# PROSPECTUS

# Meltwater N.V.

(A public company with limited liability (*naamloze vennootschap*))

(Organization number: 32109376)

**Listing of the Company's Depositary Receipts on Oslo Børs**

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This prospectus (the "**Prospectus**") has been prepared by Meltwater N.V. (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**Meltwater**") solely for use in connection with the listing (the "**Listing**") of the Company's depositary receipts over outstanding shares in the capital of the Company (the "**Company Shares**"), i.e. the beneficial interests over the Company Shares registered in the Norwegian Central Securities Depositary (Nw: *Verdipapirsentralen*) (the "**VPS**"), each with a par value of EUR 0.01 (the "**Depositary Receipts**") on Oslo Børs, a regulated market operated by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**"). References in this Prospectus to "**Shares**" means both the Company Shares and the Depositary Receipts.

The Depositary Receipts have been trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs since 3 December 2020 under the ticker code "**MWTR**" with ISIN NL00150003D3. On 29 November 2021, the Company applied for the Depositary Receipts to be admitted to listing and trading on Oslo Børs. The Company's listing application was approved by Oslo Børs on 8 December 2021. Upon Listing, the Depositary Receipts will be deregistered from Euronext Growth Oslo and will be admitted to trading through the facilities of Oslo Børs.

Trading in the Depositary Receipts on Oslo Børs is expected to commence on or about 20 December 2021, under the ticker code "MWTR".

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States of America (the "**U.S.**" or the "**United States**").

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required by the Company to inform themselves about and to observe any such restrictions. Failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any restrictions. See Section 14 "Transfer Restrictions".

**Investing in the Company involves risks. See Section 2 "Risk Factors" of this Prospectus.**

**THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY.**

**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES, BENEFICIAL INTERESTS OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.**

The validity of this Prospectus shall expire on (i) the date trading in the Depositary Receipts on Oslo Børs commences or (ii) 12 months from the date of this Prospectus, whichever occurs earlier. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid.

**Listing Advisors**

| | |
|---|---|
| **DNB Markets, part of DNB Bank ASA** | **Pareto Securities AS** |

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**The date of this Prospectus is 16 December 2021**

## IMPORTANT NOTICE

This Prospectus has been prepared by the Company in connection with the Listing. The purpose of the Prospectus is to provide information about the Company and its underlying business and in relation to the admission to trading of the Depositary Receipts on Oslo Børs. This Prospectus has been prepared solely in the English language.

Pareto Securities AS and DNB Markets, part of DNB Bank ASA (the "**Listing Advisors**") are acting as advisors to the Company in connection with the Listing. The Listing Advisors are acting as advisors only to the Company, and are not acting for anyone else in connection with the Listing or the matters described in this Prospectus or any related announcement. None of the Listing Advisors nor their respective affiliates, partners, directors, officers, employees or agents are responsible to anyone other than the Company for providing protections afforded to clients, nor for providing advice in connection with the Listing, nor for any other matters described in this Prospectus. The Listing Advisors are not responsible for any information in this Prospectus.

This Prospectus has been prepared to comply with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (including any relevant delegated regulations, the "**EU Prospectus Regulation**"). This Prospectus has been approved by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), as competent authority under the EU Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The validity of this Prospectus shall expire on (i) the date trading in the Depositary Receipts on Oslo Børs commences or (ii) 12 months from the date of this Prospectus, whichever occurs earlier. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors between the time of approval of this Prospectus by the AFM and the Listing on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Listing or the Depositary Receipts other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the affiliates, representatives, advisors of the foregoing.

No Depositary Receipts or any other securities are being offered or sold in any jurisdiction pursuant to this Prospectus. The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe or sell, any of the securities described herein. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. In addition, the Depositary Receipts are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 14 "Transfer Restrictions".

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its content is prohibited.

No Depositary Receipts or other securities are being offered or sold in any jurisdiction pursuant to this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. Neither the Company nor any of its representatives or advisers, are making any representation to any offeree or purchaser of the Depositary Receipts regarding the legality of an investment in the Depositary Receipts by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Depositary Receipts.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information". Investing in the Depositary Receipts involves certain risks. See Section 2 "Risk Factors". For definitions of certain other terms used throughout this Prospectus, see Section 18 "Definitions and Glossary".

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

### ENFORCEMENT OF CIVIL LIABILITIES

At the date of this Prospectus, the Company is a public company with limited liability (*naamloze vennootschap*) (abbreviated as N.V.). As a result, the rights of holders of the Shares will be governed by law of the Netherlands and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under the laws of Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Many of the members of the Company's board of directors (individually, a "**Director**" and collectively, the "**Board of Directors**") and the members of Meltwater's senior executive management team (the "**Management**") are not residents of the United States, and the Company's assets are in large parts located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company, the Directors and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

Under laws of the Netherlands, enforcement of foreign judgments is only possible where a convention between the Netherlands and the foreign country provides for it or if the judgment was rendered by a court in a member state of the European Union (the "**EU**"). Otherwise, the claimant must relitigate his case in the Netherlands in order to obtain a binding and enforceable judgment. Judgments from non-EU countries ('third countries') can only be enforced in the Netherlands as such if there is a convention between the Netherlands and the foreign country concerned. Norwegian judgments can be enforced in the Netherlands pursuant to the 2007 Lugano Convention on jurisdiction and enforcement of judgments in civil and commercial matters (Lugano Convention') and the Convention on the Contract for the International Carriage of Goods By Road (International Carriage Convention'), under which such enforcement is possible. The same will apply for enforcement of judgments of the Netherlands in Norway.

The United States, the Netherlands and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway or the Netherlands will enforce judgments obtained in other jurisdictions, including the United States, against the Company, its Directors or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company, its Directors or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or the Netherlands.

Similar restrictions may apply in other jurisdictions.

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# 1 SUMMARY

## INTRODUCTION

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|---|---|
| *Warning*................................ | This summary should be read as an introduction to the prospectus (the "**Prospectus**") prepared by Meltwater N.V. (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**Meltwater**") in connection with the listing (the "**Listing**" of depositary receipts over outstanding shares in the capital of the Company (the "**Company Shares**", i.e. the beneficial interests over the Company Shares registered in the Norwegian Central Securities Depositary (Nw: *Verdipapirsentralen*) (the "**VPS**"), each with a par value of EUR 0.01 (the "**Depositary Receipts**") on Oslo Børs, a regulated market operated by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**").<br><br>Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Depositary Receipts involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| *Securities*............................. | The Company has one class of shares, the Company Shares.<br><br>As of the date of this Prospectus, the Company has 303,215,534 Company Shares outstanding, each with a par value of EUR 0.01, of which:<br><br>• 278,923,078 are registered as Depositary Receipts in book-entry form with the VPS with ISIN NL00150003D3;<br><br>• 770,780 are held by Stichting Administratiekantoor Meltwater Holding, a Dutch foundation, as registered in the Company's shareholders' register, who issued Dutch depositary receipts for Company Shares (certificaten van aandelen, "**STAK DRs**") to eligible employees and contractors; and<br><br>• 23,598,176 are held by shareholders as registered in the Company's shareholders' register. |
| *Issuer*................................... | The Company's registration number in the Dutch trade register is 32109376 and its LEI is 213800LTM5FFHVRLNM97. The Company's registered office is located at Singel 250, 1016 AB Amsterdam, the Netherlands, its main telephone number at that address is +31 (0)20 740 0510. The Company's website can be found at www.meltwater.com. |
| *Competent authority*........... | The Dutch Authority for the Financial Markets *(Stichting Autoriteit Financiële Markten*, the "**AFM**"), with trade register number 41207759 and registered address at Vijzelgracht 50, 1017 HS, Amsterdam, the Netherlands, and telephone number +31(0)20-797 2000 has reviewed and, on 16 December 2021, approved this Prospectus. The AFM will notify the European Securities and Markets Authority and the competent authority of Norway, Finanstilsynet, for passporting in accordance with Articles 24 and 25 of the Prospectus Regulation. |

## KEY INFORMATION ON THE ISSUER

### Who is the issuer of the securities?

*Corporate information.........* The Company was incorporated in the Netherlands on 23 June 2005. The Company is a public company with limited liability (*naamloze vennootschap*). The Company is organized and existing under the laws of the Netherlands pursuant to the Dutch Civil Code (*Burgerlijk Wetboek*). Its registration number in the Dutch trade register is 32109376 and its LEI is 213800LTM5FFHVRLNM97.

*Principal activities................* Meltwater provides social and media intelligence. Meltwater has established a global presence and is providing media intelligence and social analytics Software-as-a-Service ("**SaaS**") solutions. By examining millions of posts each day from social media platforms, blogs and news sites, Meltwater helps companies make better, more informed decisions based on insight from the outside.

The Company is the parent company of the Group, and is headquartered in the Netherlands with 50 offices across six continents, including in San Francisco, California, and Oslo, Norway.

*Major shareholders..............* The following table sets forth shareholders owning 3% or more of the Shares in the Company as of 14 December 2021.

**Table 1 – Major shareholders**

| # | Shareholder | Number of Shares | Percentage (%) |
|---|---|---|---|
| 1 | Fountain Venture AS[(1)] | 127,424,503 | 42.02% |
| 2 | Big Data Holding Ltd | 39,572,555 | 13.05% |
| 3 | UBS AG | 10,497,945 | 4.46% |
| 4 | Bipro AS[(1)] | 9,197,400 | 3.03% |
| 5 | Meltwater Partners AS[(2)] | 9,000,000 | 2.96% |
| **Total**................................ | | **198,726,724** | **65.53%** |

[(1)] Fountain Venture AS is wholly owned by Jørn Lyseggen. Further, Mr. Lyseggen has a 32.2% ownership in Bipro AS.

[(2)] Direct holder of Company Shares.

*Key managing directors......* The Board of Directors consists of seven individuals. The names of the Directors and their respective positions are presented in the below table.

**Table 2 – Overview of the Management**

| Name | Position |
|---|---|
| John Box | CEO |
| Elena Shishkina | CFO |
| Aditya Jami | CTO |

*Statutory auditor.................* The Company's auditor is PricewaterhouseCoopers Accountants N.V. (registered address at Thomas R. Malthusstraat 5, 1066 JR, Amsterdam, the Netherlands).

**What is the key financial information regarding the issuer?**

The Company has prepared its consolidated financial statements for the financial year ended 31 December 2020 (including comparative figures) in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and for the financial years ended 31 December 2019 and 2018 in accordance with accounting principles generally accepted in the Netherlands ("**Dutch GAAP**"). The Company's financial statements for the financial years ended 31 December 2020, 2019 and 2018 have been audited and are included in the Prospectus. The unaudited consolidated interim financial statements for the nine-month period ended 30 September 2021 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union ("**IAS 34**") and are also included in the Prospectus.

The tables below set out selected key financial information extracted from the Company's audited financial statements for the financial years ended 31 December 2020, 2019 and 2018 and the unaudited consolidated interim financial statements for the nine-month period ended 30 September 2021:

| **Table 3 – Income statement** | | | **Year ended 31 December** | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2019** | **2018** | **2021** | **2020** |
| *(Amounts in USD thousands)* | *IFRS Audited* | *IFRS Audited* | *Dutch GAAP Audited* | *Dutch GAAP Audited* | *IAS 34 Unaudited* | *IAS 34 Unaudited* |
| Revenue | 359,791 | 345,830 | 345,849 | 315,534 | 295,291 | 267,147 |
| Operating profit/(loss) | (13,016) | (17,394) | (22,451) | (14,745) | (45,962) | 4,877 |
| Profit/(loss) for the period | (75,991) | (53,550) | (57,820) | (37,126) | (47,836) | (14,927) |

| **Table 4 – Financial position statement** | | | **As of 31 December** | | **As of 30 September** |
|---|---|---|---|---|---|
| | **2020** | **2019** | **2019** | **2018** | **2021** |
| *(Amounts in USD thousands)* | *IFRS Audited* | *IFRS Audited* | *Dutch GAAP Audited* | *Dutch GAAP Audited* | *IAS 34 Unaudited* |
| Total assets | 341,632 | 289,774 | 284,387 | 219,393 | 362,722 |
| Total equity | (34,709) | (206,949) | (209,741) | (181,227) | (32,007) |
| Total liabilities | 376,341 | 496,723 | 494,128 | 400,620 | 394,729 |

| **Table 5 – Statement of cash flows** | | | **Year ended 31 December** | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2019** | **2018** | **2021** | **2020** |
| *(Amounts in USD thousands)* | *IFRS Audited* | *IFRS Audited* | *Dutch GAAP Audited* | *Dutch GAAP Audited* | *IAS 34 Unaudited* | *IAS 34 Unaudited* |
| Cash flow from operating activities | 34,614 | (8,729) | (14,610) | 18,666 | 3,818 | 26,345 |
| Cash flow from investing activities | 15,284 | (47,572) | (47,421) | (31,291) | (58,275) | (10,087) |
| Cash flow from financing activities | 33,257 | 59,835 | 65,647 | 6,455 | 5,279 | 16,579 |
| Effect of foreign exchange rate changes | 1,408 | 50 | - | (792) | (982) | 193 |
| **Net change in cash and cash equivalents** | **83,155** | **3,534** | - | **(6,180)** | **(49,178)** | **32,837** |
| **Cash and cash equivalents end of period** | **99,927** | **15,364** | **17,706** | **14,040** | **49,767** | **48,394** |

**What are the key risks that are specific to the issuer?**

*Material risk factors…………*

- If Meltwater fails to adapt and respond effectively to rapidly changing technology, new media intelligence, social media platforms, evolving industry standards or changing customer needs, requirements, tastes or preferences, Meltwater's products may become less competitive
- Interruptions in information technology systems and cyber security issues could adversely affect Meltwater's business
- Meltwater has incurred recurring losses from operations
- Meltwater may fail to effectively protect information about customers and employees
- Meltwater has engaged in acquisitions that may not be successful, and may, in the future engage in transactions that will not have the desired effects
- Meltwater is exposed to risks associated with international operations
- Meltwater may be unable to attract and retain key Management personnel and other employees, which may negatively impact the effectiveness of Meltwater's management and results of operations
- Some of Meltwater's products rely on the availability of licenses to third-party software and other intellectual property

## KEY INFORMATION ON THE SECURITIES

**What are the main features of the securities?**

| | |
|---|---|
| *Type, class and ISIN………* | The Depositary Receipts are registered in book-entry form with the VPS and have ISIN NL00150003D3. |
| *Currency, par value and number of securities…………* | The Depositary Receipts will be traded in NOK on Oslo Børs. The Company's share capital is EUR 3,032,155.34 and is divided into 303,215,534 Shares of a par value of EUR 0.01 each. |
| *Rights attached to the securities………………………….* | The Depositary Receipts rank *pari passu* in all respects with each other. Holders of Depositary Receipts will be entitled to receive dividends and other distributions declared, made or paid on them. Each Depositary Receipt entitles the holder to attend and to cast one vote at the general meeting of the Company. |
| *Transfer restrictions…………* | The Depositary Receipts are freely transferable. The articles of association of the Company do not provide for any restrictions on the transfer of Depositary Receipts, or a right of first refusal for the Depositary Receipts. Transfers of Depositary Receipts are not subject to approval by the Board of Directors. |
| *Dividend and dividend policy…………………………………* | The Company has not previously paid any dividends. The Company is in a growth phase, and is not planning to pay any dividends for the next few years. |

**Where will the securities be traded?**

On 29 November 2021, the Company applied for admission to listing and admission to trading on Oslo Børs, and the Company expects commencement of trading in the Depositary Receipts on Oslo Børs on or about 20 December 2021. The Depositary Receipts will upon Listing be deregistered from Euronext Growth Oslo. The Company has not applied for admission to trading of the Depositary Receipts on any other stock exchange, regulated market or multilateral trading facility (MTF). The Depositary Receipts are on the date hereof admitted for listing and trading on Euronext Growth Oslo under the ticker code "MWTR".

**What are the key risks that are specific to the securities?**

*Material risk factors…………*

- The price of the Depositary Receipts may fluctuate significantly
- Jørn Lyseggen (the "**Founder**") may retain significant interests in, and may continue to exert substantial control and influence over, Meltwater following the admission to trading and his interests may differ from or conflict with those of other shareholders of the Company
- There may not be an active liquid market for the Depositary Receipts, and the Depositary Receipts price could fluctuate significantly
- Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares
- The transfer of the Depositary Receipts is subject to restrictions under the securities laws of the United States and other jurisdictions
- Future sales, or the possibility for future sales of substantial numbers of Depositary Receipts may affect the Depositary Receipts' market price
- The Company may be unwilling or unable to pay any dividends or make distributions

## KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

| | |
|---|---|
| *Admission to trading……………………………* | On 29 November 2021, the Company applied for admission to listing and trading of the Depositary Receipts on Oslo Børs, and the Board of Directors of Oslo Børs approved the Company's listing application on 8 December 2021.<br><br>The Company expects commencement of trading in the Depositary Receipts on Oslo Børs on or about 20 December 2021. The Company has not applied for admission to trading of the Depositary Receipts on any other stock exchange, regulated market or multilateral trading facility (MTF). The Depositary Receipts are |

| | |
|---|---|
| | on the date hereof admitted for listing and trading on Euronext Growth Oslo under the ticker code "MWTR". |
| *Total expenses of the issue/offer……………………….* | No issue or offer of Shares is being conducted as part of the Listing. |

**Why is this prospectus being produced?**

| | |
|---|---|
| *Reasons for the offer/admission to trading………………………………* | This Prospectus has been prepared to facilitate the Listing of the Depositary Receipts on Oslo Børs. The main reason for the Listing is to facilitate greater liquidity in the Depositary Receipts and attract new prospective shareholders in order to build a more diversified shareholder base, and enhance the Company's access to the capital markets for financing of potential growth opportunities in the future. |
| *Conflicts of interest…………..* | There are no material conflicts of interest pertaining to the Listing. |

## 2 RISK FACTORS

*Investing in the Company involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out in this section before making an investment decision in respect of the* Depositary Receipts*. The risks and uncertainties described below are not the only ones facing Meltwater. Additional risks not presently known to the Company or that the Company currently deems immaterial, may also impair Meltwater's business and adversely affect the price of the* Depositary Receipts*. If any of the following risks materialize, individually or together with other circumstances, Meltwater's business, prospects, financial position, cash flows and/or operating results could be materially and adversely affected, which in turn could lead to a decline in the value of the* Depositary Receipts *and the loss of all or part of an investment in the Depositary Receipts.*

*Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential negative impact to the Group's business, financial condition, results of operations and prospects. The risk factors below have been divided into categories and according to their most appropriate risk category. However, this does not mean that risk factors cannot be interconnected. This could, e.g., mean that the materialization of a risk factor can affect the probability and potential negative effects of another risk factor, which prospective investors should take into account.*

*A prospective investor should consider carefully the factors set forth below and should consult his or her own expert advisors as to the suitability of an investment in the* Depositary Receipts*. An investment in the* Depositary Receipts *is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of an investment in the* Depositary Receipts*.*

### 2.1 Risks related to the business of Meltwater

#### *2.1.1 If Meltwater fails to adapt and respond effectively to rapidly changing technology, new media intelligence, social media platforms, evolving industry standards or changing customer needs, requirements, tastes or preferences, Meltwater's products may become less competitive*

The media monitoring, social media and business intelligence software industry are each subject to rapid technological change, evolving industry standards and practices and changing customer and user needs, requirements, tastes and preferences. The success of Meltwater's business will depend, in part, on its ability to adapt and respond effectively to these changes on a timely basis. If Meltwater is unable to develop and sell new products that satisfy its customers and provide enhancements and new features for Meltwater's existing platform and products that keep pace with rapid technological change in media intelligence, social media and the software industry, Meltwater's revenue and operating results could be adversely affected. Meltwater's platform must also integrate with a variety of network, hardware, browser, mobile and software platforms, and technologies, and Meltwater must continuously modify and enhance its products to adapt to changes and innovation in these technologies. If new technologies emerge or Meltwater's competitors are able to deliver solutions at lower prices or more efficiently, conveniently or securely, such technologies or solutions could adversely affect Meltwater's ability to compete.

