337	
Cash at bank and in hand		5,286		2,630	
		14,360		5,834	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(20,959)		(12,254)	
NET CURRENT LIABILITIES			(6,599)		(6,420)
TOTAL ASSETS LESS CURRENT LIABILITIES			38,386		36,679
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		(72,980)		(53,306)
PROVISIONS FOR LIABILITIES	17		-		(3)
NET LIABILITIES			(34,594)		(16,630)
CAPITAL AND RESERVES					
Called-up share capital	16		85		85
Share premium account	16		763		763
Profit and loss account			(35,442)		(17,478)
SHAREHOLDERS' DEFICIT			(34,594)		(16,630)

The consolidated financial statements of Apollo Kallidus Midco Limited, registered number 11858430, were approved by the Board of Directors and authorised for issue on 31 March 2022.

They were signed on its behalf by:

V Krishna
Director

APOLLO KALLIDUS MIDCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	9		33,927		33,927
CURRENT ASSETS					
Debtors	11	3,730		-	-
		3,730			-
CREDITORS: AMOUNTS FALLING DUE WITHIN THAN ONE YEAR	12	(29)		(21)	
NET CURRENT ASSETS/(LIABILITIES)			3,701		(21)
TOTAL ASSETS LESS CURRENT LIABILITIES			37,628		33,906
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		(45,153)		(37,483)
NET LIABILITIES			(7,525)		(3,577)
CAPITAL AND RESERVES					
Called-up share capital	16		85		85
Share premium account	16		763		763
Profit and loss account			(8,373)		(4,425)
SHAREHOLDERS' DEFICIT			(7,525)		(3,577)

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The Company's loss for the financial year was £3,948,000 (2020: £3,435,000).

The financial statements of Apollo Kallidus Midco Limited, registered number 11858430, were approved by the Board of Directors and authorised for issue on 31 March 2022.

They were signed on its behalf by:

V Krishna
Director

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

Consolidated statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2019	85	763	(4,030)	(3,182)
Total comprehensive expense	-	-	(13,448)	(13,448)
At 30 June 2020	85	763	(17,478)	(16,630)
Total comprehensive expense	-	-	(17,964)	(17,964)
At 30 June 2021	85	763	(35,442)	(34,594)

All equity is attributable in full to the equity shareholders of the Group. The loss for the financial period represents the total Group comprehensive loss for the year. There are no other recognised gains or losses.

Company statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2019	85	763	(990)	(142)
Total comprehensive expense	-	-	(3,435)	(3,435)
At 30 June 2020	85	763	(4,425)	(3,577)
Total comprehensive expense	-	-	(3,948)	(3,948)
At 30 June 2021	85	763	(8,373)	(7,525)

All equity is attributable in full to the equity shareholders of the Company. The loss for the financial year represents the total Company comprehensive loss for the period. There are no other recognised gains or losses.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	18		4,859		2,243
Cash flows from investing activities					
Payments to acquire intangible fixed assets		(3,784)		(2,332)	
Payments to acquire tangible fixed assets		(181)		(92)	
Acquisition of subsidiary net of cash acquired		(11,033)		(7,021)	
Net cash flow from investing activities			(14,998)		(9,445)
Cash flows from financing activities					
Repayments of term loan		(13,750)		-	
Payment of lease obligations		(13)		(16)	
Bank arrangement fee		(663)		-	
Proceeds on issue of loan notes		3,727		2,885	
New bank loans raised		25,000		5,922	
Interest paid		(1,506)		(512)	
Net cash flow from financing activities			12,795		8,279
Increase in cash in period			2,656		1,077
Cash and cash equivalents at beginning of period			2,630		1,553
Cash and cash equivalents at end of period			5,286		2,630

The Company is a wholly owned subsidiary undertaking of Apollo Kallidus Holdco Limited, a company incorporated in England and Wales. The Company is included in the consolidated financial statements of Apollo Kallidus Holdco Limited. The Company is a qualifying entity for the purposes of FRS 102 and it has elected to take the exemption under FRS 102, para 1.12(b) not to present a Company statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Basis of accounting

Apollo Kallidus Midco Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102), issued by the Financial Reporting Council and applicable United Kingdom law.

