SYSTEMIQ

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2022

22

Company registration number
09950762 (England and Wales)

SYSTEMIQ

COMPANY INFORMATION

Directors	Mr J M Oppenheim Mr M Stuchtey Baron N H Stern Mr A Hoffman Ms T Azad Ms E Speelman K Zumwinkel Mr P G J M Polman L Olavan
Company number	09950762
Registered office	8th Floor 110 High Holborn London WC1V 6JS
Auditor	BDO LLP 55 Baker Street London W1U 7EU

TABLE OF CONTENTS

STRATEGIC REPORT 4

DIRECTORS' REPORT 10

DIRECTORS' RESPONSIBILITIES STATEMENT 13

INDEPENDENT AUDITOR'S REPORT 14

CONSOLIDATED INCOME STATEMENT 18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 19

CONSOLIDATED BALANCE SHEET 20

COMPANY BALANCE SHEET 21

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 22

COMPANY STATEMENT OF CHANGES IN EQUITY 23

GROUP STATEMENT OF CASH FLOWS 24

NOTES TO THE GROUP FINANCIAL STATEMENTS 26

SYSTEMIQ

STRATEGIC REPORT

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal Activities

Systemiq vision

The Systemiq vision is to create a thriving planet where sustainable economic systems drive prosperity for all.

Systemiq mission

The Systemiq mission is to catalyse good disruptions and unlock system change that will speed the achievement of the Sustainable Development Goals and the Paris Agreement.

The Systemiq Way

The Systemiq Way is that to achieve the Sustainable Development Goals and the Paris Agreement, we must build an economy that provides prosperity for all, stabilises the climate, and regenerates nature for generations to come.

We founded Systemiq, the system change company, to help design and build that better economy. We seek to bring speed and scale to transforming five systems that shape how we live and work: energy, nature and food, materials, urban areas, and finance.

Systemiq is a collaborative system designer, developer and disruptor. Our unique combination of coalition building, specialist advisory services, leadership transformation, policy development, redesign of markets and value chains, capital mobilisation, on-the-ground action, as well as incubation of and investment in early-stage businesses allows us to pioneer and implement creative solutions that respond to the enormous challenges the world faces. We unlock system change by developing trusted, wholehearted partnerships with leaders in civil society, innovative investors, government, business and finance.

We offer a collegial and fun home for system change leaders. Our people join us from consulting, finance, academia, NGOs as well as business and government which brings diverse perspectives and a total commitment to tackling systemic challenges with people-centred solutions. We are purpose driven and thrive on solving the hardest problems to drive action.

Our work is urgent, and we are unreasonable optimists. The world has the knowledge, technology, and financial resources to build a better economy that serves everyone, but we’re not making change at anywhere near the scale or speed required.

Systemiq exists to dramatically accelerate that change.

The Board of Directors sets the overall strategy and business plan for Systemiq and oversees all our operations. Some of it’s work is conducted through two committees, which existed throughout the period:
(i) the Governance, Culture and Compensation Committee; and
(ii) the Finance, Audit and Risk Committee.

Systemiq strives to remain a Partner led organisation however the Executive Committee (comprising of the Managing Partners, CFO, CPO, General Counsel and by invitation the Senior Partner) takes company-wide strategic and tactical operational decisions in close collaboration, where necessary, with the responsible Pillar Heads.

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2022

Development and performance

- Whilst the core purpose of the company is impact, our growth and financial performance has been strong with revenues of £47.9m (2021: £33.5m) and an operating profit of £4.1m (2021: £3.0m).
- We have continued to work with a mix of philanthropic, government and corporate clients across a number of jurisdictions and regions worldwide.
- In FY22 we added 4 partners to our partner group, strengthening our offering in Indonesia and Brazil, and 2 new partners located in the UK. Of these 4 new partners, we are delighted that our Indonesian partner was an internal promotion.
- We appointed a new CFO in May 2022, to strengthen our operations function as turnover and working capital requirements continue to grow.
- In addition we celebrated 63 promotions of Associates across the global business.
- There has not been any further geographic expansion during FY21 and FY22 however, the board appointed a new Brazil partner, and the allocation of business development funds as investment in our operations in Brazil.
- Our overseas offices have seen growth in terms of the number of employees, growth by office is as follows; The Netherlands headcount increased year on year by 70%, France headcount increased by 75%, Germany headcount increased by 41%, and Brazil headcount increased by 82%. There has been a strategic decision not to grow at present in Indonesia due to one of our long-term programs coming to an end.
- On 8 July 2022, Systemiq Capital Limited successfully completed its first close, which reduced Systemiq Limited's shareholding from 100% to 21.05% (13% fully diluted). We believe that both Systemiq Limited and Systemiq Capital Limited will both benefit deeply from each other's success.
- Systemiq Limited made an investment in Revalue Nature Limited, a carbon project development business which was incorporated and commenced operating as an independent company from July 2022. As at 31 December 2022, our shareholding in the business was 18.4%.
- In September 2022, we acquired the advisory business Imagine World Limited, as a business combination for consideration of £2.15m.
- In the current year, 825,000 more ordinary shares were allotted in February 2022 to new partners, bringing the total number of ordinary shares to 4,275,000 at February 2022.