#### *2.1.2 Interruptions in information technology systems and cyber security issues could adversely affect Meltwater's business*

Meltwater relies on the efficient and uninterrupted operation of several information technology ("**IT**") systems and networks to operate its business, including the internally developed customer relationship management system. Any significant disruptions to Meltwater's systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, cyber-attacks, facility issues, terrorism or war could have a material adverse effect on Meltwater's business, results of operations, financial condition, cash flows and/or prospects. Additionally, causes of disruption to the Group's IT systems or networks can be partly geographically contingent. Although none of the Company's IT infrastructure is stored in a developing country, the Group's operations in, inter alia, Malaysia, South Africa and India could be particularly vulnerable to natural disasters, telecommunication failures and energy blackouts. Therefore, the risk that IT systems or networks would be to different extents disrupted is more significant in the mentioned countries.

Meltwater's third-party service providers and other vendors have access to certain portions of the Group's IT systems. Certain failure or negligence of these service providers may cause material disruptions in the Group's operations, which could affect Meltwater's ability to deliver its products and services in a timely manner. Such third-party access to the Group's IT system exists in addition to third parties' provision of other software and intellectual property, as described in Section 2.1.8. Should, for any reason, third parties fail or neglect their obligations in relation to its access to the Group's IT systems, this could have an intentional or unintentional spillover effect regarding the third-parties' provision of software and intellectual property. In turn, this would further negatively affect the Group's ability to deliver its products and services in a timely manner.

*2.1.3 Meltwater has incurred recurring losses from operations*

Over the past years, the Group has suffered recurring losses from operations, cash outflows from operations and has a net capital deficiency. There is a risk that the Group's business model also in the future may require additional funding. In the absence of receiving public equity or debt financing when the business model requires it, the Group might suffer from a net capital deficiency again. There is also a risk that the Group may not obtain further financing on satisfactory terms or at all at the relevant time if such financing is needed. If the Group suffers recurring losses from operations in the future or if new debt arrangements and/or capital expenditure financing in general are not accessible, or only on unattractive terms, the Group will experience a limited ability to conduct its business. Notwithstanding the justification of an impacted public image because of the Group's net capital deficiency, such perception might materially adversely affect the Group's reputation, business, share price, prospects, liquidity, financial condition, cash flows, results of operations and ability to service any debt and other obligations.

*2.1.4 Meltwater may fail to effectively protect information about customers and employees*

Meltwater makes use of IT systems and networks where information about customers and employees may be stored. Although the Group has implemented rigorous routines and has made significant investments to the effect that privacy and security of personal information is handled in a secure way, any failure to maintain proper and sufficient cyber security will lead to such information becoming vulnerable to cyber-attacks and may lead to such information becoming known to others. As to the loss of information regarding customers and employees, this may further lead to claims against Meltwater for improper handling and protection of such information, such as private law tort claims. Accordingly, a failure to effectively protect information about customers and employees could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. In this regard, the Group could be exposed to claims derived from the comprehensive data protection and privacy regulations such as Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**") in the EU/European Economic Area (the "**EEA**") as described in Section 2.3.3. Thus, if the risk materializes concerning private law claims of improper information handling, the negative effect of this risk can be exacerbated if regulatory thresholds are triggered in connection to GDPR-related claims.

*2.1.5 Meltwater has engaged in acquisitions that may not be successful, and may, in the future engage in transactions that will not have the desired effects*

Meltwater has recently completed acquisitions, including the acquisitions of Sysomos, DataSift, Algo, Cosmify, Infomart, Klarity, Wrapidity, Encore Alert, Linkfluence, Klear, and Owler, and may continue to do so in the future. Meltwater may not be able to complete future transactions on terms that it finds commercially acceptable, or at all. The inability to engage in or to complete such transactions may adversely affect its competitiveness and growth prospects.

Meltwater's future growth and performance will partly depend on the ability to manage growth effectively, including e.g. the ability to complete successful integration of acquisitions. There is no guarantee that integration of acquired companies will not encounter difficulties whereby the contemplated effects will not be achieved. If Meltwater acquires a company, it may have difficulties in integrating, inter alia, that company's personnel, operations, technology and financial set-up. In addition, key personnel of the acquired company may decide to resign instead of working for the Group. These difficulties could disrupt the ongoing business, distract Meltwater's Management and employees and increase its expenses.

Furthermore, the acquisition of companies and their integration into the Group may not be as economically successful as expected or the management of such acquired companies may not be immediately embedded in the organizational structure of the Group.

Each of these factors could have a material adverse effect on Meltwater's business, results of operations, financial condition, cash flows and/or prospects.

*2.1.6 Meltwater is exposed to risks associated with international operations*

The Group operates globally and the majority of Meltwater's revenues originate from countries outside of Netherlands. Meltwater's operations are consequently subject to risks resulting from differing legal, political, social and regulatory requirements and economic conditions and unforeseeable developments in several jurisdictions. Such risks include, inter alia:

- political instability;
- differing economic cycles and adverse economic conditions;
- unexpected changes in regulatory environments, including labor law;
- government interference in the economy; and
- foreign currency exchange controls.

The Group's success depends in part on its ability to anticipate and effectively manage differing legal, political and regulatory requirements, economic conditions and unforeseeable developments. There can be no assurance that the Group will be able to comply with applicable regulations in all jurisdictions in which it operates or that the Group can do so without incurring unexpected costs. If the mentioned risks related to the Group's international operations cannot be effectively managed, the business, financial condition and results of operations of the Group may be materially affected.

*2.1.7 Meltwater may be unable to attract and retain key Management personnel and other employees, which may negatively impact the effectiveness of Meltwater's management and results of operations*

The Group's success depends to a significant extent upon the abilities and efforts of Management and its ability to retain key members of the management team, including recruiting, retaining and developing skilled personnel for its business. For example the Group is, inter alia, dependent on highly skilled software developers, research and development ("**R&D**") employees and business developers and there is a high demand for employees with such qualifications. The Group may face strong competition in recruiting personnel with such required qualifications. The demand for personnel with the capabilities and experience required in the industry is high, and success in attracting and retaining such employees is not guaranteed. There is intense competition for skilled personnel and there are, and may continue to be, shortages in the availability of appropriately skilled people at all levels. Shortages of qualified personnel or the Group's inability to obtain and retain qualified personnel could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

*2.1.8 Some of Meltwater's products rely on the availability of licenses to third-party software and other intellectual property*

Some of the Group's products include software or other intellectual property licensed from third parties, and the Group otherwise uses software and other intellectual property licensed from third parties in development of products and services. The Group's products use materials subject to third parties' intellectual property rights and certain products' functionality presupposes that a large amount of such materials is regularly used and indexed from external sources. The Group has agreed licensing terms for some of this material with rights holders and rights holder organizations, while other materials are used without such licensing terms in place.

The inability to obtain or maintain certain licenses or other rights or the need to engage in litigation regarding these matters, could result in delays in releases of products and could otherwise disrupt the Group's business, until equivalent technology or materials can be identified, licensed or developed, and integrated into the products and services. Such inability or need to engage in litigation could further have a material adverse effect on Meltwater's results of operations, financial condition, cash flows and/or prospects.

Rights holders and rights holder organizations may also want to renegotiate license terms and may demand increased fees for the Group's continued use of licenses. The use of materials subject to third parties' intellectual property rights in the Group's products without license agreements entail exposure to risks relating to legal review and claims brought before national courts or intellectual property rights tribunals from rights holders and rights holder organizations. Accordingly, possible renegotiation of license terms and increased fees from third parties will have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. In this connection, as referred to in Section 2.1.2, should third parties fail or neglect their obligations in relation to their access of IT systems, this could have an intentional or unintentional spillover effect regarding the third parties' provision of software and intellectual property. As such, this could exacerbate the materialization of risks concerning license term renegotiation and fee increases. In turn, this would further adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

*2.1.9 Meltwater may not be able to maintain sufficient insurance to cover all risks related to its operations*

The Group may be unable to negotiate adequate insurance in the future at rates the Management considers reasonable or be able to obtain insurance against certain risks. In this connection, insurers might not continue to offer the type and level of coverage that the Group currently maintains. Thus, its costs may increase substantially because of increased premiums, potentially to the point where coverage is not available on economically manageable terms. Moreover, the Group's insurance coverage is subject to certain substantial deductibles and levels of self-insurance, which does not cover all types of losses, and, in some situations, may not provide full coverage for losses or liabilities resulting from the Group's operations.

In particular, the Group partly relies on its IT systems that critically underpin its media intelligence and social analytics Software-as-a-Service ("**SaaS**") solutions, which requires comprehensive technology errors and omissions ("**E&O**") insurance. Such E&O insurance is typically more costly and complex than mere product liability insurance. Thus, the Group significantly risks not being able to continue to negotiate economically sustainable terms in the future. The materialization of risks that Meltwater does not have sufficient insurance coverage or maintains adequate economic terms could have a material adverse effect on Meltwater's business, results of operations, financial condition, cash flows and/or prospects.

*2.1.10 Damage to Meltwater's reputation and business relationships could have an adverse effect beyond any monetary liability*

Meltwater's business depends on client goodwill, the Group's reputation and on maintaining good relationships with its customers, suppliers and employees. Any circumstances that publicly damage such intangible assets may lead to a broader adverse effect than solely the monetary liability arising directly from the damaging events by way of loss of customers, partners and employees. Such circumstances could for example be the reputational concerns of recurring losses and suffering from a capital deficiency as described in Section 2.1.10. Accordingly, circumstances that publicly damage Meltwater's goodwill, reputation or business relationships could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

## 2.2 Risk related to the industry in which Meltwater operates

*2.2.1 Meltwater's industry is highly competitive and the Group may not have adequate protection against competitive actions*

Meltwater face intense competition from numerous large and small businesses. This competition includes both product and price competition. Increased competition may result in a decline in the Group's market share thereby adversely affecting the Group's operating results. The markets in which the Groups operate are fragmented, competitive and rapidly evolving, and there are limited barriers to entry to certain segments of those markets. For example, the Group specializes in cloud-based news and social media monitoring and related services worldwide. In this regard, there is a notable risk that competitors might develop more cost-effective competitive solutions if the Group fails to sustain its innovative approach in its many market segments. While the Group retains a strong brand, marketing approach and unique global media intelligence products and services, there is a significant risk that the Group fails to appropriately respond to market changes.

In this connection, the Group expects the intensity of competition to increase in the future as existing competitors develop their capabilities and as new companies enter the Group's markets. If the Group is unable to compete effectively, it will be difficult for the Group to maintain the market share and pricing rates and add and retain customers, and the Group's business, financial condition and results of operations will be seriously harmed. Furthermore, there is no guarantee that the Group has adequate protection against competitive actions or solicitation of customers from former employees and executives after termination of their employment.

*2.2.2 Meltwater relies on continued access to content on similar terms*

Meltwater relies on continuous access to content, which is increasingly generated digitally or via social media. Notable risks relate to that content providers in the future will, to different extents, impose more onerous terms for accessing content, refuse to do business with the Group or move their content behind digital paywalls without providing access to the Group. Should the risk materialize concerning either content provider's change of terms, refusal to do business or imposition of paywalls, the Group's future operations, financial performance or position could be materially negatively impacted.

*2.2.3 Meltwater is exposed to risks relating to volatile, negative or uncertain political conditions or economic conditions*

The uncertainties and downturn of the global economy and other macroeconomic factors, including but not limited to the ongoing COVID-19 pandemic could adversely affect the Group's business. In particular, while the COVID-19 pandemic is a health crisis, it has adversely affected the microeconomic conditions in all of the countries Meltwater operates. The COVID-19 pandemic has and can continue to adversely affect the working conditions of a substantial amount of the Group's 2,100 employees that oversee and develop different important functions of the Group's media intelligence products and services. In this regard, the duration of how long the Group will face the mentioned risks related to the COVID-19 pandemic is uncertain because of, inter alia, the occurrence of new virus strains. In this respect, further escalation of the COVID-19 pandemic can have material adverse effects on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Moreover, other global macroeconomic conditions can also affect the businesses of the Group's customers, which may have a consequential effect on their IT spending and demand for the Group's products and services. Economic volatility and uncertainty are particularly challenging because many of the projects the Group undertakes for customers require investments by them, which customers are less willing to make in uncertain economic conditions. In addition, international, national or local political volatility could in the future negatively affect the Group and its employees. Volatile, negative or uncertain economic or political conditions may adversely affect the Group's customers or the Group's employees and could therefore have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

## 2.3 Financial risks

*2.3.1 In order to execute Meltwater's growth strategy, the Group may require additional capital in the future, which may not be available*

The Group does not have an historical track record over the period covered by the historical financial information of generating positive cash flows from operations. To the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through debt or additional equity financings to execute the Group's growth strategy and to fund capital expenditures. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. The Group's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. If the Group raises additional funds by issuing additional shares or other equity or equity-linked securities, it may result in a dilution of the holdings of existing shareholders. If funding is insufficient at any time in the future, the Group may be unable to fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations, cash flow and financial condition.

*2.3.2 Meltwater is exposed to financial reporting risks, including material weaknesses in its internal control over financial reporting*

As part of its responsibility to prevent and detect errors and fraud affecting its financial statements, the Management has set up specific accounting and reporting procedures in relation to, amongst other things, revenue recognition process, taxation and other complex accounting issues. Any failure to prevent and detect errors and fraud within the implementation of such procedures could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Company's audited consolidated financial statements as of 31 December 2020 and for the financial years ended 31 December 2019 and 2018, have been prepared in conformity with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and accounting principles generally accepted in the Netherlands ("**Dutch GAAP**"), respectively.

In connection with the preparation and audit of the Group's consolidated financial statements as of 31 December 2020, 2019, and 2018 and for the years ended 31 December 2020, 2019, and 2018, material weaknesses were identified in its internal control over financial reporting. A "material weakness" is a deficiency or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's financial statements will not be prevented, or detected and corrected, on a timely basis. The material weaknesses identified were related to the Group maintaining a sufficient complement of personnel with an appropriate degree of accounting knowledge, experience and training to analyze, record and disclose accounting matters commensurate with its accounting and reporting requirements. This resulted in two additional material weaknesses: 1) design and maintenance of formal accounting policies, procedures and controls over significant accounts and disclosure, including segregation of duties and adequate controls related to the preparation and review of journal entries; and 2) effective controls over certain IT general controls for information systems that are relevant to the preparation of the Group consolidated financial statements. Including information technology and data changes, user access controls for the purpose of adequate segregation of duties, computer operating controls, testing and approval controls for programme development.

In order to maintain and improve the effectiveness of its internal control over financial reporting, the Group has expended, and anticipates that it will continue to expend, significant resources, including accounting-related costs and significant management oversight. The Group's independent registered public accounting firm is not required to formally attest to the effectiveness of its internal control over financial reporting. However, there can be no assurance that there will not be any future failure to prevent and detect errors and fraud within the implementation of such procedures. Such failures could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and / or prospects.

*2.3.3 Future debt levels could limit Meltwater's flexibility to obtain additional financing and pursue other business opportunities*

Meltwater risks incurring additional indebtedness in the future. This level of debt could have important consequences for the Group, including the following:

- the Group's ability to obtain additional financing for working capital in the future, while there are no guarantees that the Group would be able to obtain sufficient working capital in the future;
- the Group's ability to incur capital expenditures, fund acquisitions or financing for other purposes may be impaired, or such financing may be unavailable on favorable terms;
- the Group's costs of borrowing could increase as it becomes more leveraged;
- the Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders. Thus, the risk of excessive debt level can add to the general risk of not distributing dividends to shareholders, as mentioned in Section 2.5.7 below, concerning the Board of Directors' discretion and other Dutch law restrictions;
- if the Group's debt level increases in the future, this could make the Group more vulnerable than its prospective competitors with less debt to competitive pressures, a downturn in its business or the economy generally. Particularly, with limited barriers to entry in the Group's certain market segments, there is a material risk that the Group might be unable to timely respond to competition. As a result, high levels of debt increase the chance that competitors develop more, e.g., cost-efficient cloud-based news and social media monitoring services as referred to in Section 2.2.1; and
- the Group's debt level may limit its flexibility in responding to changing business and economic conditions.

The Group's ability to service its future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all.

*2.3.4 Meltwater is exposed to foreign currency exchange risk*

Currency exposure is the result of purchases of goods and services in other currencies than the Group's functional currency (transaction exposure) and of the conversion of the balance sheets and income statements in foreign currencies into US dollar (translation exposure).