The functional currency of the Company and its subsidiary undertakings is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. There are no foreign operations.

Apollo Kallidus Midco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

As outlined in the Directors' report the directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future. At this stage, there is no expectation that the conflict between Russia and Ukraine will have an adverse impact on the Group and Company's prospects as the business has no customers in Ukraine or Russia.

The Group meets its loan repayments from cash generated within the wider Kallidus Group, specifically Kallidus Limited. As outlined in the Strategic Report the directors have a reasonable expectation that the Company and the wider Kallidus Group have adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from the signing of these financial statements. This is supported by the various financial modelling scenarios undertaken by the Board as part of its Covid-19 response, which are detailed in the Strategic Report.

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

The Group loss before tax of £18,060,000 is after charging amortisation on intangible assets of £13,766,000, and loan note interest of £4,260,000 that is rolled into a payment-in-kind loan. Loan note and any preference share interest is to be settled on redemption. Loan notes are redeemable on the earlier of an exit or March 2029. Preference shares are redeemable on an exit. An exit event is defined as the sale, liquidation or listing of the Group. None of these charges had a cash flow effect and further details on the full year performance of the trading subsidiary, Kallidus Limited, can be found in the Review of the Business section in the Strategic Report.

The Group's major shareholder is a Private Equity ("PE") firm. As is typical in PE investments there is a significant funding debt, primarily loan notes, which sit in the upper section of the balance sheet. This funding structure results in net liabilities. Such funding is long-term, and it is intended to be redeemed on an exit event. It is not a liability arising from the normal trading operations of the Group and has no cash effect on trading.

Net current liabilities include deferred income balances of £9,801,000. The deferred income balances arise from billing customers in advance and then recognising the income over the life of the customer contract. They are not a cash liability. In the very short-term such customer payments increase cash. However, the Group's strategy of investing in product has seen a proportion of cash receipts then being expended on development expenditure within intangible assets. In the year ended 30 June 2021 the Group spent £3,784,000 on development-cost additions within intangible assets. This use of cash increases fixed asset value but conversely also increases the net current liability.

Overall Group net liabilities are primarily driven by £48,643,000 of loan notes. These investor loan notes are financing the Group and are not a trading liability. In accordance with FRS 102, loan notes are accounted for as a liability and not within equity.

As explained above the loan notes, and their accrued interest, can only be redeemed on an exit event. The directors do not foresee an exit event occurring before the 12 months from the signing of these financial statements. Therefore, the net liabilities are not considered to impact the cash flows of the Group in the period of at least 12 months from the signing of these financial statements and the directors have adopted a going concern basis for the preparation of these financial statements.

Turnover

Turnover is the amount derived from the provision of software systems, e-learning, and consultancy services to customers within the Company's ordinary activities, excluding any value added taxes and discounts. Revenue from the supply of software is recognised evenly over the term of the corresponding licence. Revenue from the supply of e-learning and consultancy services is recognised when the corresponding service has been delivered to the customer. Where revenue is received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors falling due within one year.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. These translation differences are recognised in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

1. ACCOUNTING POLICIES (continued)

Borrowing and finance lease costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred. Interest payable on both borrowings and finance leases is calculated using the effective interest rate method.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Computer equipment	3 years straight-line
Office equipment	2-4 years straight-line

Intangible fixed assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of amortisation are as follows:

Customer lists	3 years straight-line
Goodwill arising on acquisition	5 years straight-line
Licences	3 years straight-line
Development costs	3 years straight-line

Development costs have been capitalised in accordance with FRS 102 section 18 'Intangible Assets other than Goodwill' and are therefore not treated, for dividend purposes, as a realised loss.

Goodwill arising on acquisition is amortised over five years. This is considered to be the useful life of this asset. It arose as a result of a private equity acquisition. The directors estimate that the current investors' period of ownership will be five years.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Interest payable

Interest payable is written off the profit and loss account as incurred.

1. ACCOUNTING POLICIES (continued)

Finance leases

Assets held under finance leases are recognised initially at the fair value of the leased asset. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

Operating lease rental charges are charged to the statement of comprehensive income on a straight-line basis over the life of each lease.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is three years. Provision is made for any impairment.