Events after the reporting period

In April 2023, there was a reduction in the shareholding in Systemiq Incubation Limited from 28% to 20%. This was done by way of a share cancellation with no consideration received.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

Systemiq operates a risk register under the management of the General Counsel. Systemiq's internal processes identify and manage all categories of risk under the overall responsibility of the Board of Directors and the Executive Committee, including:

- Project-related risks (reputational, staffing, legal, contractual, compliance, conflict of interest and financial) are managed through the Project Passport approval process under each Platform and the veto authority of the Executive Committee.
- Other reputational risks, geopolitical and jurisdictional, risks in relation to EcoSystemiq and other off-balance-sheet impact vehicles are overseen by the Executive Committee in consultation with the management of each impact vehicle and the General Counsel.
- Other financial risks are managed by the CFO and reviewed as necessary by the Executive Committee and the Board.
- Other legal and contractual compliance risks are managed by the General Counsel and reviewed as necessary by the Executive Committee and the Board.
- IT and Cyber Security is at the forefront of our risk mitigation strategies and managed by our Head of IT.

Other principal risks and uncertainties facing the group are as follows:

Currency Risk (Foreign Exchange): Systemiq is exposed to foreign exchange risk as our invoicing and expenditure currencies are not always perfectly aligned. We have therefore implemented a foreign exchange policy that focuses on reducing risk as far as possible, focusing on aligning cash balances with expenditure currency. As a result of our annual policy review we have also committed to exploring a hedging strategy to mitigate foreign exchange risk on receivables.

Credit risk (Invoicing and Working Capital): Systemiq is exposed to credit risk, but this is minimal. The majority of Systemiq's income is from naturally low risk sources; governments, supra-national organisations or philanthropic funds. Corporate income is mostly from large global corporates where credit risk is very low. Our historical accounts receivable recovery further reinforces the low risk.

Key person risk: Our internal governance and selling capacity has matured and grown in order that key person risk is not an issue. Our partner group has grown to 16 partners by the end of FY22.

People risks: Systemiq recognise we cannot deliver our services to our clients without our associates. There is always a risk of poaching, losing our unique culture that attracts talent, and being unable to retain associates long-term. Our People team is responsible for mitigating this risk, and they do so by gathering data to identify trends (through exit interviews and monthly pulse check surveys), as well as running wellbeing and social committees.

Going concern: Systemiq has an established and successful management and governance structure, which is further underpinned by the investment during FY22 in the finance team.

The core purpose of the company remains the delivery of our mission and resulting impact, and the Board uphold the opinion that counter-cyclical to the current economic environment both local and globally, this creates opportunity for Systemiq advisory and policy related work.

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2022

The Executive Committee are confident of delivering the FY23 business plan. There is a healthy pipeline of new contracts for FY24. In addition rolling 3 year modelling reassures the Executive Committee on continued growth and maintained margins and cash generation, notwithstanding the uncertainty that exists economically and commercially throughout our client base and jurisdictions.

The Directors thereby assess the principal risks and consider the impact of downturn scenarios over the next 12 months and remain confident in Systemiq's ability to operate in a downturn scenario with the mitigating levers available to the company.

Directors duty to promote the success of the company for the benefit of the members as a whole

The directors are bound by their duties under the Companies Act 2006 and understand each duty is in the interest of the overall success of the Company and its members as a whole. This statement sets out how the directors have regard to the matters set out in Section 172 of the Act whilst undertaking their roles, including but not limited to the:

a. Likely consequence of any decision in the long term
b. Interest of employees
c. Foster business relationships with suppliers, customers and others
d. Impact of operations on the community and the environment
e. Maintain a reputation for high standards of business conduct and
f. Act fairly as between members of the company.

In adherence to their duty under s172, the Directors have considered the above factors and considers the interest of relevant stakeholders when making decision on behalf of the Company. This has been sent out below under the following subheadings:

Likely consequence of any decision in the long term

As part of the board's governance and decision-making policies and procedures, the Board and its Committees consider the potential impact of decisions on all internal and external stakeholders, whilst also having regard to broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Day-to-day operational decisions are delegated to the Executive Committee and Operations Leadership Committee. The Board, who meets quarterly has ultimate responsibility for any strategic decisions or decisions that are likely to have long-term consequences.

The board considers all decisions on the basis of reports and documentation submitted by members of the Executive Committee or Partner Group. All documents lay out the proposed decisions being requested of the Board, along with background information. All decisions are taken with the long term interests of our stakeholders in mind. The Company continues to focus on:

- Sustainable growth in size and geographical footprint. The Company continues to promote organic growth in its employees through attracting young talent, ensuring talent retention and knowledge development for our systems change leaders. During the year the Company appointed a new partner in our Brazil office to further expand our expertise and global reach; and

- Developing operational capacity and processes to align with the growth of the Company. During the year the Company appointed a new Chief Financial Officer.On behalf of the board

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2022

Interest of employees

The Company released a diversity and inclusion strategy and action plan in April 2022 that helps guide our vision. The project was employee led in collaboration with an external consultancy. As a deeply mission-driven company, diversity and inclusion are inextricably linked to the work we do and the impact we aim to have in the world. Human rights, gender equality, equal opportunities, and intergenerational equity are critical parts of the Paris Agreement and the Sustainable Development Goals, which are at the heart of our mission. We believe there can be no systems change without advancing social justice.

The Company ensures that employees are kept informed on strategy and key updates via monthly townhall meetings and bi-annual company offsite days. In addition, the Company circulates weekly newsletters and provides regular updates on the Company's Intranet.