The Group's products and services are sold globally. Accordingly, the Group is exposed to currency risk. The Group prepares its financial statements in US dollar. Because the Group reports financial results in US dollar, the Group faces a currency risk to the extent that the assets, liabilities, revenues and expenses of the Company's subsidiaries are denominated in currencies other than US dollar. In order to prepare the Group's financial statements, the Group translates the values of these assets, liabilities, revenues and expenses into US dollar at the applicable exchange rates. Future variations in the exchange rate could therefore have an impact on the Group's reported financial results.

Currency risks may also arise when Group companies enter into transactions that are denominated in currencies other than their functional currency. The Group itself is also invoiced in other currencies than its functional currency, thus resulting in currency exposure from both a customer and supplier position. Such translation exposure does not give rise to an immediate cash effect. Additionally, changes in exchange rates can affect the Group's customers and suppliers, and for instance result in a reduction of customers' willingness to pay or increase suppliers' costs, and as such indirectly affect the Group's profitability.

#### *2.3.5 Meltwater is exposed to risk relating to impairment of intangible assets, including goodwill*

The Company's audited consolidated financial statements are prepared in conformity with IFRS for the year ended 31 December 2020 and Dutch GAAP for the financial years ended 31 December 2019 and 2018. As at 30 September 2021, intangible assets amounted to approximately USD 136.7 million and goodwill amounted to approximately USD 75.3 million. Goodwill represents the excess of the aggregate purchase price paid for an acquired business over the fair value of the underlying net tangible and identified intangible assets. Goodwill is not amortized, but is tested for impairment at the reporting unit level on an annual basis and whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Company has determined that it has one reporting unit. Changes in the development of net sales (growth rate), profitability, discount rate and/or cash flow growth rate, forecasts or a combination of these factors, could lead to impairment losses of goodwill, which could weaken the Group's financial conditions, results of operations, equity and/or its ability to pay dividends or distributions. If the carrying value of intangible assets or goodwill is impaired, it could have an adverse effect on the Group's financial condition, results of operations, equity and/or its ability to pay dividends or distributions.

### 2.4 Risks related to laws and regulations

#### *2.4.1 Meltwater is exposed to risk of claims and legal proceedings, including intellectual property right and employment-related disputes*

The Group is and may be party to various legal proceedings that arise in the ordinary course of its business, including in the areas of intellectual property rights and employment matters, such as claims by employees relating to ownership to intellectual property rights, wage and overtime laws, medical and family leaves, employee benefits, wrongful termination, unlawful discrimination, gender equality, discrimination and/or harassment.

The value of intellectual property rights is of high importance for the Group, as it operates in a competitive commercial environment where the strength of the intellectual property rights may be an important feature that distinguishes the Group from its competitors. As such, the importance of intellectual property rights means that Meltwater can be particularly exposed to the risks of litigating various intellectual property claims. Accordingly, it is important for the Group to ensure the value and commercial use of its intellectual property rights. There can be no assurance that third parties have not or may not infringed intellectual property rights owned by the Group, who may have to challenge such parties' rights to continue to use or sell certain products and/or may seek damages from such parties'. Moreover, there can be no assurance that the Group may not infringe or be alleged to have infringed intellectual property rights owned by third parties, including employees and consultants, who may challenge the Group's right to continue to use or sell certain products and/or may seek damages from the Group.

An example of the Group's exposure to intellectual property disputes is the ongoing lawsuit filed by a consortium of Canadian news publishers alleging *inter alia* copyright infringement. The Group enters into bespoke agreements with larger partners who will be co-developing the Group's intellectual property. There can be no guarantee that the Group has adequate protection for its intellectual property ownership and that the consultants or partners will not dispute the Group's ownership of the intellectual property.

Additionally, the Group's business requires the efforts of a large and geographically distributed workforce, 2,146 full time equivalents as of 30 September 2021. Implementing policies, procedures and training to ensure best practices in all jurisdictions with respect to the treatment of Group employees is and will continue to be challenging, and may from time to time lead to claims from some members of the workforce relating to their employment. Any such claims made by or against the Group could be time-consuming, result in costly litigation, cause product delays, divert its management from their regular responsibilities or require the Group to enter into or revise already agreed upon terms in royalty or, in the case of intellectual property right disputes, licensing agreements. These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorizations or loss of reputation, all of which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

*2.4.2 Meltwater is exposed to risk relating to data protection and data privacy regulations, licenses, etc.*

Meltwater collects and processes personal information through its business and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for noncompliance. The main regulations applicable to the Group are the GDPR in the EU/EEA, local data protection laws such as the Norwegian Data Protection Act of 2018 and US privacy acts such as the California Consumer Privacy Act of 2018.

Although the Group has significant security routines and mechanisms in place to ensure compliance with data protection and data privacy regulations, any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations may result in governmental enforcement actions, litigation or public statements against the Group. Any such failure could cause customers and vendors to lose their trust in the Group. Moreover, any compromise of security or improper information handling as mentioned in Section 2.1.4 that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, can further exacerbate the negative effects of failing to comply with data protection and privacy requirements. Such negative effects would add to the costs and reputational damage that follows from non-compliance of the mentioned date protection and privacy requirements.

Moreover, if third parties violate applicable laws or its policies, such violations may also put users of the Group's products at risk and could in turn have an adverse effect on the Group's business. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such content is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features. Such increased costs might further impede the Group's business, operational results, financial condition, cash flows and/or prospects.

Furthermore, the Group transfers personal information from the EU/EEA to the U.S. and to other third countries. Such transfers of EU citizens' personal data must occur subject to appropriate safeguards pursuant to the GDPR. For the U.S. this means that the transfer of personal data must be subject to either binding corporate rules or the EU Commission's standard contractual clauses. Previously, such transfers could be based on the EU/U.S. privacy shield framework. However, the EU/U.S. privacy shield framework was invalidated by the EU Court of Justice in July 2020 in the case Data Protection Commissioner v. Facebook Ireland Limited, Maximillian Schrems (C-311/18), more commonly known as "**Schrems II**". Currently the Group transfers personal data from the EU/EEA to third countries based on adequacy decisions and the EU Commission's standard contractual clauses. The Group's vendors rely on the EU Commission's standard contractual clauses, binding corporate rules, as well as adequacy decisions. Although the EUs standard contractual clauses for transfers of personal information are still valid following Schrems II, failure to comply with the recent Schrems II judgement could result in governmental enforcement actions as well as adversely affect the Group's trust and reputation. Increased legal costs and harm to the Group's reputation could likewise materially impede the Group's business, operational results, financial condition, cash flows and/or prospects.

*2.4.3 Meltwater is exposed to risk relating to changes in laws and regulations*

Meltwater's extensive operations in international markets expose the Group to a range of risks inherent in international business activities, including, in particular, complex interactions and unexpected changes in tax structures and other legislative or regulatory requirements. As such, Meltwater risks not being able to respond with sufficient speed or correctness to such changes or complex interactions laws and regulations in the 50 offices it operates in across 6 continents and 28 jurisdictions. Materialization of such risks could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

*2.4.4 Meltwater is exposed to risks relating to failure to comply with applicable tax legislation*

Meltwater is subject to prevailing tax legislation, treaties and regulations in every jurisdiction in which it is operating, and the interpretation and enforcement thereof. The Group's income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If the Group's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Moreover, there are risks related to that a tax authority successfully challenges the Group's operational structure, intercompany pricing policies, receivables, the taxable presence of its subsidiaries in certain jurisdictions, or tax authorities does not agree with the Company's and/or any subsidiaries' assessment of the effects of applicable laws, classifications and determinations, treaties and regulations, or that the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful. These risks are derived from the nature of the Group's integrated multijurisdictional operations in media intelligence and its need for tax planning when considering national tax law, double taxation treaties and multilateral tax agreements. The effect of the mentioned tax-related risk is that the Group's effective tax rate on its earnings could increase substantially, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

## 2.5 Risks related to the Depositary Receipts and the admission to trading

### *2.5.1 The price of the Depositary Receipts may fluctuate significantly*

The trading price of the Depositary Receipts could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Depositary Receipts may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Depositary Receipts.

### *2.5.2 The Founder may retain significant interests in, and may continue to exert substantial control and influence over, Meltwater following the admission to trading and his interests may differ from or conflict with those of other shareholders of the Company*

Jørn Lyseggen, the Company's founder (the "**Founder**") and executive chair (the "**Executive Chair**") will continue to own and/or control up to approximately 44% of the Shares. As a result, the Founder may possess sufficient power to have a significant influence, or control, over all matters requiring the approval of the Board of Directors or the shareholders, including the election of Directors, proposals to amend the articles of association, the authorization of any proposed capital increase and profit distribution, corporate mergers and sales involving all or nearly all of the Group's assets. The Founder may also be able to influence the Board of Directors through his representation on the Board of Directors, thus influencing the direction of the Group's operations and its other affairs. The interests of the Founder may not always be aligned with, and may be in direct conflict with, those of holders of Depositary Receipts. This concentration of share ownership and the associated rights set out in the articles of association could delay, postpone or prevent a change of control in the Company, and impact mergers, consolidations, acquisitions or other forms of combinations, as well as distributions of profit, which may or may not be desired by other investors.

### *2.5.3 There may not be an active and liquid market for the Depositary Receipts, and the Depositary Receipts price could fluctuate significantly*

An investment in the Depositary Receipts is associated with a high degree of risk and the price of the Depositary Receipts may not develop favorably. The Depositary Receipts have not been listed on a regulated market prior to the Listing. Prior to the Listing, the Depositary Receipts were admitted to trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs. There can be no assurance that an active and liquid trading market for the Depositary Receipts will develop or be sustained following the Listing. If such market fails to develop or be sustained, it could have a negative impact on the price of the Depositary Receipts. Investors may not be in a position to sell their Depositary Receipts quickly. At the market price or at all if there is no active trading in the Depositary Receipts.

### *2.5.4 Future issuances of Depositary Receipts or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Depositary Receipts*

The Group does not have an historical track record over the period covered by the historical financial information of generating positive cash flows from operations. It is possible that the Company may decide to offer new Shares or other securities in order to finance new capital-intensive investments in the future, in connection with unanticipated liabilities or expenses, or for any other purposes. Any such offering could reduce the proportionate ownership and voting interests of holders of Depositary Receipts as well as the earnings per Depositary Receipts and the net asset value per share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Depositary Receipts.

### *2.5.5 The transfer of the Depositary Receipts is subject to restrictions under the securities laws of the United States and other jurisdictions*

The Depositary Receipts have not been registered under the U.S. Securities Act of 1933 or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Depositary Receipts may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. As such, there is a risk that prospective U.S. investors would be unable to invest in the Company on equal terms as other investors internationally. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Accordingly, prospective U.S. investors could risk being required to utilize their corporate rights through complex and more cumbersome custody chains to utilize comparable rights to other international investors.

### *2.5.6 Future sales, or the possibility for future sales of substantial numbers of Depositary Receipts may affect the Depositary Receipts' market price*

The Company cannot predict what effect, if any, future sales of Depositary Receipts, or the availability of Depositary Receipts for future sales, will have on their market price. Sales of substantial amounts of Depositary Receipts in the public market, or the perception that such sales could occur, may adversely affect the market price of the Shares, making it more difficult for holders to sell their Depositary Receipts in the future at a time and price that they deem appropriate.

### *2.5.7 The Company may be unwilling or unable to pay any dividends or make distributions*

The Company has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. First, the future payment of dividends on Depositary Receipts will be dependent upon the financial requirements of the Company to finance future growth.

Otherwise, the financial condition of the Company and other factors which the Board of Directors may consider appropriate in the circumstances will determine whether or the extent to which dividends are paid to the shareholders. As such, if the Group needs to use a substantial portion of its operations to make principal and interest payments on its debt, as described in Section 2.4.2, this can exacerbate the risk that the Company might be unwilling to pay dividends. Thus, in future years, the Company may choose not or may be unable to pay dividends or make distributions. The existing note payable contains restrictions which prevent the Company from declaring or paying dividends.

Furthermore, the amount of dividends paid by the Company, if any, for a given financial period, will depend on, among other things, the Company's future operating results, cash flows, financial condition and capital requirements, the ability of the Company's subsidiary to pay dividends to the Company, credit terms, general economic conditions, legal restrictions and other factors that the Company may deem to be significant from time to time.

Since the Company is an entity organized under the laws of the Netherlands, there are statutory restrictions on payments and distributions of dividends. The Company may only make distributions to its shareholders insofar its equity exceeds the amount of the paid in and called-up part of the issued capital plus the reserves as required to be maintained by Dutch law. The Board of Directors determines which part of the profits will be added to the reserves. The part of the profits remaining after the addition to reserves will be at the disposal of the General Meeting. The Board of Directors makes a proposal for the remaining part the profits that will be at the disposal of the General Meeting.

If the Company does decide to pay dividends in the future, a distribution of dividends may only take place after the adoption of the annual accounts by the General Meeting that show that the distribution is allowed, or, in the case of an interim dividend, it appears from an interim statement of assets signed by the Board of Directors that the Company's equity does not fall below the sum of called-up and paid-up share capital and any statutory reserves. The Company may only make distributions to its shareholders insofar as the Company's equity exceeds the sum of the paid-up and called-up share capital increased by the reserves as required to be maintained by Dutch law or by its Articles of Association.

### *2.5.8 Risks related to Norwegian Depositary Receipts*

The Company entered into a registrar agreement (the "**Registrar Agreement**") with DNB Bank ASA, DNB Markets Registrars department (the "**VPS Registrar**") to facilitate registration of the Company Shares with the VPS in connection with the admission to trading of the Depositary Receipts on Euronext Growth Oslo. In accordance with the Registrar Agreement, the VPS Registrar is registered as the legal owner of the Company Shares for which the Depositary Receipts are issued. Under the Registrar Agreement, the VPS Registrar registers the beneficial interests in the Company Shares (i.e. the Depositary Receipts) in book-entry form in the VPS. Accordingly, it is not the Company Shares issued in accordance with Dutch law that are registered in the VPS and may be traded on Oslo Børs, but the beneficial interests in such Company Shares (i.e. the Depositary Receipts).

In accordance with market practice in Norway and system requirements of the VPS, the beneficial interests in the relevant Company Shares will be registered in the VPS under the category of a "share". Although each "share" registered with the VPS will represent evidence of beneficial ownership of one Company Share, such beneficial ownership will not necessarily be recognized by a Dutch court. As such, investors may have no direct rights against the Company and may be required to obtain the cooperation of the VPS Registrar in order to assert claims against the Company, and to look solely to the VPS Registrar for the payment of any dividends, for exercise of voting rights attaching to the underlying Company Shares and for all other rights arising in respect of the underlying Company Shares. Exercising such shareholder rights through the VPS Registrar is subject to certain terms and conditions. The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement, including that the beneficial owners of the Company Shares will receive the notice of a general meeting of shareholders of the Company (the "**General Meeting**") in time to instruct the VPS Registrar to either effect a re-registration of their Depositary Receipts or otherwise vote for their Company Shares in the manner desired by such beneficial owners. Any such failure may inter alia, limit the access for, delay or prevent, the beneficial shareholders being able to exercise the rights attaching to the underlying Company Shares.

The VPS Registrar may terminate the Registrar Agreement by not giving less than three months' prior written notice. Further, the VPS Registrar may terminate the Registrar Agreement if the Company does not perform its payment obligations to the VPS Registrar (and such non-payment has not been remedied by the Company within ten business days following receipt of notice regarding this from the VPS Registrar) or commit any other material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the relevant Company Shares in the VPS. There can be no assurance, however, that it would be possible to enter into such new agreements on substantially the same terms or at all. A termination of the Registrar Agreement could therefore have a material and adverse effect on the Company and its shareholders.

The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of events within the VPS. Thus, the Company may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

### *2.5.9 Risks related to tax consequences for investors in connection with the Company Shares*

There could be adverse tax consequences for investors in connection with acquiring, owning and disposing of the Company Shares if the Company is considered a tax resident of a jurisdiction other than the Netherlands. This could also result in non-Dutch withholding taxes becoming due on distributions of dividends by the Company or taxation in relation to capital gains realized on the sale of the shares in the Company.

## 3 STATEMENT OF RESPONSIBILITY

This Prospectus is made available by Meltwater N.V with registered office at Singel 250, 1016 AB Amsterdam, the Netherlands. The Company accepts full responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

## 4 GENERAL INFORMATION

### 4.1 Other important information

This Prospectus constitutes a prospectus for the purposes of, and has been prepared in accordance with the EU Prospectus Regulation. This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by, and filed with, the AFM as competent authority under the EU Prospectus Regulation. The AFM will notify the European Securities and Market Authority and the competent authority of Norway, Finanstilsynet, for passporting in accordance with Articles 24 and 25 of the Prospectus Regulation.

The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The validity of this Prospectus shall expire on (i) the date trading in the Depositary Receipts on Oslo Børs commences or (ii) 12 months from the date of this Prospectus, whichever occurs earlier. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice, without prejudicing the current nature of the relevant risk factors in Section 2. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which arises or are noted between the time when the Prospectus is approved by the AFM and the listing of the Depositary Receipts on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The Company has furnished the information in this Prospectus. None of the Company or any of its respective affiliates, representatives or advisers, is making any representation, express or implies, to any offeree or purchaser of the Depositary Receipts regarding the legality of an investment in the Depositary Receipts. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Depositary Receipts.

Investing in the Company involves a high degree of risk. See Section 2 "Risk Factors".

### 4.2 Presentation of financial and other information

#### *4.2.1 Financial information, auditor and information being subject to audit*

The Company has prepared the annual consolidated financial statements for the financial year ended 31 December 2020 and 2019 in accordance with IFRS and for the financial years ended 31 December 2019 and 2018 in accordance with Dutch GAAP (the "**Annual Financial Statements**") and unaudited consolidated financial statements for the nine-month period ended 30 September 2021 (the "**Interim Financial Statements"** and together with the Annual Financial Statements, the "**Financial Statements**") in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU ("**IAS 34**").

Other than set out above, PwC has not audited, reviewed or produced any report or any other information provided in this Prospectus.

#### *4.2.2 Functional currency and foreign currency*

In this Prospectus, all references to "**USD**" are to United States dollars, the lawful currency of the United States, all references to "**CAD**" are to Canadian dollars, the lawful currency of Canada, all references to "**EUR**" are to euro, the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency, and all references to "**NOK**" are to Norwegian kroner, the lawful currency of Norway.

The Company has US dollar as functional currency and the Financial Statements are presented in US dollar.