Employee benefits

The Group operates a defined contribution scheme. Contributions are charged to the statement of comprehensive income as they fall due.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets and liabilities (continued)

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

(i) Financial assets and liabilities (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors 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 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The occurrence of revenue and completeness of deferred income
All invoicing is analysed with regards to whether (i) "one-off" (eg: Bespoke Content) with revenues recognised on service delivery or (ii) "recurring" (ie. covering a set period with revenues deferred or spread according to GAAP over such periods). Management review calculations on a monthly basis, taking into account changes, variances and expectations to ensure appropriate and consistent treatment.

The validity of development costs capitalised
Development costs are predominantly tracked and recorded via timesheets with capitalisations subsequently calculated from these according to generally agreed accounting concepts of costs and future value. Reviews as to the validity are undertaken with the CTO, having particular regard to the nature of work done (development versus fixes), future economic benefit and expected useful life.

The validation and impairment review of investment balances
Non-financial intangible assets are reviewed for impairment in accordance with the policies as stated in note 1. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates based on the experience and knowledge of staff in the business.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

3. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounts to 16% (2020: 10%). The turnover is attributable to the Group's principal activities.

	2021 £'000	2020 £'000
United Kingdom	13,355	10,623
Rest of Europe	704	682
Rest of World	1,828	449
	15,887	11,754

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group

	2021 £'000	2020 £'000
Directors' emoluments fees		
Emoluments	200	200
Pension contributions	-	-
	200	200

	No.	No.
Number of directors accruing benefits in the money purchase pension scheme	-	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Employee costs during the period including directors

Group	£'000	£'000
Wages and salaries	9,304	6,132
Social security costs	1,294	641
Pension contributions	416	274
	11,014	7,047

Monthly average number of persons employed including directors

Group	2021 No.	2020 No.
Sales and Marketing	55	37
R&D and Technical Services	91	70
Administration	25	13
	171	120

The Company had no employees during either period.

5. LOSS BEFORE TAX

	2021 £'000	2020 £'000
Loss before tax is stated after charging:		
Depreciation – owned assets (note 10)	152	79
Amortisation (note 8)	13,766	11,533
Research and development	662	494
Auditor's remuneration - audit of the financial statements:		
- Group	77	92
- Company	3	3
Non-audit services – taxation compliance services	19	22
Operating lease rentals – land and buildings	198	115
Operating lease rentals – other	5	6
Government grants – Coronavirus Job Retention Scheme	-	(171)

Amortisation is recognised within administrative expenses.

As a means of reducing costs and preserving cash, the Group utilised the Government's Coronavirus Job Retention Scheme ('CJRS') which subsidised a large proportion of payroll costs for employees that were furloughed between 1 April and 31 August 2020. The total value of claims during the year was £24,000 (2020: £171,000.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £'000	2020 £'000
Bank interest	1,841	622
Loan note interest	4,260	3,706
Foreign exchange differences	28	21
Finance lease interest	1	3
	6,130	4,352

7. TAX ON LOSS

The tax credit comprises:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	6
Adjustments in respect of prior periods	(93)	(12)
Total current tax	(93)	(6)
Deferred tax		
Origination and reversal of timing differences	(3)	3
Adjustments in respect of prior periods	-	2
Total deferred tax	(3)	5
Total tax credit on loss on ordinary activities	(96)	(1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

7. TAX ON LOSS (continued)

The standard rate of tax applied to reported loss on ordinary activities is 19%. The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£'000	£'000
Group loss on ordinary activities before tax	(18,060)	(13,449)
Tax on Group loss on ordinary activities at blended UK corporation tax rate of 19%	(3,431)	(2,555)
Effects of:		
Expenses not deductible for tax purposes	2,345	1,752
Income not taxable	-	(8)
Fixed asset timing differences	20	-
Effect of change in tax rates	(621)	-
Effect of group relief not paid for	50	54
Adjustments in respect of prior periods	(94)	(8)
Deferred tax asset not recognised	1,635	764
Group tax credit for period	(96)	(1)

Factors that may affect future tax charges

In March 2021 the Chancellor of the Exchequer announced in the Budget that the main rate of corporation tax in the UK would increase from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 10 June 2021 following receipt of Royal Assent of the Finance Bill 2021.