The Company continues to engage with employees through monthly employee pulse check surveys. These surveys are an important instrument to understand how the Company and our people are doing. The results of the pulse check surveys are collated and reviewed by the partners on a monthly basis. These results play a vital role in identifying issues or concerns amongst employees and facilitate discussions with employees to ensure our employees continue to thrive.

The Company partakes in the UK Apprenticeship Scheme where we aim to provide opportunities in our operational functions to apprentices and support them in their learning and development at an early stage of their career.

Foster business relationships with suppliers, customers and others

The success of the Company is dependent upon the strong relationships it builds and maintains with its clients and partners. We believe in the power of collaboration and the strength that comes from aligning our efforts through partnerships. We are confident that by working together more closely we can accelerate and deepen our joint impact.

The Company continues to provide services under both short-term and long-term engagements to a broad range of philanthropic, government and corporate clients across a number of jurisdictions and regions worldwide. The Company carries out appropriate checks on all new clients, partners and suppliers as part of its risk management processes.

We understands the importance of the suppliers and subcontractors that work with us in order to enable us to deliver a high-quality service. We aim to pay all suppliers on time within agreed payment terms. Our procurement policy ensures our suppliers (where possible) align with our mission and values.

Our shareholders continue to receive board packs ahead of each quarterly board meeting and are given the opportunity to engage with the Company's board where requested. In addition to the quarterly board packs, the Managing Partner team regularly engages with external shareholders.

Impact of operations on the community and the environment

The Company's vision is a thriving planet where sustainable economic systems drive prosperity for all.

The Company is committed to setting and meeting science-based targets for reductions of GHG emissions in line with the goals of the Paris Agreement. In November 2022, The Company set up an internal working group to reduce GHG emissions starting at the local level.
This working group consists of representatives from all offices collaborating in a bottom-up approach to complement the Company's top-down efforts to reduce GHG emissions, such

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2022

as through climate-conscious travel, expense, and procurement policies that apply to the whole Company.
All unabated GHG emissions are offset through investments made with Vertree, an integrated carbon solutions provider.

Maintain a reputation for high standards of business conduct

The Company has appointed a highly experienced board to oversee the development of strategy and to ensure we continue to maintain our reputation and high standards of business conduct.

To ensure the Company maintains its standards of business conduct, the Company has adopted various codes of conduct applicable to all employees. In addition, mandatory annual whistleblowing training is provided to all levels of staff and management through our Learning and Development Academy.

The Company was certified as a B Corporation in 2018. B Corps utilise the power of business to solve social and environmental problems. They aim for an enriching impact for all stakeholders and are externally verified as achieving high standards of social and environmental performance.

Today, there are over 7,000 Certified B Corps in 92 countries around the globe. We are a proud member of this group and continue to support the B Corp Community in redefining success in business.

Act fairly as between members of the company

The Company provides regular updates and information to all its shareholders and investor feedback is factored into the board's decision-making process where appropriate. Investor and partner representation on the board ensures that the interests of all stakeholders are considered as part of the decision-making process.

The Company has an agreed waterfall of profit distribution with reinvestment at the core. Therefore every year the board make an assessment on the strength of the Company's balance sheet and our future budgets and forecasts relative to market and economic uncertainties, and reach a decision regarding the payment of a dividend and other distributions to the partner group In addition, each year the Company rewards its employees through non contractual bonuses.

On behalf of the board

DocuSigned by:

Jeremy Oppenheim

A9821F4D9E6C46A...

Mr J M Oppenheim
Director

Date: 9/29/2023

SYSTEMIQ

DIRECTORS' REPORT

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of an advisory and investment business focused on accelerating the achievement of the UN Global Goals and the Paris Climate Agreement.

Results and dividends

The results for the year are set out on page 18.

Dividends are set out at Note 11.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J M Oppenheim
Mr M Stuchtey
Baron N H Stern
Mr A Hoffman
Ms T Azad
Mr M Rosse
Ms E Speelman
K Zumwinkel (Resigned 1 July 2023)
Mr P G J M Polman
L Olavan

Future developments

The future developments for the company and group are set out on page 5 within the Strategic Report.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the group will be put at a General Meeting.

Going Concern

The narrative around going concern for the company and group are set out on page 6 within the Strategic Report.

Energy and carbon report

Introduction

To assist in the preparation of Systemiq Limited's first Streamlined Energy and Carbon Report, a third party emissions data management specialist, Altruistiq was commissioned to assist for the year from 1 January 2022 to 31 December 2022.

The results of the Streamlined Energy and Carbon Report provides the firm with the key data to continue to improve our commitment to climate change and measuring and reducing our environmental impact through proactive central management of our buildings, support activities, and stakeholder engagement.

DIRECTOR'S REPORT (CONTINUED)

For the year ended 31 December 2022

Energy consumption

Our (location based) UK Carbon Footprint emissions data is as follows:

Type of Emission	2022 Tonnes of CO_2e	2022 Total kWh
Stationary combustion - scope 1	N/A	N/A
Mobile combustion - scope 1	N/A	N/A
Process emisisons - scope 1	N/A	N/A
Fugitive emissions - scope 1	N/A	N/A
Electricity purchased for company's own use - scope 2 location based	9.29	48,044.29
Total gross Scope 1 & Scope 2 (location based) emissions:	**9.29**	**48,044.29**
Business travel - hire cars or employee car mileage where the company has paid for fuel	N/A	N/A

The GHG emissions have been calculated using the appropriate emissions factors from BEIS's 2022 Government Conversion Factors.