#### *4.2.3 Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

### *4.2.4 Alternative performance measures (APMs)*

In order to enhance prospective investors' understanding of the Group's performance, the Group presents certain measures and ratios in this Prospectus that might be considered as alternative performance measures ("**APM**") as defined by ESMA in the ESMA Guidelines on Alternative Performance Measures 2015/1057. These APMs includes Adjusted EBITDA, Adjusted EBITDA Margin, EBITDA, Annual Recurring Revenue ("**ARR**"), Average Annual Revenue per customers, Net debt, Net debt to equity ratio and Gross profit margin. Please see below for a further description of the APMs used in this Prospectus.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. The Group uses APMs to measure operating performance and is of the view that the APMs provide prospective investors relevant and specific operating figures which may enhance their understanding of the Group's performance.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and these measures should not be considered to be alternatives to: (a) revenue or profit/loss for the period, as a measure of the Group's operating performance, or (b) any other measures of performance under IFRS or generally accepted accounting principles. The APMs presented herein may not be indicative of the Group's historical operating results, nor are these measures meant to be predictive of the Group's future results. The Company believes that the APMs presented herein are commonly reported by companies in the markets in which it operates and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortization and impairment, which can vary significantly depending upon measures, business practice or external and non-operating factors. Accordingly, the Group discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Since companies may present APMs differently, the Group's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

In particular, Adjusted EBITDA and Adjusted EBITDA Margin are measures used by Management to assess the Group's operating performance. Nonetheless, Adjusted EBITDA and, therefore, Adjusted EBITDA Margin have limitations as analytical tools, including the following:

- They do not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;
- They do not reflect changes in, or cash requirements for, the Group's working capital needs;
- They do not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- They are not adjusted for all non-cash income or expense items that are reflected in the Group's statements of cash flows; and
- The further adjustments made in calculating Adjusted EBITDA are those that management consider are not representative of the underlying operations of the Group and, therefore, are subjective in nature.

The following terms are used by the Group in the definition of APMs in this Prospectus:

- **EBITDA**: Is defined as the (loss for the year before net interest expense, income tax expense, depreciation and amortization. EBITDA is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of profit generation in the Group's operating activities. The Group uses EBITDA as an APM that measures the efficiency of the Company's operations. Non-cash items such as depreciation and amortization are excluded in order to better assess the ability of the Company to generate cash. Additionally, by excluding taxes, foreign exchange gain / (loss) and net interest expenses which cannot always be controlled by the Company, EBITDA provides an alternative measure of the Company's profitability.

- **Adjusted EBITDA**: Is defined as EBITDA adjusted for stock based compensation, stock based compensation (one-time), ASC 605 revenue accounting, loss on extinguishment of debt/loan, and foreign exchange gain / (loss) and special operating items. Special operating items are charitable contribution and other expenses deemed non-recurring in nature, such as legal settlements and related fees, employee severance, and M&A related expenses. Adjusted EBITDA is a non-IFRS financial measure that the Company considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. Adjusted EBITDA is an APM that excludes non-recurring one-time items that are not part of the Company's ongoing day-to-day operating activities. By excluding these items, the prospective investor has a better overall picture of profit generation in the Group's operating activities.
- **Adjusted EBITDA Margin**: Is defined as Adjusted EBITDA as a percentage of revenues. Adjusted EBITDA Margin is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. Adjusted EBITDA Margin creates a % that is easily comparable across financial periods and between companies. .
- **Annual Recurring Revenue or "ARR"**: Is defined as the Company's yearly recurring revenue expectation at a given point in time. It is calculated in a given period as the dollar sum of all annualized contracts that have an active subscription in that period. ARR is a forward-looking APM that the Company and prospective investors can use to assess revenue momentum and expectations for revenue over the next 12 months. ARR is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure.
- **Average Annual Revenue per customer:** Is defined as the ARR at period end, divided by total customer count at period end. Average Annual Revenue is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group presents this APM as it provides management and investors useful information to assess revenue momentum.
- **Net debt:** Is defined as borrowings and lease liabilities (current and non-current) after deducting cash and cash equivalents. Net debt is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group presents net debt because it provides management and investors with relevant information on the development of the Group's debt between periods.
- **Net debt to equity ratio:** Is defined as Net debt divided by total equity. Net debt to equity ratio is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group presents Net debt to equity ratio because it provides management and investors with relevant information on the capital structure of the group between periods.
- **Gross profit margin:** Is defined as gross profit divided by net sales. Gross margin is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group presents gross margin because it provides management and investors useful information on the comparability of the Group's profitability of operations across periods.

Below is a reconciliation of EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Net debt, Net debt to equity ratio and Gross profit margin for the Company on a consolidated basis as of and for the financial years ended 31 December 2020, 2019 and 2018 and for the nine-month period ended 30 September 2021 and 2020, in all cases including the relevant eliminations.

| **Table 1 – EBITDA and Adjusted EBITDA** | **Year ended 31 December** | | | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Unaudited* | **2019** *IFRS Unaudited* | **2019** *Dutch GAAP Unaudited* | **2018** *Dutch GAAP Unaudited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| **Profit/(loss) for the period** | **(75,991)** | **(53,550)** | **(57,820)** | **(37,126)** | **(47,836)** | **(14,927)** |
| Income tax | 624 | 4,300 | 3,761 | 2,454 | 1,518 | 1,365 |
| Net interest expense | 26,445 | 29,372 | 25,627 | 17,624 | 3,646 | 19,618 |
| Depreciation and amortization | 34,888 | 35,149 | 39,401 | 22,815 | 25,505 | 26,282 |
| **EBITDA[1]** | **(14,034)** | **15,271** | **10,969** | **5,767** | **(17,167)** | **32,338** |
| Adjusted for: | | | | | | |
| Stock based compensation | 5,769 | 4,155 | 4,563 | 4,719 | 35,413[2] | 4,566 |
| Stock buyback | - | - | - | - | 13,404 | - |
| Revenue accounting under ASC 605 (US GAAP)[3] | (458) | (50) | (50) | (6,467) | (5,362) | 2,032 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Loss on extinguishment of debt/loan | 34,346[4] | 6,100 | 6,100 | - | (784) | 164 |
| Foreign exchange gain/(loss) | 5,479 | (769) | (769) | (1,457) | (2,538) | 1,812 |
| Other Income/(Expense) | (3,919) | (2,847) | - | - | 32 | (3,155) |
| Charitable contribution | 2,596 | 2,500 | 2,500 | 1,991 | 2,205 | 2,424 |
| One-time expenses | 18,142 | - | - | - | 9,061 | 3,247 |
| **Sum adjustments** | **61,955** | **9,089** | **12,344** | **(1,214)** | **51,431** | **11,090** |
| **Adjusted EBITDA** | **47,921** | **24,360** | **23,313** | **4,553** | **34,264** | **43,428** |

| **Table 2 – Adjusted EBITDA Margin** | **Year ended 31 December** | | | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Unaudited* | **2019** *IFRS Unaudited* | **2019** *Dutch GAAP Unaudited* | **2018** *Dutch GAAP Unaudited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| **Adjusted EBITDA** | **47,921** | **24,360** | **23,313** | **4,553** | **34,264** | **43,428** |
| Divided by: | | | | | | |
| Total revenue | 359,791 | 345,830 | 345,849 | 315,534 | 295,291 | 267,147 |
| **Adjusted EBITDA Margin[1]** | **13%** | **7%** | **7%** | **1%** | **12%** | **16%** |

| **Table 3 – Net debt and Net debt to equity ratio** | **As of 31 December** | | | | **As of 30 September** |
|---|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Unaudited* | **2019** *IFRS Unaudited* | **2019** *Dutch GAAP Unaudited* | **2018** *Dutch GAAP Unaudited* | **2021** *IAS 34 Unaudited* |
| Borrowings | - | (175,516) | (175,516) | (119,194) | (25,000) |
| Lease Liabilities | (33,512) | (25,792) | (25,815) | - | (30,569) |
| Net of: | | | | | |
| Cash and Cash Equivalents | 99,927 | 15,364 | 15,364 | 11,780 | 49,768 |
| **Net Debt[1]** | **66,415** | **(185,881)** | **(176,069)** | **(107,414)** | **(5,801)** |
| Divided by: | | | | | |
| Total Equity | (34,708) | (206,949) | (209,741) | (181,227) | (32,007) |
| **Net debt to equity ratio[1][5]** | **(1.91)** | **0.90** | **0.89** | **0.59** | **0.18** |

| **Table 4 – Gross profit margin** | **Year ended 31 December[6]** | | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Unaudited* | **2019** *IFRS Unaudited* | **2019** *Dutch GAAP Unaudited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| Gross profit | 254,287 | 244,584 | 244,243 | 207,881 | 187,548 |
| Divided by: | | | | | |
| Revenue | 359,791 | 345,830 | 345,849 | 295,291 | 267,147 |
| **Gross profit margin** | **0.71** | **0.71** | **0.71** | **0.70** | **0.70** |

[1] EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Net debt and Net debt to equity ratio are not comparable across the three-year period ended 31 December 2020 due to the implementation of IFRS 16 in the year ended 31 December 2019 (Dutch GAAP and IFRS)

[2] Includes a one-time effect of (USD 30.4 million) caused by a modification of 2011 EIP due to the listing on Euronext Growth did not qualify as a liquidity event as only a potential listing in the US was contemplated when the 2011 EIP was created. A one-time effect of (USD 11.2 million) was caused by a modifications of options under 2011 EIP. A one-time effect of (USD 19.2 million) was caused by a modifications of RSU granted under 2011 EIP. The RSU modification entry was recorded in Q3 2021 IFRS financial statements and would have been recorded in Q4 2021 US GAAP financial statements.

[3] Management adjusts the result of the Group for revenue accounting under ASC 605 (US GAAP) as it believes this standard for revenue recognition better reflects the operations of the Group.

[4] In February 2019, the Company entered into a USD 175 million non-convertible note payable agreement, later increased with USD 25 million to a total of USD 200 million. In December 2020, the Company completed the Euronext Growth Oslo Børs offerings. Upon completion, the Company repaid the 2019 Note Payable (as defined in Section 8.7.3) balance. The early repayment resulted in the application of extinguishment accounting. The difference between the reacquisition price of the debt and its net carrying amount was recognized in the period of extinguishment. For the year ended 31 December 2020, the Company recorded a loss on loan extinguishment totaling (USD 34.3 million).

[5] The net debt to equity ratio as of 31 December 2020 is presented as negative number. As can be derived from the table above the company has a negative total equity for each of the years presented. The ratio presented as of 31 December 2020 is negative due to positive net debt due to a higher cash position.

[6] Management is unable to present gross profit margin for the year ended 31 December 2018 as under Dutch GAAP, gross profit was not presented in the respective financial statements. For the year ended 31 December 2019, the reconciliation provided is derived from IFRS Adoption Note 34 to the 2020 Annual Financial Statements, taking into account the relevant reclassifications for the presentation purposes under IFRS.

## 4.3 Third-party information

Throughout this Prospectus, the Company has used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified such data. Similarly, whilst the Company believes that its internal surveys are reliable, they have not been verified by independent sources and the Company cannot assure readers of their accuracy. Thus, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from sources in the public domain. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Company confirms that no statement or report attributed to a person as an expert is included in this Prospectus.

Unless otherwise indicated in the Prospectus, the basis for any statements regarding Meltwater's competitive position is based on the Company's own assessment and knowledge of the market in which the Group operates. All references to the Company as global leader, best in class, unrivalled etc. are in the Company's view.

### 4.4 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Depositary Receipts are cautioned that forward-looking statements are not guarantees of future performance and that Meltwater's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

### 4.5 Market and industry data

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by analysts, competitors, industry professionals and organizations, of publicly available information or of the Company's own assessment of its markets and sales. Certain statements made in this Prospectus are based on the Company's own proprietary information, insights, opinions or estimates, and not on third party or independent sources; these statements contain words such as 'the Company believes' and 'the Company expects', and as such do not purport to cite, refer to or summarize any third party or independent source and should not be so read.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections that they contain are based on a number of assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified. Although the Company believes that these sources are reliable, the Company does not have access to the information, methodology and other bases for such information and has not independently verified the information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

In this Prospectus, certain statements are made regarding the Meltwater's competitive and market position. The Company believes that such industry statistics and market data are true, but the Company has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyze or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Meltwater's competitors may define their markets and their own relative positions in these markets differently than the Company does and may also define various components of their business and operating results in a manner that makes such figures non-comparable with the Meltwater's figures.

## 5 REASONS FOR THE LISTING

The Shares were listed on Euronext Growth Oslo in December 2020. The main reason for the Listing and the move of trading venue to Oslo Børs, is to facilitate greater liquidity in the Shares and attract new prospective shareholders in order to build a more diversified shareholder base, thereby seeking to enhance the Company's access to the capital markets for financing of potential growth opportunities in the future.

# 6 DIVIDENDS AND DIVIDEND POLICY

## 6.1 General

The Company may only make distributions to its shareholders insofar its equity exceeds the amount of the paid in and called-up part of the issued capital plus the reserves as required to be maintained by Dutch law. Because the Company is a holding company that conducts its business mainly through its subsidiaries, the Company's ability to pay dividends will depend directly on its subsidiaries' distributions to the Company. The amount and timing of such distributions will depend on the laws of such subsidiaries' respective jurisdictions.

The Board of Directors determines which part of the profits will be added to the reserves, taking into account the financial condition, earnings, cash needs, working capital developments, capital requirements, and any other factors the Board of Directors deem relevant in making such a determination. The part of the profits remaining after the addition to reserves will be at the disposal of the General Meeting. The Board of Directors makes a proposal for the remaining part of the profits that will be at the disposal of the General Meeting.

## 6.2 Dividend policy

The Company does not have a dividend policy. The Company intends to retain any profits to expand the growth and development of the Group's business and, therefore, does not anticipate paying dividends to its shareholders in the foreseeable future. If the Company were to decide to distribute dividends, both holders of Company Shares and Depositary Receipts will be entitled to dividends.

## 6.3 Dividend history

The Company has not paid any dividends on its Shares during the financial years ended 31 December 2020, 2019 and 2018.

## 6.4 Annual and interim distribution

If the Company does decide to pay dividends in the future, a distribution of dividends may only take place after the adoption of the annual accounts by the General Meeting that show that the distribution is allowed, or, in the case of an interim dividend, it appears from an interim statement of assets signed by the Board of Directors that the Company's equity does not fall below the sum of called-up and paid-up share capital and any statutory reserves.

## 6.5 Manner of dividend payments

Any future payments of dividends on the Depositary Receipts will be paid by the Company to the VPS Registrar and subsequently be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholder through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Depositary Receipts. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

## 6.6 Uncollected dividends

A shareholder's claim to payment of dividend lapses five years after the day on which the claim became payable. Any dividends that are not collected within this period revert to the Company.

## 6.7 Taxation

The tax legislation of a shareholder's Member State (as defined below in Section 14.3) or other relevant jurisdictions, of the Company's country of incorporation (the Netherlands) or of the country of Listing (Norway) may have an impact on the income received from the Shares. See Section 16 "Taxation".

# 7 INDUSTRY AND MARKET OVERVIEW

*This Section provides an overview of the principal market in which the Group operates. Information concerning future market developments, the markets in general, competition, industry trends and similar information, is based on data compiled by professional analysts, consultants and other professionals.*

## 7.1 Introduction

Meltwater operates in the global media intelligence market. Media intelligence software utilizes data mining and data science to collect, structure and analyze data from news, social and other media sources, and offer insights that are not available from analysis of company internal data.

## 7.2 Segmentation

### *7.2.1 Segmentation based on use case*

The global media intelligence market can be divided into segments based on a wide variety of potential customer needs, often referred to as a use case. Meltwater serves customers ranging from private companies to universities, government institutions and non-governmental organizations (NGOs). While these companies use Meltwater for a variety of use-cases, the most traditional and typical use cases are in public relations management (including corporate communication) and social media and marketing. While these are converging towards each other as social media is becoming an important part of a company or organization's public relation strategy, they have been separated historically. Meltwater's customers have for over 20 years used Meltwater to handle their public relations strategy by efficiently monitoring and analyzing all global, online news content for news and updates on their brand, competitors, industry, trends etc. This part of the market is referred to as the public relations segment. In addition to that, Meltwater offers social media and marketing solutions that help customers to understand, monitor and manage their business' or organization's social media footprint, i.e. what people are saying about them in social media channels. To properly monitor and influence, companies and organizations must keep track of and interact with their audience on relevant social media channels such as Facebook, Twitter, Instagram, Snapchat, LinkedIn, YouTube and Reddit. Furthermore, companies increasingly embrace new marketing channels, like marketing through social media influencers. Through Meltwater's software, customers can identify, approach, monitor and analyze the outcome from their social media activities.

Meltwater's application potential spans far beyond these needs within public relations, communications and marketing departments. The Company experiences significant demand within use cases that utilize its software for lead generation, customer relations, risk & crisis management and data & insights integration through its API solution.