8. INTANGIBLE FIXED ASSETS

Group	Development costs £'000	Licences £'000	Customer lists £'000	Total intangible assets £'000	Goodwill £'000	Grand total £'000
Cost						
At 1 July 2020	13,319	767	28	14,114	48,464	62,578
Arising on acquisition	759	-	-	759	-	759
Additions	3,784	-	-	3,784	11,035	14,819
At 30 June 2021	17,862	767	28	18,657	59,499	78,156
Amortisation						
At 1 July 2020	7,106	625	28	7,759	11,872	19,631
Charge in period	2,916	142	-	3,058	10,708	13,766
At 30 June 2021	10,022	767	28	10,817	22,580	33,397
Net book value						
At 30 June 2021	7,840	-	-	7,840	36,919	44,759
At 30 June 2020	6,213	142	-	6,355	36,592	42,947

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

The company had no intangible fixed assets (2020: £nil).

9. FIXED ASSET INVESTMENTS

Company

	£'000
Cost	
At 1 July 2020	33,927
Additions	-
At 30 June 2021	33,927

On 23 December 2020, the Company's subsidiary undertaking, Apollo Kallidus Bidco Limited, acquired the entire share capital of the Sapling Technologies group. As part of the financing of this transaction, the Company subscribed for additional share capital in Apollo Kallidus Bidco Limited.

The Company holds more than 20% of the share capital of the following companies, all of which are registered and incorporated in England and Wales unless otherwise stated:

Subsidiary undertaking	Registered number	Principal activity	Class	Shares held
Apollo Kallidus Bidco Limited*	11859037	Holding company	Ordinary	100%
Kallidus Holdings Limited	09261638	Holding company	Ordinary	100%
Kallidus Intermediary Limited	09262306	Holding company	Ordinary	100%
Kallidus Bidco Limited	09263434	Holding company	Ordinary	100%
Kallidus Target Limited**	07008939	Dormant	Ordinary	100%
Kallidus Limited	03984404	Software systems	Ordinary	100%
Intraventure Limited**	04161655	Dormant	Ordinary	100%
Advorto UK Limited**	07452718	Dormant	Ordinary	100%
HOT Learning Ltd	07505130	Software systems	Ordinary	100%
Sapling Technologies Inc	-	Software systems	Ordinary	100%
Sapling Technologies Corp	-	Holding company	Ordinary	100%

** Held directly by Apollo Kallidus Midco Limited.*
*** Dormant*

The registered office address of all UK subsidiary undertakings is 5 Fleet Place, London EC4M 7RD. The registered office of Sapling Technologies Inc and Sapling Technologies Corp is 410 Pacific Avenue San Francisco, CA 94133 USA. Kallidus Target Ltd, Advorto UK Ltd and Intraventure Ltd are dormant companies and have taken advantage of the s448A, Companies Act 2006 exemption from filing individual accounts. These dormant companies are exempt from the requirement to deliver a copy of the company's individual accounts to the registrar by virtue of this section.

10. TANGIBLE FIXED ASSETS

Group	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 July 2020	395	139	534
Arising on acquisition	48	-	48
Additions	173	8	181
Disposals	(6)	(20)	(26)
At 30 June 2021	610	127	737
Depreciation			
At 1 July 2020	277	105	382
Charge in period	127	25	152
Disposals	(3)	(20)	(23)
At 30 June 2021	401	110	511
Net book value			
At 30 June 2021	209	17	226
At 30 June 2020	118	34	152

The net book value of fixed assets held under finance leases is £nil (2020: £13,000).

The company had no tangible fixed assets (2020: £nil).

11. DEBTORS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Amounts falling due within one year				
Trade debtors	3,492	2,124	-	-
Amounts owed by Group undertakings	3,728	4	3,728	-
Corporation tax recoverable	121	-	-	-
Prepayments and accrued income	1,733	739	2	-
	9,074	2,867	3,730	-
Amounts falling due after more than one year				
Prepayments and accrued income	-	337	-	-

Amounts owed by Group undertakings are non interest-bearing, unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Obligations under finance leases	-	13	-	-
Amounts due to group undertakings	6,360	2,000	26	9
Bank loan	-	1,272	-	-
Trade creditors	1,419	786	-	9
Corporation tax	-	24	-	-
Other taxation and social security	1,422	1,087	-	-
Other creditors	68	-	-	-
Accruals	1,889	853	3	3
Deferred income	9,801	6,219	-	-
	20,959	12,254	29	21