Emissions Ratios	2022
Tonnes of CO2e per £m revenue	0.20
Tonnes of CO2e per employee	0.07

Due to a lack of available actual consumption data for the UK, the scope 1 and scope 2 figures disclosed above are estimated using actual information from comparative offices.

Measures taken to improve energy efficiency

As this is the first year reporting our energy and carbon usage, we do not present comparatives for the prior year 2021.

In August 2022, our London headquarters moved office to larger premises in Holborn. This new office uses 100% renewable electricity. To add to this, the lighting and air-conditioning systems are activated by motion sensors, energy-efficient lighting is fitted throughout the building, and when appliances are required to be replaced, we ensure we choose appliances with the best energy rating possible.

SYSTEMIQ

DIRECTOR'S REPORT (CONTINUED)

For the year ended 31 December 2022

In November 2022, Systemiq set up an internal working group to reduce GHG emissions starting at the local level. This working group consists of representatives from all Systemiq offices collaborating in a bottom-up approach to complement the firm's top-down efforts to reduce GHG emissions, such as through climate-conscious travel, expense, and procurement policies that apply to the whole company.

Future energy efficiency improvement

Systemiq Limited have set a science-based target (SBT) under the Science Based Targets Initiative, committing to reaching net-zero emissions by 2040. This fits within the firm's global objectives. Our SBT is the culmination of a nine-month effort involving Systemiq colleagues from all our offices. Until we reach our target, we will continue mitigation of our emissions through Vertree Partners Limited.

Statement of disclosure to auditor

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

On behalf of the board

DocuSigned by:

A9821F4D9E6C46A...

Mr J M Oppenheim
Director

Date: 9/29/2023

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 December 2022

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). 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 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;
- state whether applicable UK Accounting Standards 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 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's 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Systemiq Limited

Opinion on the financial statements

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 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Systemiq Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Systemiq Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 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' Report, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Systemiq Limited

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on our understanding of the Group and the Company and the industry in which it operates, we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the Companies Act 2006.

The Group and the Company are also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Systemiq Limited

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Testing of accrued and deferred income balances to contract and time records to ensure they are appropriately recognised and valued.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Andrew Radford
A42BFCDC38704BE...

Andrew Radford
Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 29 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	**3**	47,944	33,502
Cost of sales		(37,721)	(23,810)
Gross profit		10,223	9,692
Administrative expenses		(6,874)	(7,103)
Other operating income		708	421
Operating profit	**4**	4,057	3,010
Share of results of associates and joint ventures		1,157	2,235
Interest receivable and similar income	**8**	9	-
Interest payable and similar expenses	**9**	(5)	(3)
Amounts written off investments		-	(743)
Profit on disposal of subsidiary		10	-
Profit before taxation		5,228	4,499
Tax on profit	**10**	(1,057)	(661)
Profit for the financial year		4,171	3,838
Profit for the financial year is attributable to:			
• Owners of the parent company		4,173	3,841
• Non-controlling interests		(2)	(3)
		4,171	3,838

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 £'000	2021 £'000
Profit of the year	4,171	3,838
Other comprehensive income/(expenses)		
Actuarial (loss)/gain on defined benefit pension schemes	(18)	14
Currency translation differences	357	(32)
Other comprehensive income/(expenses) for the year	339	(18)
Total comprehensive income for the year	4,510	3,820
Total comprehensive income/(loss) for the year is attributable to:		
• Owners of the parent company	4,512	3,823
• Non-controlling interests	(2)	(3)
	4,510	3,820

SYSTEMIQ

CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	**12**		1,911		-
Tangible assets	**13**		385		140
Investments	**14**		6,483		3,368
			8,779		3,508
Current assets					
Debtors	**18**	16,823		11,516	
Cash at bank and in hand		5,660		11,030	
		22,483		22,546	
Creditors: amounts falling due within one year	**19**	(10,821)		(10,414)	
Net current assets			11,662		12,132
Total assets less current liabilities			20,441		15,640
Provisions for liabilities					
Deferred tax liability	**20**	-	-	5	(5)
Net assets			20,441		15,635
Capital and reserves					
Called up share capital	**22**		1		1
Share premium account			9,768		9,372
Profit and loss reserves			10,677		6,265
Equity attributable to owners of the parent company			20,446		15,638
Non-controlling interests			(5)		(3)
			20,441		15,635

The financial statements were approved by the board of directors and authorised for issue on ..9/29/2023..... and are signed on its behalf by:

DocuSigned by:

A9821F4D9E6C46A...

Mr J M Oppenheim
Director

Company Registration No. 09950762

COMPANY BALANCE SHEET

For the year ended 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	12		1,911		-
Tangible assets	13		255		35
Investments	14		3,334		1,376
			5,500		1,411
Current assets					
Debtors	18	15,660		11,148	
Cash at bank and in hand		4,218		8,662	
		19,878		19,810	
Creditors: amounts falling due within one year	19	(9,590)		(8,854)	
Net current assets			10,288		10,956
Total assets less current liabilities			15,788		12,367
Provisions for liabilities					
Deferred tax liability	20	-	-	5	(5)
Net assets			15,788		12,362
Capital and reserves					
Called up share capital	22		1		1
Share premium account			9,768		9,372
Profit and loss reserves			6,019		2,989
Total equity			15,788		12,362

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,130,629 (2021: £1,127,958 profit).