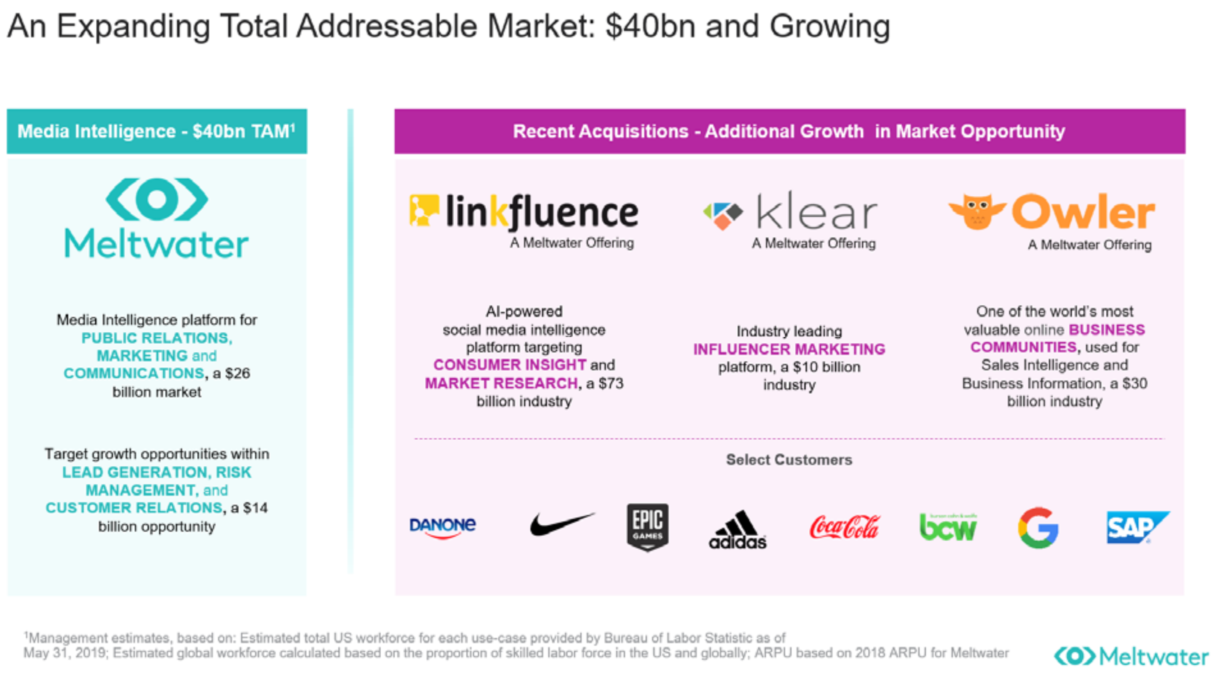
Customers using Meltwater for lead generation are utilizing the software to monitor news and social media for specific events that could indicate a buying intent. For example, a recently announced director level hire, recent funding or accelerated growth within the customer's core customer segment could indicate signals for buying intent.

In the same fashion customers also use Meltwater's software to understand relevant events to understand the health of their existing customer base to improve customer relations.

Customers using Meltwater for risk and crisis management are trying to identify potential risk in their supply chain and/or partner network. For example, by analyzing news and social media Meltwater can help identify a labor crisis within a contractor, a potential greenwashing campaign with a partner, or similar events that might signal some type of issue that needs attention.

Meltwater is also making its solution available through an API, which helps customers integrate data and insights into their existing workflows, products and alongside other business critical data.

The picture below describes the current total addressable market for Meltwater's solutions.




Meltwater estimates that the total addressable market within current core use cases to reach USD 26 billion in 2023.[1] Management further sees an additional potential to further grow adjacencies such as risk and crisis management, lead generation, and customer relations that could add an estimated USD 14 billion by 2023.[2]

#### *7.2.2 Segmentation based on content type*

The market can also be segmented based on content type. As previously described, Meltwater primarily monitors and analyses two categories of media: (1) news media and (2) social media. Within news media, companies monitor and in different ways analyze news for insights, for their own brand, spokespeople, industry trends, competitors and for other relevant areas. The need for news media insights typically span across local, regional and global news sources. Dependent on their specific use case, some customers require insights spanning global, regional and local, while some are more regionally focused.

Within social media, customers need tools that are effective in monitoring, analyzing and managing all relevant social media channels in an integrated and effective manner. Companies and other organizations use such tools for a wide range of activities, including analyzing and monitoring social media sentiment, interacting with customers, managing and monitoring marketing efforts.

### 7.3 Competition

Meltwater competes in four key segments today, those are namely:

- News and public relations monitoring and services
- Social listening
- Social media management
- Social/influencer marketing

The first two of these segments are often grouped together and referred to as 'media intelligence' externally and in available market reports.

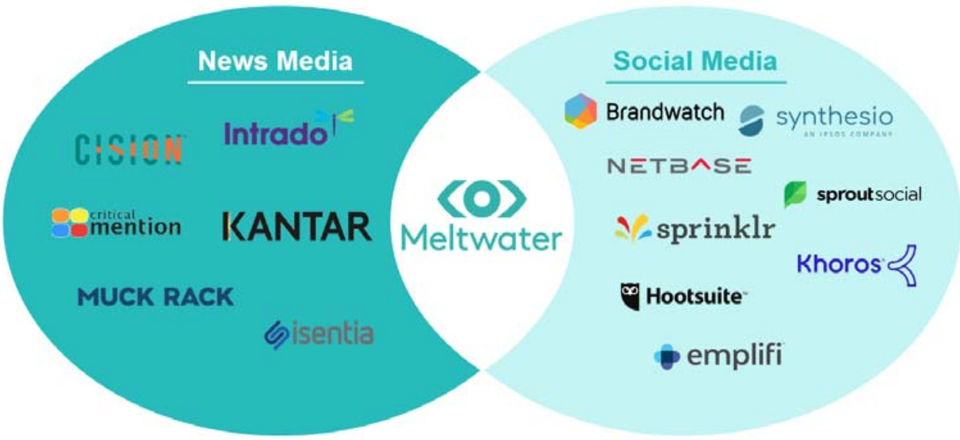
Meltwater's competitors across these four segments are largely either: (i) regionally focused news and newswire actors or (ii) regional point-solution companies engaged in social listening, social management, or social marketing.

[1] Management estimates, based on: Estimated total US workforce for each use-case provided by Bureau of Labor Statistic as of May 31, 2019; Estimated global workforce calculated based on the proportion of skilled labor force in the US and globally; ARPU based on 2018 ARPU for Meltwater
[2] Management estimates, based on: Estimated total US workforce for each use-case provided by Bureau of Labor Statistic as of May 31, 2019; Estimated global workforce calculated based on the proportion of skilled labor force in the US and globally; ARPU based on 2018 ARPU for Meltwater

This is also true for some of the larger players in the space. Cision as an example has less presence across the Asia Pacific region and does not provide an integrated solution for social management or social marketing. Sprout Social, who are publicly traded on NASDAQ, also does not provide news services or social marketing and the presence is far more concentrated in North America.

Meltwater has since 2008 placed strong emphasis on news and social content. Because of this, Meltwater's platform constitutes a fully integrated solution spanning news and social media, on a global and local scale.

Meltwater's strategic market position, spanning both news and social media, is illustrated below:




*News media and media intelligence*

In news media specifically, Meltwater's competitors include companies such as iSentia, Cision, Kantar, Intrado and Muck Rack. However, these tend to be locally based with none having an equivalent global presence.

Within the broader media intelligence segment, the main competitors are Cision, Kantar and iSentia. Apart from Cision, Meltwater is, however, the only player in the media intelligence segment with a significant market presence across all geographies, with over USD 300 million in ARR[3] coming from products associated with this market opportunity.

Whilst there are not publicly available market reports with accurate sizing of the market and key players within the space, Burton Taylor produces an annual report where they attempt to size the media intelligence market. The most recent version of this report was published in April 2021 and identified the spend on media intelligence services at USD 4.837 billion in 2020 with a 5-year compound annual growth rate ("**CAGR**") of 10%. As a consequence of many players being private companies within the media intelligence space, it is difficult to comment on the accuracy of this report but it does reflect some trends and numbers that Meltwater has seen in the market.

From a revenue standpoint, Meltwater is the second largest player in the Americas and third largest in EMEA. In Asia Pacific, it is the market leader, having overtaken iSentia in 2020.

iSentia is the second largest player after Meltwater in Asia Pacific but has no market presence outside of Asia Pacific and revenues of USD 66 million.

The largest player in EMEA, Kantar, has little to no market presence in the Americas or Asia Pacific and revenue of USD 185 million at the end of 2020.[4]

Cision has revenues of USD 746 million, with USD 400 million plus is attributed to press release/wire distribution because of the PRNewswire acquisition in 2016. Whilst Cision does have a strong presence in both North America and EMEA, it has a limited presence in Asia Pacific, with no presence in markets such as Australia, Japan and Singapore. It has historically been more focused on the news media part of media intelligence with less focus on social media.

[3] Internal ARR data, accurate as of end of September 2021
[4] Burton Taylor Report – Media Intelligence and Public Relations Software/Information Global Share & Segment Sizing 2021 (April 2021)

Meltwater's presence in 27 countries globally on 6 continents also provides a market advantage, making it well positioned to offer local support and account management to customers (both local and global), collecting data from over 200 countries in over 110 different languages with a strong focus on both news and social media.

*Social media*

In the social media space, Meltwater competes in 3 key areas:

1. Social listening
2. Social media management
3. Social/influencer marketing

These markets are highly fragmented, with smaller players primarily focused on one of these specific areas and relying on integrations and partners to offer broader functionality.

Social listening competitors include companies such as Brandwatch, Talkwalker or Netbase.

Brandwatch's latest published accounts show revenue of USD 105 million[5].Revenue estimates are unavailable for Talkwalker and Netbase. It should be noted that Talkwalker was acquired by Marlin Equity Partners in January 2018 but the terms of the deal were not disclosed.

There are no available market reports that the Company is aware of that provide accurate information on sizing or market share numbers for the social listening space specifically.

Social media management competitors include Sprout Social, Sprinklr and Hootsuite.

Sprout Social, which is publicly listed on NASDAQ, reported revenue of USD 132.9 million in 2020[5].

Sprinklr completed an IPO on NASDAQ in June 2021. For the year ending 31 January 2021, Sprinklr reported revenue of USD 386.9 million.

Revenue estimates are unavailable for Hootsuite.

The Burton Taylor report from April 2021 identified the spend on social media management services at USD 2.194 billion in 2020 with a 5-year CAGR of 23.9%.

Publicly listed competitors in social media management, Sprout Social and Sprinklr, provide total addressable market estimates of USD 50 billion and USD 51 billion respectively.

On 14 April 2021, Meltwater announced the acquisition of Klear, a SaaS company and market leader in the fast growing influencer marketing space. The influencer marketing platform space is expected to reach USD 28.1 billion by 2028[5] with a CAGR of 32.9% and includes competitors such as Traackr, Launchmetrics, Grin, Julius, and AspireIQ. Whilst revenue estimates are not available for these five companies, they have raised more than USD 266 million in funding.[6]

It should be noted that the social/influencer marketing segment is not covered by the Burton Taylor report and therefore Meltwater is not able to provide accurate information on sizing or market share numbers for this segment.

At the end of Q3 2021, Meltwater reported ARR of USD 166 million, with organic year over year growth of 33% and 53% including ARR from the acquisitions of Linkfluence and Klear, both completed in 2021. This growth rate outpaces the five-year CAGR of 23.9% highlighted in the Burton Taylor Report[5] and cements Meltwater's position as a category leader for both news and social products. We believe the key competitive differentiators in these markets to be broad capabilities within news monitoring and influencer marketing capabilities, social listening focus, native publishing & engagement capabilities, and internal product integrations to enable complete product suites.

### 7.4 Industry trends

Meltwater's internal product development and M&A strategy has helped to create a global media intelligence company with a focus on both news and social, which is well positioned to capitalize on the latest industry trends.

[5] https://www.globenewswire.com/news-release/2020/08/27/2084681/0/en/Influencer-Marketing-Platform-Market-to-reach-US-28-1-billion-by-2028-Global-Insights-on-Trends-Value-chain-Analysis-Size-Strategic-Initiatives-Top-Players-Key-Opportunities-and-Fu.html

[6] funding information from Crunchbase: Julius (USD 23.8 million), Traackr (USD 16.7 million), Aspireiq (USD 27.3 million), Grin (USD 145 million), Launchmetrics (USD 54 million)

A recent Digital Marketing Survey conducted by PRWeek found that 83.2% of respondents agree "lines between PR and marketing are more blurred than ever."[7]

As well as these two departments coming closer together it is clear that news and social media content have converged. As a result of this, Meltwater believes that companies can no longer think of news and social media independently and cannot treat news monitoring and social listening as two separate initiatives. In Meltwater, we believe this all must be treated as content.

Additionally, the line between media relations, journalists and influencers has blurred and must simply be seen as people. This will continue to evolve and given its tool that allows customers to manage media relations, influencer relations, and anything in between all-in-one place, Meltwater believes it is well positioned to help customers respond to this trend, now, and into the future.

As Meltwater looks to continue increasing its market share across multiple markets and segments, it is also actively pursuing opportunities for M&A and consolidation, particularly with other players providing social media solutions where the market is considered particularly fragmented with many smaller players.

## 7.5 Regulatory environment

### *7.5.1 Tax legislation*

The Group is subject to prevailing tax legislation, treaties and regulations in every jurisdiction in which it is operating, including Europe, Middle East, Africa, Asia and America. The Group has established and conducts operations through companies in different countries, and will be subject to changes in tax laws, tax treaties or regulations or the interpretation or enforcement thereof in the various jurisdictions, possibly with retrospective effect. The Group's overall tax charge is dependent on where profits are generated and taxed, whereas different countries have different tax systems and tax rates. Different jurisdictions have different legal systems with different laws for tax residency, tax credits and tax exemption rules. The Group's tax expense will be based upon the Group's interpretation of the tax laws in effect in the various countries at the time the profit is generated.

### *7.5.2 Data protection*

The Group processes personal data through its business and operations in multiple jurisdictions, including subsidiaries outside the EU/EEA. The Group makes use of various IT systems and networks where information about customers and employees may be stored. The Group has implemented rigorous routines and has made significant investments to the effect that privacy and security of personal information is handled in a secure way, but any failure in this regard could have adverse effects on the Group's business. Thus, the Group is exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for non-compliance, in particular relating to processing, including but not limited to transfer and protection, of personal data. The main regulations are the GDPR, the Norwegian Data Protection Act of 15 June 2018 No. 38 and U.S. privacy acts such as the California Consumer Privacy Act of 2018. GPDR imposes stringent data protection requirements in relation to the processing and transfer of personal data and provides high penalties for non-compliance, including potential penalties of up to EUR 20 million or 4% of annual global revenues.

### *7.5.3 Anti-corruption*

The Group's highly international operations, with almost 27,000 clients and 2,100 employees in 50 offices across 6 continents, requires the Group to comply with the laws and regulations of various jurisdictions. In particular, the Group's international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and economic sanctions programs, including those administered by the United Nations, the EU and the U.S. Office of Foreign Assets Control. These anti-corruption laws and regulations comprehensively and, in some cases in differing ways, cover many forms of public and private corruption. As part of its business, the Group may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the U.S. Foreign Corrupt Practices Act of 1977 and other applicable anti-bribery laws and regulations. Economic sanctions programs restrict the Group's business dealing with certain sanctioned countries, and new sanctions programs may be imposed, or existing sanctions programs revised in unpredictable ways, depending on circumstances outside of the Group's control.

[7] https://www.prweek.com/article/1687160/comms-takes-revealing-look-mirror

In recent years, enforcement of these laws and regulations has become more stringent, resulting in several landmark fines and reputational damage.

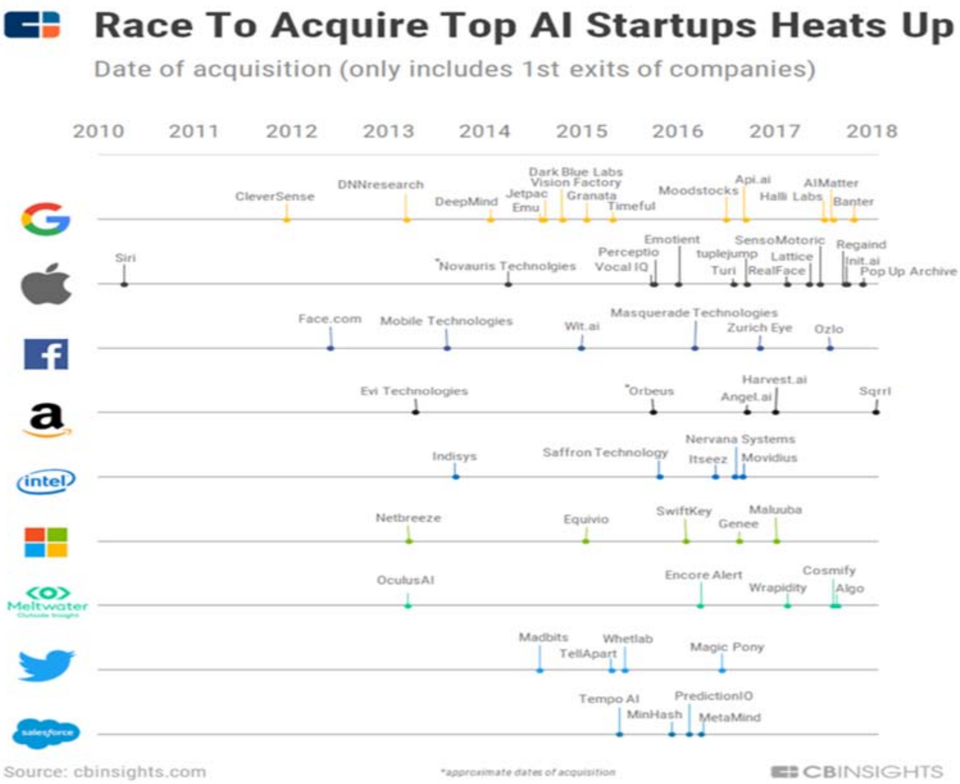
## 8 PRESENTATION OF THE COMPANY

### 8.1 Business overview

Meltwater is a media intelligence company, which was founded by the Executive Chair, Jørn Lyseggen in Oslo, Norway, in 2001 and has been headquartered in San Francisco since 2006. The original address was Shack15, a little office space located in a shipyard in Oslo, where the team cobbled together borrowed hardware to create the first server farm to power Meltwater's product. The business started with learning the Norwegian market on the value of monitoring and analyzing online news in order to stay on top of their brand, their competition and markets.

Meltwater launched its first product in January 2002 and brought on board its first clients shortly after. Meltwater's geographical footprint began to grow in 2004 as the Group's operations began expanding throughout Scandinavia, then into the United Kingdom and Germany, and, eventually, rest of Europe. In 2006, Meltwater expanded its operations to the U.S. and into various markets throughout Asia-Pacific. By 2008, Meltwater had a physical presence on six continents. In 2008, Meltwater added social listening and analytics to the product suite. Since 2016, Meltwater has completed eight acquisitions of artificial intelligence ("**AI**") and data science companies.

The figure below shows the race to acquire AI start-ups up until 2018.