Amounts owed to Group undertakings are non interest-bearing, unsecured and repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loan	24,337	12,650	-	-
Loan notes	48,643	40,656	45,153	37,483
	72,980	53,306	45,153	37,483

On 23 December 2020, as part of the acquisition of Sapling Technologies, the Company's bank facilities were refinanced. A new term facility of £25,000,000 and capital expenditure facility of £1,700,000, with Kartesia Management SA, bears interest at the rate of 7.5% plus LIBOR, and is repayable on 23 December 2026.

The loan notes are unsecured but are subordinated to the bank term loan. The loan notes carry an interest charge of 10% per annum compounding annually. Interest is rolled into a Payment-in-Kind loan to be settled on redemption.

14. BORROWINGS

Group

2021	Bank loan £'000	Loan notes £'000	Finance lease £'000	Total £'000
Within one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After more than five years	24,337	48,643	-	72,980
Total Group borrowings	24,337	48,643	-	72,980

2020	Bank loan £'000	Loan notes £'000	Finance lease £'000	Total £'000
Within one year	1,272	-	13	1,285
Between one and two years	1,250	-	-	1,250
Between two and five years	3,900	-	-	3,900
After more than five years	7,500	40,656	-	48,156
Total Group borrowings	13,922	40,656	13	54,591

The finance lease liabilities represent the total future minimum lease payments.

On 23 December 2020, as part of the acquisition of Sapling Technologies, the Company's bank facilities were refinanced. A new term facility of £25,000,000 and capital expenditure facility of £1,700,000, with Kartesia Management SA, bears interest at the rate of 7.5% plus LIBOR, and is repayable 23 December 2026.

Loan notes with a nominal value of £33,079,000 were issued on 14 March 2019. On 23 December 2020, the Company issued further loan notes with a nominal value of £3,728,000. The loan notes are unsecured and carry an interest charge of 10% per annum compounding semi-annually. The loan notes are redeemable in 2029. Interest is rolled into a Payment-in-Kind loan to be settled on redemption. Loan notes are carried at the amount of nominal value plus rolled-up interest.

Company

Loan notes	2021 £'000	2020 £'000
After more than five years	45,153	37,483

Loan notes issued by the company with a carrying value of £45,153 are listed on The International Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

15. FINANCIAL ASSETS AND LIABILITIES

Financial assets

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Measured at undiscounted amount receivable				
Trade debtors	3,492	2,124	-	-

Financial liabilities

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Measured at amortised cost				
Bank loans	24,337	13,922	-	-
Loan notes	48,643	40,656	45,153	37,483
Obligations under finance leases	-	13	-	-
Measured at undiscounted amount payable				
Trade and other creditors	2,841	1,873	29	-
Deferred income	9,800	6,219	-	-
	85,621	62,683	45,182	37,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

16. CALLED-UP SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, called-up and fully paid		
848,182 (2020: 848,181) ordinary share of £0.10	85	85

On 23 December 2020, the Company issued one ordinary share of £0.10 at par.

The share premium account of £763,000 (2020: £763 000) represents the historic premium paid on the nominal value of the share capital.

17. DEFERRED TAX

	Group £'000	Company £'000
Balance at 1 July 2020	3	-
Current period charge	(3)	-
Balance at 30 June 2021	-	-

The analysis of the deferred tax recognised in the financial statements is:

	2021 £'000	2020 £'000
Capital allowances in excess of depreciation	-	3

No material reversal is expected within the next 12 months.