The financial statements were approved by the board of directors and authorised for issue on 9/29/2023 and are signed on its behalf by:

DocuSigned by:

Jeremy Oppenheim

A9821F4D9E6C46A...

Mr J M Oppenheim
Director

Company Registration No. 09950762

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non-controlling interest £'000	Total £'000
Balance at 1 January 2021		1	6,348	2,668	9,017	-	9,017
Year ended 31 December 2021:							
Profit for the year		-	-	3,841	3,841	(3)	3,838
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	14	14	-	14
Currency translation differences		-	-	(32)	(32)	-	(32)
Total comprehensive income for the year		-	-	3,823	3,823	(3)	3,820
Issue of share capital	**22**	-	3,024	-	3,024	-	3,024
Dividends	**11**	-	-	(226)	(226)	-	(226)
Balance at 31 December 2021		1	9,372	6,265	15,638	(3)	15,635
Year ended 31 December 2022:							
Profit for the year		-	-	4,173	4,173	(2)	4,171
Other comprehensive income:							
Actuarial losses on defined benefit plans		-	-	(18)	(18)	-	(18)
Currency translation differences		-	-	357	357	-	357
Total comprehensive income for the year		-	-	4,512	4,512	(2)	4,510
Issue of share capital	**22**	-	396	-	396	-	396
Dividends	**11**	-	-	(100)	(100)	-	(100)
Balance at 31 December 2022		1	9,768	10,677	20,446	(5)	20,441

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2021		1	6,348	2,087	8,436
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,128	1,128
Issue of share capital	**22**	-	3,024	-	3,024
Dividends	**11**	-	-	(226)	(226)
Balance at 31 December 2021		1	9,372	2,989	12,362
Year ended 31 December 2022:					
Profit and total comprehensive income		-	-	3,130	3,130
Issue of share capital	**22**	-	396	-	396
Dividends	**11**	-	-	(100)	(100)
Balance at 31 December 2022		1	9,768	6,019	15,788

SYSTEMIQ

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Profit for the year after tax			4,171		3,838
Adjustments for:					
Share of results of associates and joint ventures		(1,157)		(2,235)	
Taxation credited		1,057		661	
Finance costs		5		3	
Profit on disposal of subsidiary		(9)		-	
Gain on disposal of tangible fixed assets		11		-	
Amortisation and impairment of intangible assets		239		-	
Depreciation and impairment of tangible fixed assets		240		74	
Gain on disposal of subsidiary		(10)		743	
Pension scheme non-cash movement		(18)		14	
Movements in working capital:					
Increase in debtors		(5,519)		(3,270)	
(Decrease) / increase in creditors		(388)		1,666	
Cash flows from operating activities					
Cash (absorbed by)/generated from operations			(1,378)		1,494
Interest paid			(5)		(3)
Income taxes paid			(432)		(846)
Net cash (outflow)/inflow from operating activities			(1,815)		645
Investing activities					
Purchase of intangible assets		(2,150)		-	
Purchase of tangible fixed assets		(501)		(10)	
Proceeds from disposal of tangible fixed assets		5		-	
Purchase of associates		(77)		-	
Purchase of investments		(1,480)		(308)	
Interest received		9		-	
Other income received from investments		11		-	
Net cash used in investing activities			(4,183)		(318)

GROUP STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

Financing activities		
Proceeds from issue of shares	360	3,024
Dividends paid to equity shareholders	(89)	(450)
Net cash generated from financing activities	271	2,574
Net (decrease)/increase in cash and cash equivalents	(5,727)	2,901
Cash and cash equivalents at beginning of year	11,030	8,129
Effect of foreign exchange rates	357	-
Cash and cash equivalents at end of year	5,660	11,030

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 Accounting policies

Company information

SYSTEMIQ Limited ("the company") is a private limited company limited by shares. The company is domiciled and incorporated in England and Wales. The registered office is 8th Floor, 110 High Holborn, London, WC1V 6JS.

The group consists of SYSTEMIQ Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.
- Disclosures in respect of the parent company''s financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Systemiq Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

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

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.
Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases. Overseas subsidiaries are translated into the

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Group's local currency. The spot exchange rate at the balance sheet date is used to translate all balance sheet items. The average rate for reporting period is used to translate the profit and loss.

Investments in associates are carried in the group balance sheet at cost plus post-acquisition changes in the group’s share of the net assets of the entity, less any impairment in value.

If the group’s share of losses in an associate equals or exceeds its investment in the associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the associate.

1.3 Going concern

Systemiq has an established and successful management and governance structure, which is further underpinned by the investment during FY22 in the finance team.

The core purpose of the company remains impact, and the Board are of the opinion that counter-cyclical to recession, this creates opportunity for Systemiq advisory and policy related work.

The Executive Committee are confident of delivering the business plan for the remainder of FY23. Although FY24 budgeting is in early stages, current modelling reassures the Executive Committee as to the pipeline of work and resulting flow to profits and cash. The Executive Committee remains mindful of the uncertainty that exists economically and commercially as a result of the current economic environment.

Management have performed stress testing with and without interventions. Due to the guardrail of three months working capital requirements, we are confident under all scenarios that the business would not require financing for the going concern review period, which was to 31 December 2024. This review period was chosen because, in the absence of any bank facility dates, the year-end is the date of greatest importance to the assessment.