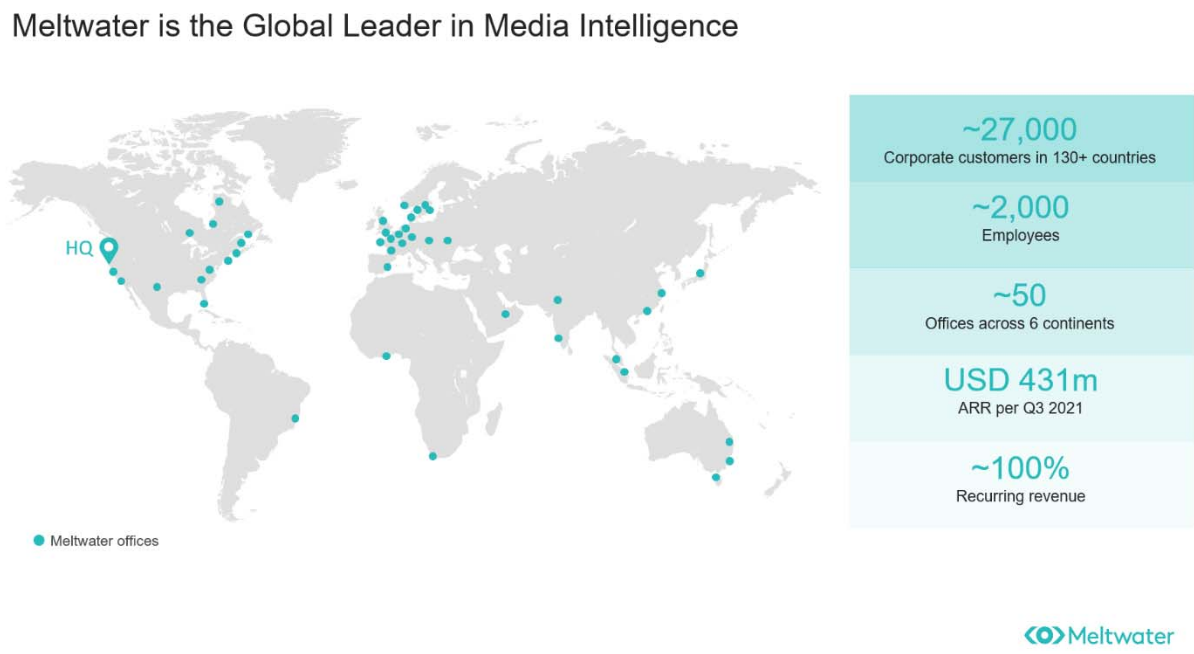



In 2019, Meltwater completed the integration of eight acquisitions and launched a fully integrated, end-to-end social media solution inside of its media intelligence platform.

In May 2021, Meltwater acquired the French consumer insight company Linkfluence, which positions Meltwater well to automate the USD 70 billion+ Market Research industry. In April 2021, Meltwater acquired the leading Israeli Social Influencer Marketing company Klear, which opens up a new product category towards the USD 10 billion Influencer Marketing space. In June 2021, Meltwater acquired U.S. business data company Owler, which provides Meltwater with an additional unique business data set to power its products, and provides Meltwater with a strong add-on opportunity towards the existing client base.

Today, Meltwater has almost 27,000 clients and approximately 2,100 employees in 50 offices across 6 continents. In 2020 subscription revenues amounted to approximately USD 361 million.

The figure below shows an overview of Meltwater's customers, employees, offices and revenue for full year 2020 within media intelligence.




Source: Management's estimates

Meltwater has established a global presence and is providing media intelligence and social analytics Software-as-a-Service (SaaS) solutions. Through the integrated solution, Meltwater empowers clients to make more informed decisions and bridge the gap between public relations, communication and marketing departments. Meltwater's solution is powered by AI-driven insight providing standardized and automatically generated key performance indicators (KPIs), accessed through an easy-to-use interface. With access to over 400,000 editorial sources combined with more than 100 licensed content partners and 1.3 trillion documents acquired to date, Meltwater utilizes its patented AI-systems to turn unstructured data into unique insights for its clients at the global and local level. Meltwater's common data platform fairhair.ai provides a seamless user experience as well as the ability for Meltwater to easily scale and rapidly innovate to evolving customer needs.

Fairhair.ai offers customers a core and modular product offering, allowing customers the choice and flexibility to utilize Meltwater's unique solutions:

**Core Offering**

1. **Media Intelligence Platform**: Gives clients a complete overview of their business, competitors and industry across news and social media channels through advanced analytics – all in one integrated solution.

**Modules (News and PR)**

2. **Reports**: Create executive, fully automated customizable reports with metrics powered by AI, generated seamlessly across all media channels.
3. **Influencer Contact Management:** Search for media contacts, build focused lists and engage directly through personalized outreach.
4. **Newsfeed & Newsletter Distribution:** Showcase relevant news or social media coverage on the clients' corporate website or intranet.
5. **Newswires:** Distribute press releases using a newswire service to efficiently communicate to a wider audience.

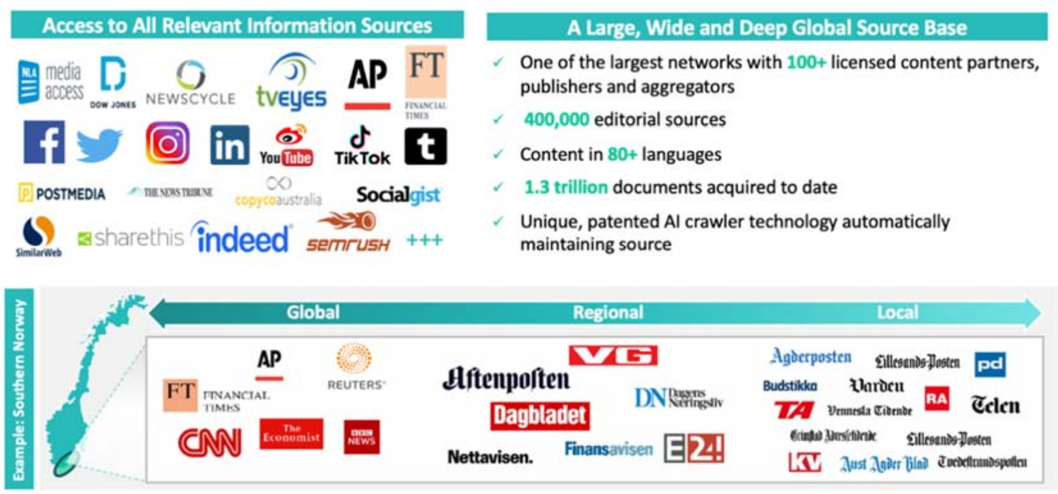
**Modules (Social Media)**

6. **Social Listening:** Gain an interactive social listening experience with access to ad-hoc searches allowing marketers to make data-driven decisions.
7. **Social Management:** Engage, publish and analyze performance on social media from one platform.
8. **Social Marketing:** Access an end-to-end influencer marketing platform to support and optimize a client's social influencer strategy.

### 8.1.1 Product portfolio and clients

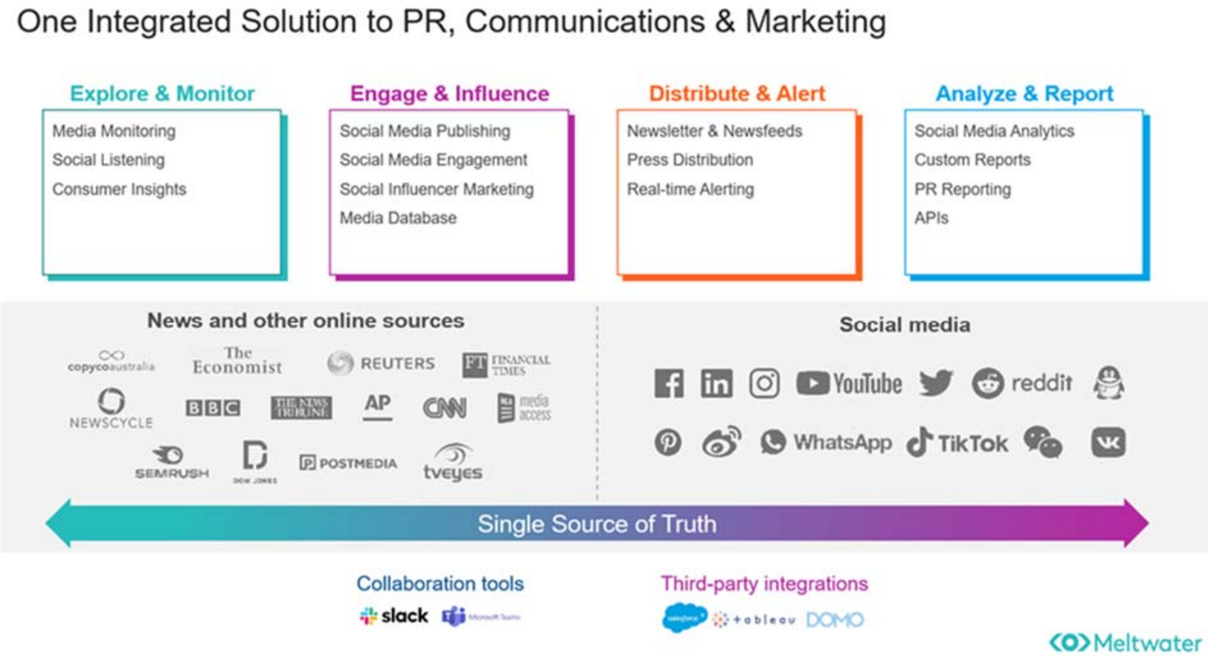
Meltwater helps its clients to stay on top of billions of conversations — across editorial, broadcast, print, and social media channels — with Meltwater's media intelligence solution. Meltwater's tool efficiently and effectively helps its clients sift through news stories, social media postings, and many other media types so that they can monitor and analyze everything relevant to their brand, competitors, and industry. Meltwater's AI-driven media monitoring technology, in conjunction with the network of partnerships, provides the Group's clients with access to content on a local, national, and global level. Meltwater provides a comprehensive all-in-one solution for public relations, communications, and marketing professionals, as well as new use cases outside of these traditional buying centers, which is shown in the figure below.


Powered by a large content database, Meltwater's media intelligence solution is able to mine for actionable insights across news and social media. Meltwater understands that every organization has different key performance indicators when it comes to measuring results. Using the Group's extensive range of metrics, clients can customize the solution to their needs to better understand their return on investment and results. The figure below shows an overview of content from local, regional and global media, as well as an example from southern Norway in order to illustrate media coverage.

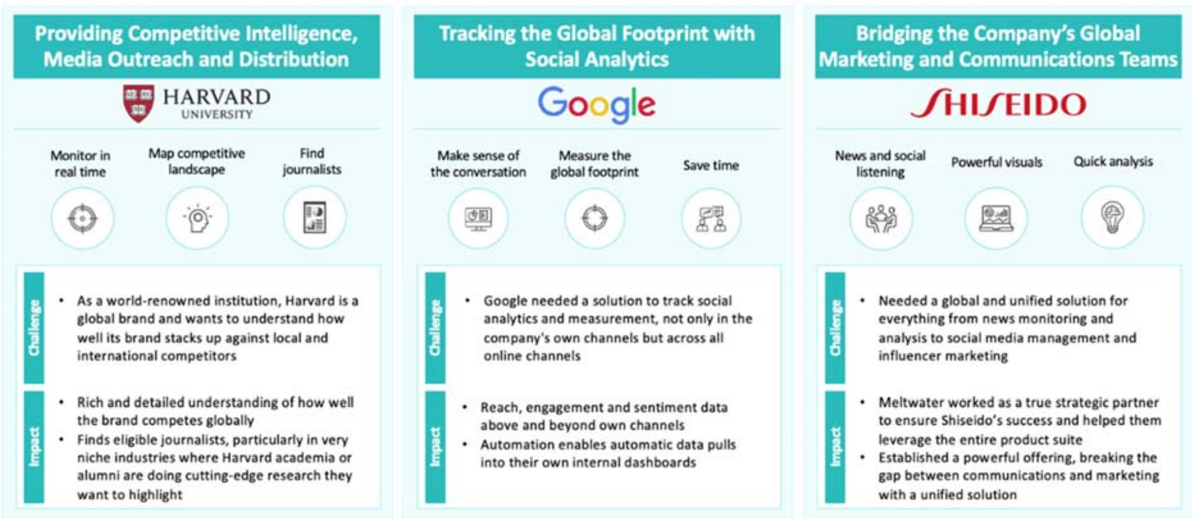



On top of a large content database, Meltwater offers an extensive product portfolio with add-on modules that can cater to most of the core use cases for public relations, communications, and marketing professionals related to monitoring, understanding and influencing the world around them.

The figure below shows an overview of the core product and the use case driven add-on modules.



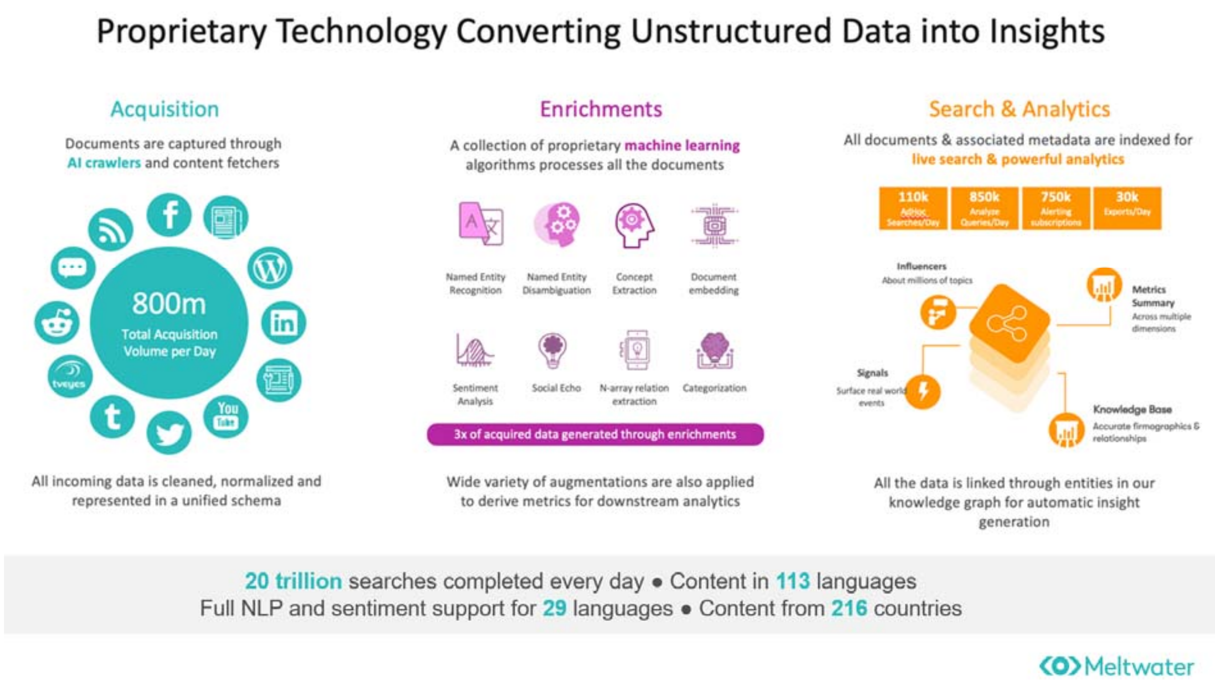

Meltwater's product portfolio is supporting a number of brands with many use cases around monitoring, understanding, and influencing the brand, competitors and industry. The figure below describes how Meltwater makes real impact for the brands of Harvard University, Google and Shiseido.



An extract of brands that uses Meltwater's solutions is shown in the figure below.


### 8.1.2 *Proprietary technology*

Meltwater has made significant investments in building the proprietary, technology and data science platform that it calls Fairhair.ai.

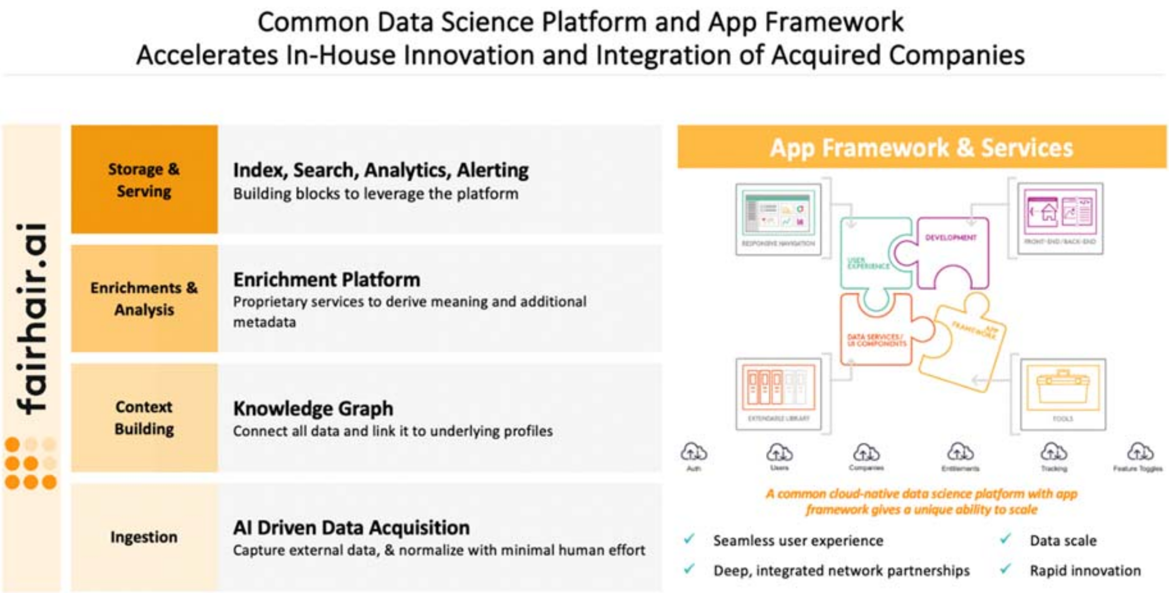



The Fairhair.ai platform powers all of Meltwater's products and innovation. The platform ingests over half a billion news articles, social posts, and other documents on a daily basis. Proprietary machine learning algorithms are then processing all these documents and enrich them with additional data points to be able to derive metrics for downstream analytics. All documents are then made available for real-time search and powerful analytics for the end products and modules earlier described.[8]

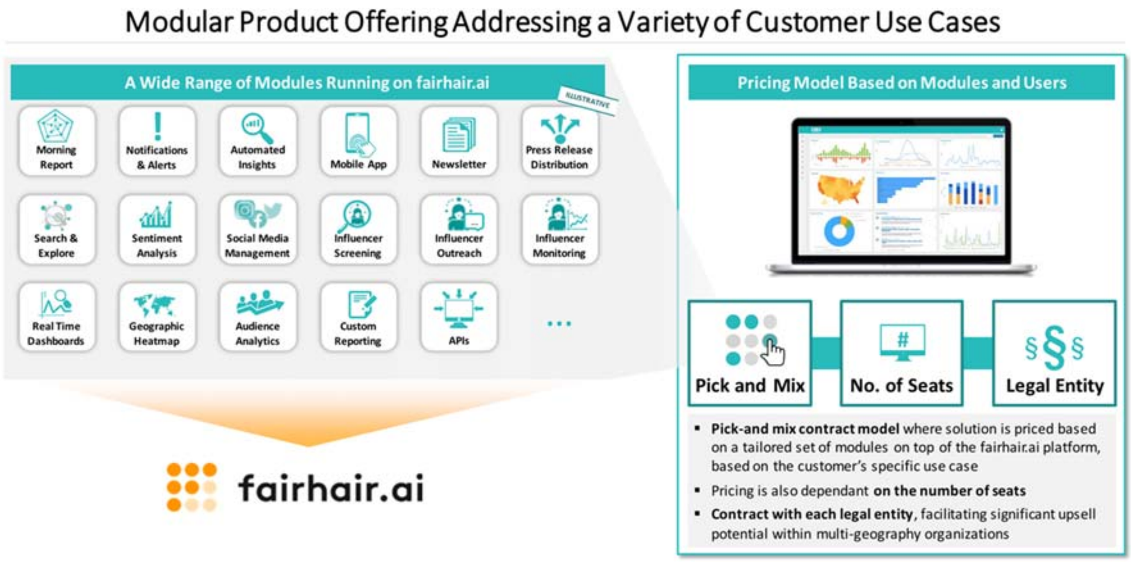
Fairhair.ai and Meltwater's products are all hosted in the cloud. The platform itself is very scalable, which enables Meltwater to continue to innovate independently, but also easily integrate future acquisitions in a timely manner.