The amount of deferred tax not recognised in the financial statements is as follows:

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Depreciation in excess of capital allowances	-	-	1	-
Short term timing differences	1,970	-	12	8
Losses	655	1,962	1,590	-
	2,625	1,962	1,603	8

There are no expiry dates on timing differences, unused losses or tax credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2021

18. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Operating loss	(11,930)	(9,097)
Adjustment for:		
Depreciation	152	79
Amortisation	13,766	11,533
Loss on disposal of fixed assets	3	-
Increase in debtors	(6,246)	(80)
(Decrease)/increase in creditors	9,194	(362)
Tax (paid)/received	(52)	170
Foreign exchange	(28)	-
Net cash inflow from operating activities	4,859	2,243

Net debt reconciliation

	At 1 July 2020 £'000	Cash flows £'000	Loan Acquisitions £'000	Other non cash changes £'000	At 30 June 2021 £'000
Cash	2,630	1,550	1,106	-	5,286
Bank loans	(13,922)	(11,250)	-	835	(24,337)
Finance leases	(13)	13	-	-	-
Loan notes	(40,656)	(3,727)	-	(4,260)	(48,643)
Net funds/(debt)	(51,961)	(13,414)	1,106	(3,425)	(67,694)

19. FINANCIAL COMMITMENTS

Operating leases

The Group has total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
- within one year	141	5	202	5
- between one and five years	134	2	7	7
	275	7	209	12

20. PARENT COMPANY LOSS

As permitted by section 408 of the Companies Act 2006 the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The parent Company's loss for the period is disclosed at the foot of the Company balance sheet.

21. DEFINED CONTRIBUTION SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to profit or loss in the year was £416,000 (2020: £274,000). The balance owed to the scheme at 30 June 2021 was £48,000 (2020: £30,000).

22. SUBSIDIARY COMPANY AUDIT EXEMPTIONS

For the year ended 30 June 2021 certain subsidiaries of Apollo Kallidus Midco Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Apollo Kallidus Holdco Limited has provided a guarantee to these subsidiaries in accordance with that section.

The companies covered by the guarantee and taking exemption from the audit are as follows:

Subsidiary undertaking	**Company Number**
Kallidus Intermediary Limited	09262306
Kallidus Bidco Limited	09263434
HOT Learning Ltd	07505130

The following dormant companies have taken advantage of the s448A Companies Act 2006 exemption from filing individual accounts:

Kallidus Target Limited	07008939
Intraventure Limited	04161655
Advorto UK Limited	07452718

23. ACQUISITION OF SUBSIDIARY UNDERTAKING

On 23 December 2020 the Group acquired Sapling Technologies Inc. The total consideration was £12,046,000. The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Adjustments £'000	Fair value to Group £'000
Fixed assets			
Intangible	-	759	759
Tangible	48	-	48
Current assets			
Debtors	-	3	3
Cash	1,106	(93)	1,013
Total assets	1,154	669	1,823
Creditors			
Accruals and deferred income	-	(716)	(716)
Other creditors	(765)	669	(96)
Total liabilities	(765)	(47)	(812)
Net assets	**389**	**622**	**1,011**
Satisfied by			
Cash			9,964
Acquisition costs			2,082
			12,046
Goodwill arising on acquisition			**11,035**

Goodwill arising on acquisition is accounted for in intangible assets (note 8). This goodwill is being amortised over its estimated useful life of 5 years

24. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 section 33 'Related party disclosures' from disclosing balances and transactions with members of the group headed by Apollo Kallidus Holdco Limited that are wholly-owned on the basis the subsidiary is included in the consolidated financial statements of Apollo Kallidus Holdco Limited.

Remuneration of key management personnel other than statutory directors amounted to £1,160,000 (2020: £846,000).

At the year end, loan notes of £36,807,000 (2020: £33,079,000) were outstanding with shareholders of the ultimate parent company. New loan notes of £3,728,000 were issued as disclosed in note 14.

Accumulated interest on these loan notes of £8,346,000 (2020: £4,404,000) was also outstanding with shareholders of the ultimate parent company.

During the year interest charged of £3,942,000 (2020: £3,416,000) was charged to Statement of Comprehensive Income. £200,000 (2020: £200,000) of management fees were also charged.

25. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the ultimate controlling party is Apollo Kallidus Topco Limited, a company incorporated in England and Wales. The Company's immediate parent company is Apollo Kallidus Holdco Limited.

Apollo Kallidus Midco Limited is the parent company of the smallest group into which the results of the Company are consolidated.

Apollo Kallidus Topco Limited is the parent company of the largest group into which the results of the Company are consolidated. Copies of the group financial statements can be obtained from the company secretary at the Company's registered office, the address of which is 5 Fleet Place, London EC4M 7RD.