The Directors thereby assess the principal risks and consider the impact of downturn scenarios over the next 12 months and feel confident in Systemiq’s ability to operate in a downturn scenario with the mitigating levers available to the company.

Despite the legacy of the pandemic and the economic environment, Systemiq’s results for FY22 showed growth of revenues by 43% and operating profit by 35%. This performance suggests that Systemiq will continue to be able to operate within it’s available capital. This enables the Directors to conclude that the business is a going concern on the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover and other operating income

Turnover comprises advisory income and advisory grant income. Other operating income comprises income from associates.

Turnover

Advisory income

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Income from contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs.

The aggregate of the value of work incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year-end. Where the total value of income earned exceeds the progress billings, the balance is shown as "Accrued income". Where progress billings exceed total value of income earned, the balance is shown as "Deferred revenue".

Grant advisory income

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Other operating income

Income from associate companies

Income from associate companies relates to the Group's share of the results of operations of its associates. The revenue is recognised when the services are rendered in accordance with the terms with the related entity. This is categorised as other operating income in the consolidated income statement as it is not in line with the core operating activity of the group.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Leasehold improvements	Over the period of the lease of 10 years or lease term, whichever is shorter
Plant and equipment	20% straight line
Computers	20% straight line

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

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group’s share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.8 Impairment of fixed assets

At each reporting period end date, 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Recoverable amount is the higher of fair value less costs to sell 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.10 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

The Group provides a range of benefits to employees, including holiday pay arrangements, annual bonus arrangements and defined contribution pension plans.

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Annual bonus plans are recognised as an expense in the profit and loss account when the Group has a legal and constructive obligation to make the payments under plans as a result of past events and a reliable estimate of the obligation can be made.

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

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. In Indonesia, there exists a retirement arrangement that meets the definition of a defined benefit obligation. The total amount of the defined benefit obligation is £290k and is immaterial to the Group. This is included in Other creditors within Note 19.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

In preparing these financial statements, the Directors have made the following judgement and estimates:

Income recognition on contracts

In order to determine the value of both long and short term contracts, the stage of completion is estimated when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs.

Impairment of trade receivables

IImpairment of trade receivables is considered each year and judgements on balances not recoverable are considered within a bad debt provision. The bad debt provision in the year ending 31 December 2022 is £448k (2021: Nil).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Valuation of goodwill

Judgement and estimation is involved in determining the useful life of goodwill. As described in Note 1.5, the useful life of goodwill is estimated to be 3 years and is based on its expected use. It is also our judgement that goodwill is not impaired for the current year and that there were no indicators of impairment present at year-end.

Valuation of unlisted investments

Judgement and estimation is involved in determining carrying value of unlisted investments recognised at fair value through profit and loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm’s length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

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

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022 £’000	2021 £’000
Turnover analysed by class of business		
Advisory income	36,131	30,263
Grant income	8,963	281
Membership income	2,668	2,958
	47,944	33,502
Turnover analysed by geographical market		
Asia	5,774	2,929
Europe	27,513	24,035
Rest of World	14,657	6,538
	47,944	33,502

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

4
Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(550)	273
Depreciation of owned tangible fixed assets	240	74
Loss on disposal of tangible fixed assets	11	-
Amortisation of intangible assets	239	-
Operating lease charges	1,142	406

5
Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group, company and subsidiaries	220	79
	220	79
For other services		
Taxation compliance	15	6
Non-statutory audit	33	28
	48	34

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

6 Employees

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

	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
Project staff	274	225	98	76
Operational staff	65	41	34	25
Total	339	266	132	101

Their aggregate remuneration comprised:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	25,307	18,162	12,777	9,089
Social security costs	2,745	2,030	1,506	1,102
Pension costs	1,219	875	872	650
	29,271	21,067	15,155	10,841

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	1,620	1,057
	1,620	1,057

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	428	497

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	9	-

9 Interest payable and similar expenses

	2022 £'000	2021 £'000
Other interest	5	3

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

10
Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	901	839
Adjustments in respect of prior periods	27	(146)
Total current tax	928	693
Foreign current tax on profits for the current period	220	-
Adjustments in foreign tax in respect of prior periods	18	-
Total current tax	1,166	693
Deferred tax		
Origination and reversal of timing differences	(62)	(32)
Adjustment in respect of prior periods	(47)	-
Total deferred tax	(109)	(32)
Total tax charge	1,057	661

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

	2022 £'000	2021 £'000
Profit before taxation	5,228	4,499
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021: 19.00%)	993	855
Tax effect of expenses that are not deductible in determining taxable profit	(44)	(131)
Adjustments in respect of prior years	(3)	(146)
Other non-reversing timing differences	93	-
Effect of overseas tax rates	30	(83)
Deferred tax not recognised	(12)	-
Taxation charge	1,057	661

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11
Dividends

	2022 £'000	2021 £'000
Recognised as distributions to equity holders:		
FInal paid	100	226

12
Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 January 2022	-
Additions	2,150
At 31 December 2022	2,150
Amortisation and impairment	
At 1 January 2022	-
Amortisation charged for the year	239
At 31 December 2022	239
Carrying amount	
At 31 December 2022	1,911
At 31 December 2021	-

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Company	Goodwill £'000
Cost	
At 1 January 2022	-
Additions	2,150
At 31 December 2022	2,150
Amortisation and impairment	
At 1 January 2022	-
Amortisation charged for the year	239
At 31 December 2022	239
Carrying amount	
At 31 December 2022	1,911
At 31 December 2021	-

On 31 October 2022 the Group entered into an agreement with Imagine World Limited, to acquire certain assets of the entity for total consideration of £2,150,000 paid in cash.