[8] Based on Management's estimates.

The platform is also designed in a way that makes it straightforward to integrate the technology and products of future potential acquisitions.



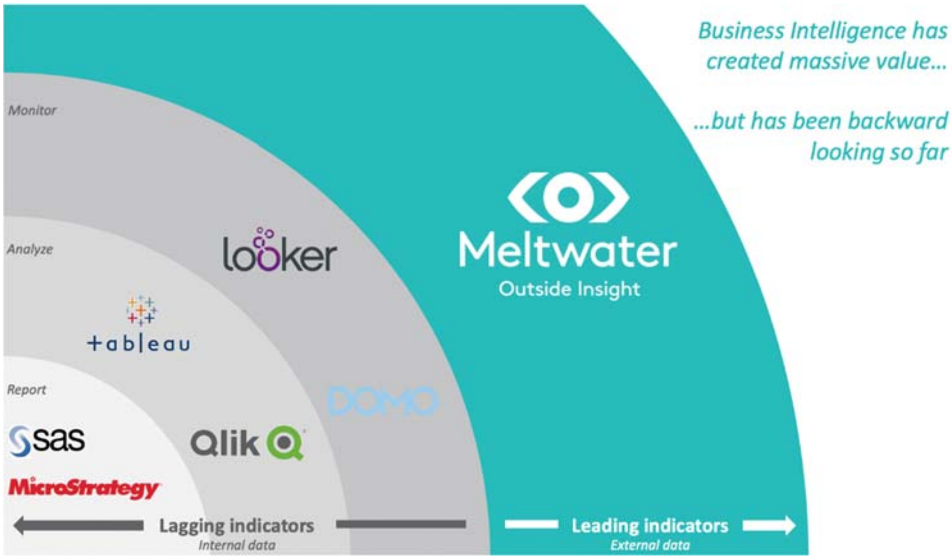

Below is an overview of the wide range of modules that the customer has to choose from when subscribing to Meltwater, the majority of which are running on Fairhair.ai. The products are priced and upsold, depending on the number of seats (users), the modules they require and the number of countries that will be accessing the software. These modules are bundled to satisfy particular use cases and client challenges.




### *8.1.3 Market opportunities*

There are many software companies that have been built upon the ability to process and analyze internal data, with the aim of better understanding their performance and market position, including software categories such as enterprise resource planning (ERP), customer relationship management (CRM), and business intelligence, as well as many global companies.

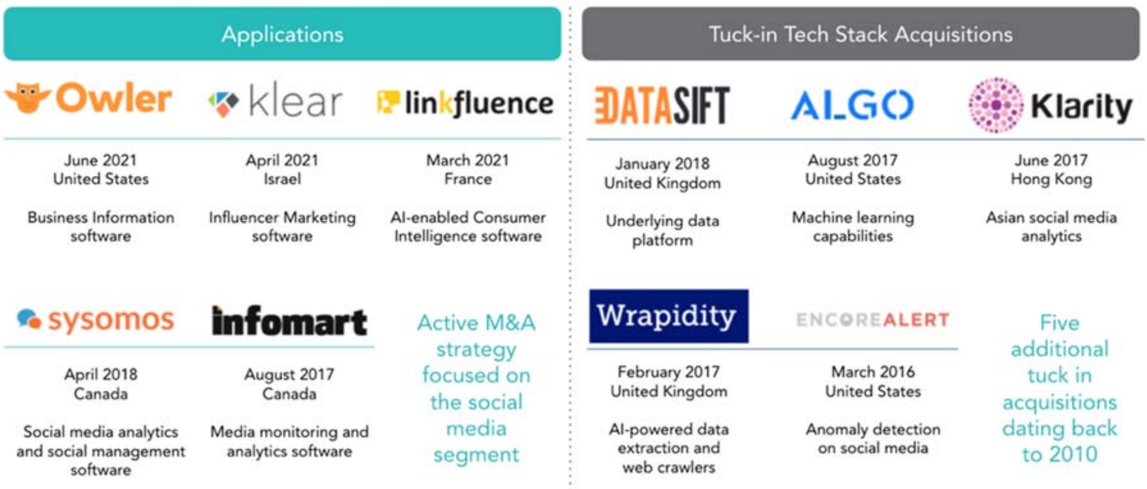
Although internal data will always be important, Meltwater strongly believes that companies mining and analyzing external data may have competitive advantages. Job postings, news content, social data, request-for-proposal (RFP) databases and advertising spend are just a few examples of the data types that could be processed to help customers understand the leading performance indicators that impact their business.

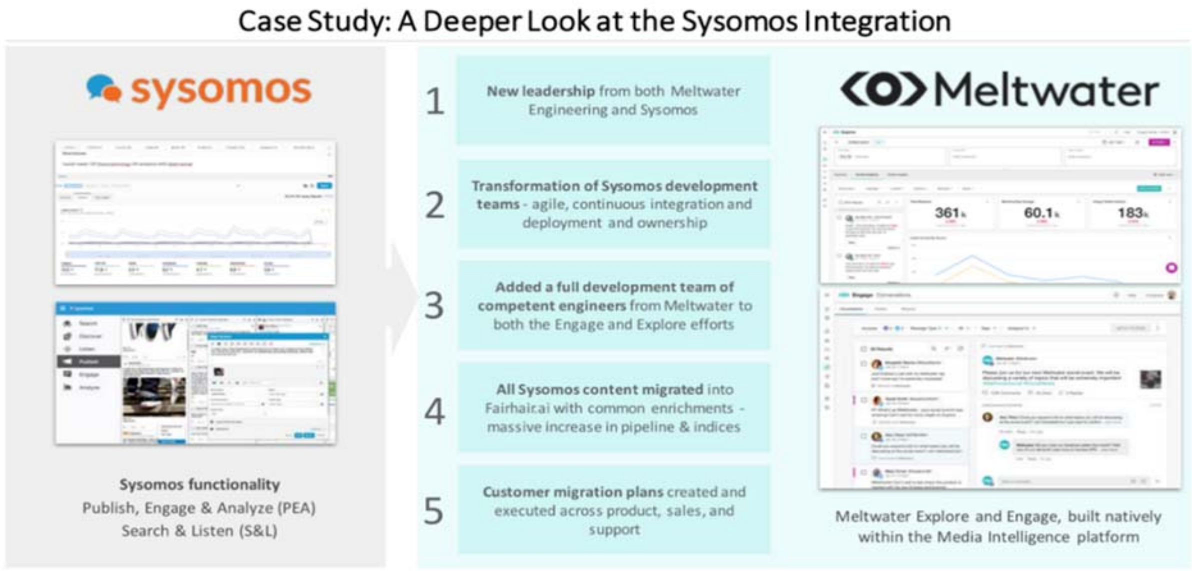



Meltwater's solutions are typically used by customers' public relations departments and by teams in marketing and social media. In addition, Management believes that there is a multi-billion-dollar market opportunity outside of these departments. Departments such as lead generation, risk management and customer relations are already using Meltwater's platform and Management believes that the software could be further developed to strengthen Meltwater's presence in these adjacent departments. In addition, with a customer base of almost 27,000 clients, the upsale potential is significant. See Section 7 "Industry and Market Overview" for more information about principal markets, including total addressable market within current core use cases and other adjacencies.

*8.1.4 Acquisition opportunities*

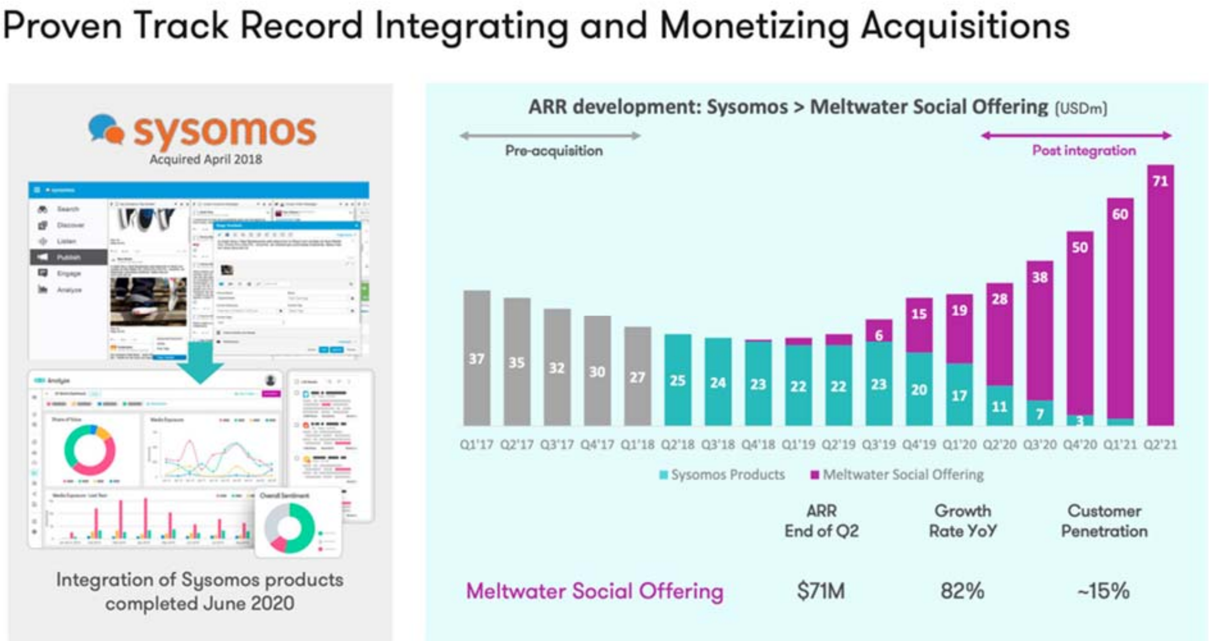
The figure below shows an overview of eight AI and data science companies that Meltwater has acquired and integrated since 2016. Two of these companies, namely Sysomos and Infomart, had significant client bases when they were migrated to the Meltwater platform.



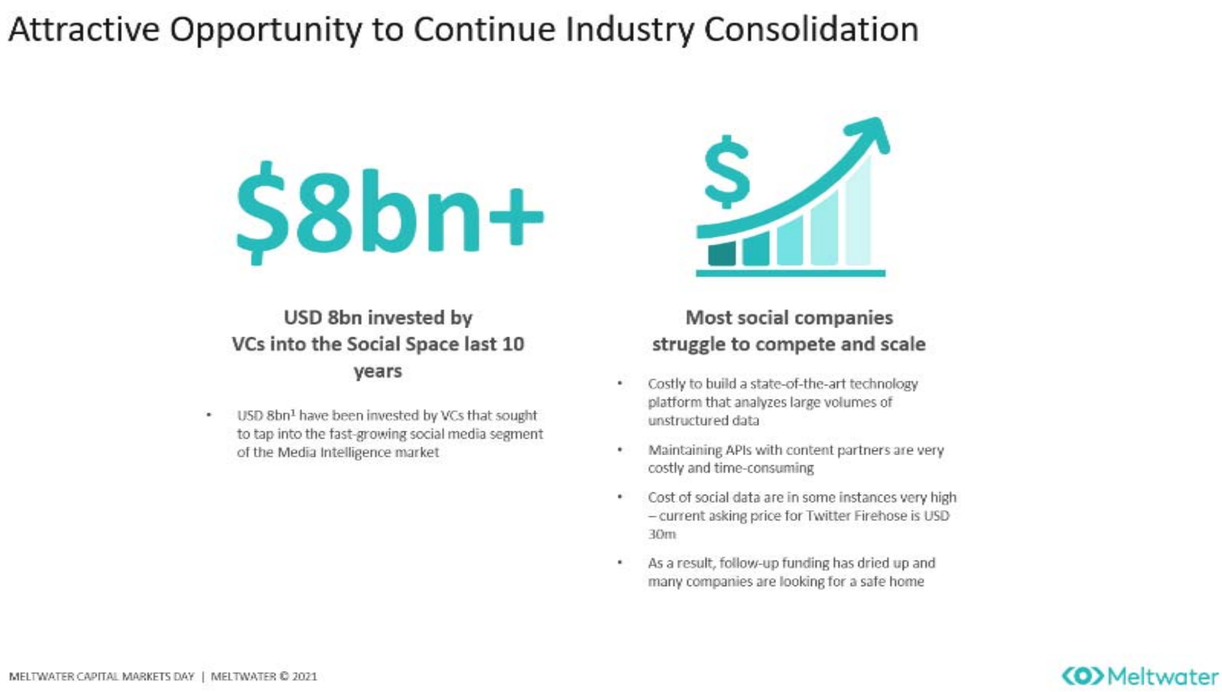



The Sysomos integration, Meltwater's largest acquisition to date, may be used as a case study of Meltwater's philosophy and methodology of integrating people, technology, products and clients into Meltwater.

Further, the below showcase how Meltwater has been able to upsell acquired products with new, integrated value-added use cases to Meltwater's existing global client base. At the same time Meltwater has been able to improve profitability by removing duplicative costs from hosting, content, and other expenses as part of integrating Sysomos into Meltwater.

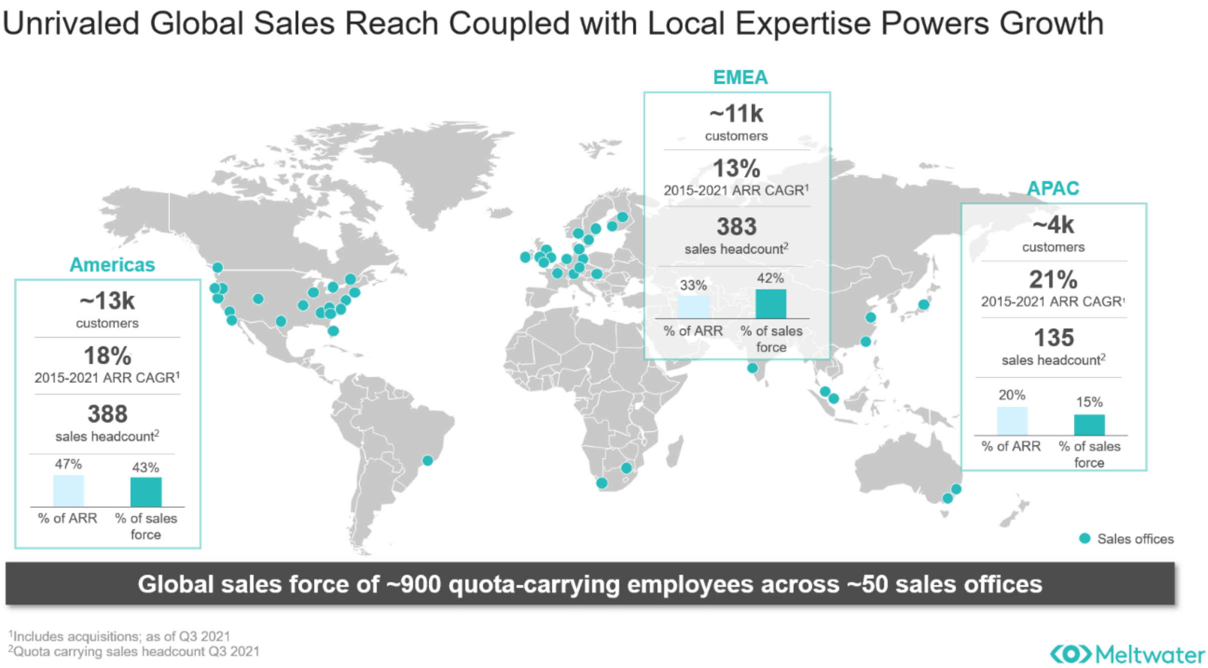



Management believes that Meltwater has an opportunity to continue consolidation of the fragmented industry. It may be difficult to achieve the scale required to compete sufficiently in the industry, as it is time consuming and costly to build a state-of-the-art technology and data science platform that may process massive, ever-increasing, volumes of data. In addition, the combination of maintaining application programming interfaces (APIs) to various changing social networks and the cost of social data represent a barrier to entry.




### *8.1.5 Go-to market*

Meltwater has developed a structured go-to market strategy, combined with a highly organized sales force. With a global sales force of over 900 employees in 50 cities, Meltwater has developed a sales and customer-centric culture and a global hiring and development program, with local expertise and support on six continents.