The specific assets acquired include client contracts, business information and records, and third party rights. In aggregate, the assets acquired were determined to have a net book value of Nil, meaning the full consideration amount of £2,150,000 has been recorded as goodwill. The useful life of goodwill has been estimated to be 3 years.

Contingent consideration on the transaction has been considered as it relates to the Earn-Out clause within the Asset Purchase Agreement. Contingent consideration is calculated with reference to the EBITDA generated in respect of the client contracts from the date of the agreement to the period ending 31 December 2022. As at the year ended 31 December 2022, contingent consideration has been assessed as £ Nil.

Since the acquisition date, the acquisition has contributed £173,981 to group turnover and produced a net loss of £156,477.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

13
Tangible fixed assets

Group	Leasehold improvements £'000	Plant and equipment £'000	Computers £'000	Total £'000
Cost				
At 1 January 2022	240	208	18	466
Additions	316	166	19	501
Disposals	(149)	(133)	-	(282)
At 31 December 2022	407	241	37	685
Depreciation and impairment				
At 1 January 2022	196	127	3	326
Depreciation charged in the year	132	102	6	240
Eliminated in respect of disposals	(147)	(119)	-	(266)
At 31 December 2022	181	110	9	300
Carrying amount				
At 31 December 2022	226	131	28	385
At 31 December 2021	44	81	15	140

Company	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2022	149	97	246
Additions	316	57	373
Disposals	(149)	(97)	(246)
At 31 December 2022	316	57	373
Depreciation and impairment			
At 1 January 2022	130	81	211
Depreciation charged in the year	117	25	142
Eliminated in respect of disposals	(147)	(88)	(235)
At 31 December 2022	100	18	118
Carrying amount			
At 31 December 2022	216	39	255
At 31 December 2021	19	16	35

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

14 Fixed asset investments

		Group		Company	
	Notes	2022 Number	2021 Number	2022 Number	2021 Number
Investments in subsidiaries	**15**	-	-	617	617
Investments in associates	**16**	3,843	2,609	77	-
Unlisted investments		2,640	759	2,640	759
		6,483	3,368	3,334	1,376

Movements in fixed asset investments **Group**	**Shares in associates £'000**	**Other investments £'000**	**Total £'000**
Cost or valuation			
At 1 January 2022	2,609	759	3,368
Additions	77	1,881	1,958
Profit share on associates	1,157	-	1,157
At 31 December 2022	3,843	2,640	6,483
Carrying amount			
At 31 December 2022	3,843	2,640	6,483
At 31 December 2021	2,609	759	3,368

Movements in fixed asset investments **Company**	**Shares in subsidiaries and associates £'000**	**Other investments £'000**	**Total £'000**
Cost or valuation			
At 1 January 2022	617	759	1,376
Additions	77	1,881	1,958
At 31 December 2022	694	2,640	3,334
Carrying amount			
At 31 December 2022	694	2,640	3,334
At 31 December 2021	617	759	1,376

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Other investments additions in the current year is split between unlisted equity investments totalling £1,435,421 and convertible notes totalling £445,723. These investments represent significant opportunities to the Group with mission-aligned, early-stage companies.

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Systemiq Deutschland GmbH	Germany	Ordinary	100.00
PT Systemiq Lestari Indonesia	Indonesia	Ordinary	99.00
Systemiq France	France	Ordinary	100.00
Systemiq Do Brasil Consultoria Em Sustentabilidade Ltda	Brazil	Ordinary	100.00
Systemiq Nederland B.V.	Netherlands	Ordinary	100.00

All of the above subsidiaries are included in the consolidation.

16 Investment in associate companies

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Systemiq Incubation Limited	England	Ordinary shares	29
Savo Project Developers Limited	England	Ordinary shares	27
Capterio Limited	England	Ordinary shares	49
Systemiq Capital Limited	England	Ordinary shares	21

Investments in associate companies are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value.

The carrying value of the Group's investment in associates was £3,843,376 (2021: £2,608,833).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

17 Disposal of Subsidiary and Recognition of Investment in Associate

During the year, Systemiq Limited shareholding in Systemiq Capital Limited reduced from 100% to 21% due to an issue of shares on 24 June 2022. As a result of this disposal, Systemiq Limited no longer retains control over Systemiq Capital Limited, and the investment has been reclassified as an investment in associate.

Details of the transaction are as follows:

- Date of Transaction: 24/06/2022
- Consideration Received: nil
- Carrying Amount of Net Liabilities of Subsidiary at Date of Disposal: £9,502
- Gain on Disposal: £9,501

As at 31 December 2022, the carrying amount of the investment in Systemiq Capital Limited, now accounted for using the equity method, is £14,608.

Systemiq Limited continues to exert significant influence over Systemiq Capital Limited but no longer consolidates its financials. Instead, our share of Systemiq Capital Limited's profits or losses will be reflected in our consolidated statement of comprehensive income.

18 Debtors

	Group		Company	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Amounts falling due within one year:				
Trade debtors	8,377	7,787	7,949	7,588
Corporation tax recoverable	126	41	-	-
Amounts owed by group undertakings	-	-	514	589
Amounts owed by undertakings in which the company has a participating interest	724	146	724	146
Other debtors	1,577	749	1,304	428
Prepayments and accrued income	5,800	2,668	5,130	2,397
	16,604	11,391	15,621	11,148
Amounts falling due after more than one year:				
Trade debtors	63	74	-	-
Deferred tax asset (note 20)	156	51	39	-
	219	125	39	-
Total debtors	16,823	11,516	15,660	11,148

Amounts owed by group undertakings and participating interests are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

19 Creditors: amounts falling due within one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	1,103	768	1,038	743
Amounts owed to group undertakings	-	-	1,980	1,241
Corporation tax payable	1,175	355	760	43
Other taxation and social security	1,880	1,439	1,307	826
Deferred income	1,973	4,251	1,245	3,561
Dividends payable	11	-	11	-
Other creditors	1,195	987	829	645
Accruals	3,484	2,614	2,420	1,795
	10,821	10,414	9,590	8,854

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20 Deferred taxation

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

Group	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Accelerated capital allowances	-	5	(12)	-
Pensions	-	-	51	-
Retirement benefit obligations	-	-	63	51
Origination and reversal of timing differences	-	-	54	-
	-	5	156	51

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Company	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Accelerated capital allowances	-	5	(12)	-
Pensions	-	-	51	-
	-	5	39	-

Movements in the year:	Group 2022 £'000	Company 2022 £'000
(Asset)/Liability at 1 January 2022	(46)	5
Credit to profit or loss	(110)	(44)
Asset at 31 December 2022	(156)	(39)

The deferred tax asset for the company relates to a £12,261 liability in respect of accelerated capital allowances and a deferred tax asset of £51,439 in relation to pensions. The total deferred tax asset for the company is therefore £39,178 at 31 December 2022.

Of the £39,178 deferred tax asset, £47,415 relates to a prior year adjustment with movements debited to the profit or loss in the year.

The retirement benefit obligation set out above relates to Post Employment Benefit calculation by an actuary. This is expected to be adjusted at each financial year end.

The remaining deferred tax asset relates to origination and reversal of timing differences and accelerated capital allowances which are expected to reverse in future years.

21 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,103	767

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

22
Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £'000	2021 £'000
Issued and fully paid				
4,675,255 A shares of 0.01p each and 4,350,000 Ordinary shares of 0.01333p each (2021: 4,675,255 A shares and 1,000,000 Treasury shares of 0.01p each. 3,525,000 Ordinary shares of 0.01333p)	9,025,255	9,200,255	1	1

During the year the company issued 825,000 ordinary shares to new and existing investors bringing the total number of ordinary shares in issue to 4,350,000 and increasing the share premium by £395,983.

1,000,000 treasury shares were cancelled in the year reducing the number of treasury shares to nil (2021 1,000,000).

After the year-end, the company bought back 382,500 ordinary shares reducing the number of ordinary shares in issue to 3,967,500.

23
Non-controlling interest

Non-controlling interest represents amounts attributable on profits by parties not controlled by Systemiq Limited.

24
Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Within one year	750	416	316	240
Between two and five years	1,446	911	1,133	639
In over five years	-	67	-	67
	2,196	1,394	1,449	946

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

25 Non adjusting subsequent events

In April 2023, there was a reduction in the shareholding in Systemiq Incubation Limited from 28% to 20%. This was done by way of a share cancellation with no consideration received.

26 Related party transactions

The key management personnel comprise of the Group board who plan, control, and monitor the activities of the Group. Details of their remuneration are given in Note 7.

Sales and purchases between related parties are made at normal market prices. During the year the group entered into the following transactions with related parties:

During the year to 31 December 2022 PT Systemiq Lestari Indonesia made sales of £4,248,618 (2021: £4,025,651) to Systemiq Limited.

As at 31 December 2022, the balance of the related party payable by Systemiq Limited to PT Systemiq Lestari Indonesia was £1,122,806 (2021: £547,610 payable).

During the year to 31 December 2022 Systemiq Deutchsland GmbH made sales of £5,043,650 (2021: £3,978,227) to Systemiq Limited.

As at 31 December 2022, the balance of the related party payable by Systemiq Limited to Systemiq Deutchsland GmbH was £828,740 (2021: £517,657).

During the year to 31 December 2022 Systemiq Nederlands made sales of £2,265,344 (2021: £1,385,207) to Systemiq Limited.

As at 31 December 2022, the balance of the related party payable by Systemiq Limited to Systemiq Nederlands was £80,626 (2021: £47,728 receivable).

During the year to 31 December 2022 Systemiq France made sales of £2,088,882 (2021: £1,439,145) to Systemiq Limited.

As at 31 December 2022, the balance of the related party receivable to Systemiq Limited from Systemiq France was £232,675 (2021: £175,674 payable).

During the year to 31 December 2022 Systemiq Do Brasil Consultoria Em Sustentabilidade Ltda made sales of £916,612 (2021: £1,007,082 receivable) to Systemiq Limited.

As at 31 December 2022, the balance of the related party receivable to Systemiq Limited from Systemiq Do Brasil Consultoria Em Sustentabilidade Ltda was £280,830(2021: £522,969 recievable).

SYSTEMIQ