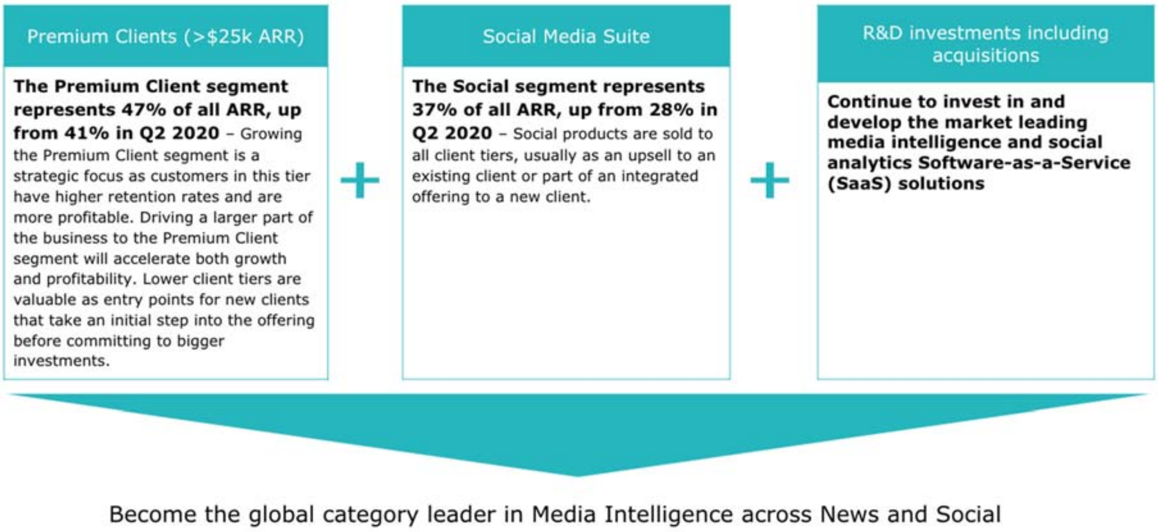

Meltwater has developed a high-performing culture that sets the standard for everyday activities and operations, which is based on a set of core company values rooted in Scandinavian culture. Meltwater has received many accolades for its culture and leadership.


## 8.2 Strategy and objectives

Meltwater has developed a strong and sustainable business by investing in R&D that has built a leading all-in-o0ne solution for public relations, communications, and marketing professionals (as described in Section 8.1.1 and 8.1.2 "Product portfolio and clients" and "Proprietary technology", respectively). In 2021, Meltwater has intensified its search for complementary acquisition opportunities. So far, in 2021, Meltwater has executed well with the successful acquisitions of Linkfluence, Klear and Owler. Meltwater will continue to take an active role in the consolidation of the highly fragmented social space, which consist of many subscale companies. Meltwater sees high demand for integrated social offerings as social media plays an increasingly critical role across business functions, including product development, sales, marketing, recruitment, risk management, and competitive intelligence. Meltwater is well positioned to consolidate this space as the global leader in media intelligence with its industry-leading AI-based analytics platform powering real-time insights for 27,000 of the world's most innovative and demanding companies.

Meltwater has developed a structured go-to market strategy, combined with a highly organized sales force (as further described in Section 8.1.5 "Go-to market"). With a global sales force of over 900 employees in 50 cities, Meltwater has developed a sales and customer-centric culture and a global hiring and development program, with local expertise and support on six continents. All of this powered by a very strong unified company culture across the globe.

The strategic focus for 2021 onwards is to capitalize on the profitable business model and to accelerate the growth by increasing the number of customers in its lucrative, and fast growing, premium client segment (clients paying >USD 25,000 ARR), offering new and existing clients access to its social media products as part of the integrated offering and keep investing in R&D including acquisitions to maintain product leadership.




## 8.3 Company history and important events

The table below provides an overview of key events in the history of Meltwater:

**Table 5 – Key events in the history of the Group**

| Year | Event |
|---|---|
| **2001** | Meltwater was founded in Oslo, Norway in the summer of 2001. |
| **2002** | Meltwater launches its first news monitoring & analytics product in January, and brings onboard its first paying clients shortly after. |
| **2004** | Meltwater does USD 3 million in revenue, and starts the international expansion with an office in Sweden. |
| **2005** | Meltwater doubles revenue to USD 6 million, and continues the expansion to the UK and Germany. |
| **2006** | Meltwater grows revenue with 250% to USD 16 million and expands to the U.S. with an office in San Francisco. Meltwater also expands to Australia and Hong Kong. |
| **2008** | Meltwater expands the product footprint with social media listening & analytics capabilities. Meltwater now does USD 61 million in revenue with offices in 18 countries and local presence in Americas, EMEA and APAC. |
| **2011** | Meltwater surpasses USD 100 million in subscription revenue. |
| **2012** | Meltwater partners with Altor Fund III to continue its expansion. |
| **2016** | Meltwater reaches USD 200 million in subscription revenue, and acquires social media analytics company Encore Alerts. |
| **2017** | Meltwater does five acquisitions by acquiring the Media Intelligence company Infomart, data analytics company Algo, machine learning platform Cosmify, social media analytics company Klarity, and data extraction company Wrapidity. |
| **2018** | Meltwater surpasses USD 300 million in subscription revenue, and acquired Social listening & analytics company Sysomos and Data Science platform Datasift. |
| **2019** | Meltwater continues the growth, completes integration of all 8 acquisitions, and launches the integrated solution across news and social media listening & analytics. |
| **2020** | Meltwater is listed on Euronext Growth, operated by Oslo Børs, on 3 December 2020 |
| **2021** | Meltwater acquires the French Consumer Insight company Linkfluence |
| **2021** | Meltwater acquires the Israeli social influencer marketing company Klear |
| **2021** | Meltwater acquires business information company Owler and Oxford University spin-off, DeepReason.ai, one of the leading companies within the field of AI known as "reasoning". |

## 8.4 Group structure

The Company functions as the holding company and the ultimate parent company of the Group. The Company is not an operative entity, and Meltwater's operations are thereby carried out through the Company's operating subsidiaries. The following table sets out information about the Company and its directly or indirectly owned subsidiaries:

| Table 6 - Group structure | | | | |
|---|---|---|---|---|
| **Company** | **Tiered subsidiary** | **Country of incorporation** | **Holding** | **Description** |
| Meltwater B.V (to be renamed Meltwater N.V.) | Holding | The Netherlands | - | Holding company |
| MW Emerald Ltd | First-tier | Ireland | 100% | General & administrative company |
| Meltwater (UK) Limited | First-tier | United Kingdom | 100% | Value added reseller |
| Uberlabs Software Technologies Private Ltd. (1) | Second-/third-tier | India | 100% | Former accounting entity. |
| Meltwater Argentina B.V. | First-tier | The Netherlands | 100% | Holding company |
| Meltwater India Pvt. Ltd. (2) | Second-tier | India | 100% | Value added reseller |
| Meltwater Middle East1 F2 LLC | Second-tier | Dubai | 100% | Value added reseller |
| Meltwater Middle East2 F2 LLC | Second-tier | Abu Dhabi | 100% | General & administrative company |
| Meltwater News AR S.R.L. (3) | First-/second-tier | Argentina | 100% | Inactive value added reseller. |
| Meltwater News AR1 S.R.L (4) | First-/second-tier | Argentina | 100% | General & administrative company. |
| Meltwater News Software Brasil Ltda(5) | First-/second-tier | Brazil | 100% | Value added reseller |
| Shanghai Meltwater News Co., Ltd. | Second-tier | China | 100% | Value added reseller |
| Meltwater Australia Pty Ltd | First-tier | Australia | 100% | Value added reseller |
| Meltwater Danmark ApS | First-tier | Denmark | 100% | Value added reseller |
| Meltwater Deutschland GmbH | First-tier | Germany | 100% | Value added reseller |
| Meltwater Finland OY | First-tier | Finland | 100% | Value added reseller |
| Meltwater Japan K.K. | First-tier | Japan | 100% | Value added reseller |
| Meltwater Kutató-Fejlesztö Korlátolt Felelösségü Táraság (Meltwater KFT) | First-tier | Hungary | 100% | Research & development company |
| Meltwater News AS | First-tier | Norway | 100% | Value added reseller |
| Meltwater News AT1 GmbH | First-tier | Austria | 100% | General & administrative company |
| Meltwater News Canada Inc | First-tier | Canada | 100% | Value added reseller |
| Meltwater News FR1 SAS | First-tier | France | 100% | General & administrative company |
| Meltwater News HK Ltd. | First-tier | Hong Kong | 100% | Value added reseller |
| Meltwater News HK1 Ltd. | First-tier | Hong Kong | 100% | General & administrative company |
| Meltwater News Internatonal GmbH | First-tier | Switzerland | 100% | General & administrative company |
| Meltwater News International Holdings GmbH | First-tier | Switzerland | 100% | IP holding Company |
| Meltwater News SG1 Pte Ltd | First-tier | Singapore | 100% | General & administrative company |
| Meltwater Singapore Pte Ltd | First-tier | Singapore | 100% | Value added reseller |
| Meltwater Software Private Ltd. (6) | First-/second-tier | India | 100% | Research & development company |
| Meltwater News SA1 (Pty) Ltd | First-tier | South Africa | 100% | General & administrative company |
| Meltwater South Africa (Pty) Ltd | First-tier | South Africa | 100% | Value added reseller |
| Meltwater Sweden AB | First-tier | Sweden | 100% | Value added reseller |
| Meltwater The Netherlands B.V. | First-tier | The Netherlands | 100% | Value added reseller |
| Mnews Malaysia Sdn Bhd | First-tier | Malaysia | 100% | Value added reseller |
| Meltwater US Holdings Inc. | First-tier | United States | 100% | Holding company for U.S. value added reseller and general & administrative companies |
| Meltwater News US Inc | Second-tier | United States | 100% | Value added reseller |
| Explon Shanghai Co., Ltd | Third-tier | China | 100% | No longer an accounting entity. Expected to be dissolved in 2021/2022 |
| Meltwater News US1 Inc. | Second-tier | United States | 100% | G&A Company |

(1) Uberlabs Software Technologies Private Ltd is owned by Meltwater (UK) Limited (0.03%) and Meltwater News US Inc (99.97%).
(2) Meltwater India Pvt. Ltd. is owned by Meltwater Argentina B.V. (1%) and Meltwater B.V. (99%).
(3) Meltwater News AR S.R.L is owned by Meltwater Argentina B.V. (90%) and Meltwater B.V. (10%).
(4) Meltwater News AR1 S.R.L is owned by Meltwater Argentina B.V. (90%) and Meltwater B.V. (10%).
(5) Meltwater News Software Brasil Ltda is owned by Meltwater Argentina B.V. (0.01%) and Meltwater B.V. (99.99%).
(6) Meltwater Software Private Ltd is owned by the Company (99.99%) and Meltwater US Holdings Inc (0.01%).

## 8.5 Material contracts

Neither the Company nor any other member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, no member of the Group has entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Prospectus.

### 8.6 Insurance

The Group currently maintains insurance coverage of the type and in amounts that it believes to be customary in the industry, all subject to certain limitations, deductibles and caps. The CEO and Board of Directors are also covered by directors and officers liability insurance. However, no assurance can be given that the Group will not incur any damages that are not covered by its insurance policies or that exceed the coverage limits of such insurance policies.

### 8.7 Dependency on patents, licenses and contracts

#### *8.7.1 Patents*

Meltwater holds 11 granted patents, with another 6 in the pending state within the following themes: social media analytics (7 granted, 4 pending), content/information extraction (3 granted, 2 pending), and 1 granted design pattern. Meltwater holds granted patents in the U.S. and Sweden, with a number of pending patents in Canada. Meltwater values its patented intellectual property. However, Meltwater's software and business could still succeed without them. For example, some of Meltwater's patents are powerful inventions, which enables Meltwater to increase the efficiency of its operations. Without such patents in place, possible workaround would be far less efficient and involve manual work. Through the patents, Meltwater has secured efficiency to its operations which, in turn, allows Meltwater to more rapidly add new, valuable content to its systems.

The table below sets out an overview of granted patents.

**Table 7 – Overview of patents**

| Patent numbers | Title and description of granted patent | Protected jurisdictions[1] |
|---|---|---|
| US 8,630,200 B2 | **Method and apparatus for embedding information in a short uniform resource locator (URL).** This patent describes a technique for creating shortened or compressed URLs similar to the commonly used system, bit.ly. Embedded in the encoding is both the link information as well as other parameters that can be passed. | U.S. |
| US 9,224,097 B2 / SE 537 936 C2 | **Nonlinear classification of data.** The patent describes a method called "Gated classifier" that when used in conjunction with adaptive boosting techniques to reduce the number of weak classifiers and iterations to adjust features which are particularly valuable for classification tasks with strong interclass variation. | U.S. and Sweden |
| US 9,256,667 | **Method and system for information discovery and text analysis** Allows for analysis of time-based content – specifically blogs where authors add content in a time-series. Results can be used to understand "popularity" of content. | U.S. |
| US D779,531 | **US design patent: Display screen or portion thereof with graphical user interface** A design pattern that can be used to visually compare results of social media search results and benchmark against other search results. | U.S. |
| US 9,367,603 | **Systems and methods for behavioral segmentation of users in a social data network** The patent describes systems and methods for gaining understanding of meaning in particular pieces of social media content, then finding similar meaning in others, ultimately leading to thematic segments. Those segments can be used to determine behavioral similarities between social media profiles. | U.S. |
| US 9,262,537 | **Systems and methods for dynamically determining influencers in a social data network using weighted analysis** The patent describes systems and methods for examining social media content by walking a hierarchy of followers and followees and thus understanding relationships between Twitter profiles. By mapping the relationships between those profiles and their content, the system can determine levels of influence of both the content and the author. | U.S. |
| US 7,464,003 | **System and method for change detection of information or type of data** The patent talks about an overarching system to determine how information acquired from the internet (raw data like content, keywords and derived metadata like topics, entities, sentiment, aggregations) changes over time. This system is used for generating trending topics, momentum score of entities based on its occurrence over several media types over time. | U.S. |
| US 10,025,645 B1 | **Event processing system** This is a patent for extracting aggregated information relating to the users of a platform from real time activity streams in an *anonymized* fashion. Primarily used for analyzing engagements on the content that gets generated in social media, the patent also covers its usage for analyzing activity of any platform with a user base that facilitates user actions | U.S. |
| US 10,482,285 B2 | **Event processing system (II)** Patents adds to US 10025645 B1 and provides the ability to extend anonymity from individual engagements to full sets of content analysis. | U.S. |
| US 10,579,827 B2 | **Event processing system to estimate unique user count** This patent further extends the Event Processing System patents (US 10025645B1 and US 10482285B2) for extracting aggregated information relating to the users of a social media platform from real time activity streams in an anonymized fashion. Primarily used for analyzing engagements on the content that gets generated in social media, the patent also covers its usage for analyzing activity of any platform with a user base that facilitates user actions. | |
| US 10,325,000 B2 | **System for automatically generating wrapper for entire websites** Basis of the Meltwater web crawling system, the patent describes a hybrid AI engine that combines strong symbolic reasoning with trained classifiers. It has a framework for rule-based feature engineering supporting quick turnaround domain-specific rich features on top of pre-built features representing structure, visual rendering, and textual content of a webpage, as well as the link structure and interaction patterns of the entire site. This enables fast onboarding of websites across different verticals as the wrappers are automatically generated with very minimal human intervention. Also, unlike search engines that does shallow crawling of websites for basic extraction of pages that is necessary for indexing and retrieval purposes, we must do much deeper structured attribute extraction as it's fed into rich content analytics systems downstream. | U.S. |

(1) Granted in at least one of the jurisdictions noted.

### 8.7.2 *Licenses*

The Group does not have any business-critical licenses outside the ordinary course of business.

It is considered standard practice to use common, pre-existing software libraries or components when building complex software systems. The Company uses a number of open source software libraries within its code base. The Company is careful to monitor the types of open source licenses associated with these libraries to ensure that it has the appropriate rights to use. Further, the Company does also have paid licenses to certain software components that it considers non-mission critical or already commoditized in the current software marketplace.

### 8.7.3 *Contracts*

The Company entered into a USD 175 million note payable dated 28 February 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**2019 Note Payable**"), made between, inter alios, the Company (as holding), Meltwater Holdings Inc. (as borrower), certain lenders from time to time party thereto and VCP Capital Markets, LLC (as administrative agent and collateral agent for the lenders). The outstanding principal as of 31 December 2019 amounted to USD 175 million, which later in 2020 was increased with an additional USD 25 million. The loan was due to mature in February 2024. In December 2020, upon the completion of the private placement and the listing on Euronext Growth Oslo, the Company received aggregate proceeds of USD 237.5 million after deducting underwriting discounts, commissions and offering costs and repaid the 2019 Note Payable with the proceeds.

In December 2020, the Company entered into a multi-currency revolving credit facility (the "**2020 Credit Facility**") of USD 150 million. The maturity date of the 2020 Credit Facility is three years from when the first utilization occurs with an option to extend an additional one to two years. In September 2021, the Company exercised the option to extend the facility by twelve (12) months which was granted by the lenders and the new termination date is 10 June 2025. As of 30 September 2021, the Company had drawn USD 25 million under the 2020 Credit Facility and had the ability to borrow USD 125 million under the 2020 Credit Facility. Interest accrues on amounts outstanding under the 2020 Credit Facility at LIBOR plus a margin range of 1.50% to 2.00% per annum. The Company is required to meet covenants in relation to the 2020 Credit Facility. The covenants are related to the achievement of a financial leverage ratio and include change of control provisions. Under the agreement, the Company shall ensure that the financial leverage ratio shall not at any time exceed 4.00:1. Change of control is defined as an event or circumstance where a person or group of persons acting in concert, other than the existing owners (as defined in the 2020 Credit Facility agreement), acquires (directly or indirectly) more than fifty per cent (50.00%) of the share capital of the Company or of the voting rights exercisable at the shareholders' meeting of the Company.

## 8.8 Research and development

The Group's software development activities are invaluable to sustain its current growth momentum and competitive differentiation. The Group invests significant human and monetary resources to improve its existing software offerings, integrate acquired products, and design and develop new valuable and innovative services and features that meet the demand of the global media monitoring market.

The software development function is truly globalized but most development resources are grouped together in San Francisco, Raleigh, and Manchester NH in the USA, as well as key European development centers in London, Goteborg, Berlin, & Budapest. The Group's software is designed, coded, tested, and supported by the Group's own employees and with the use of a handful of individual, external consultants. As of 31 December 2020, the Group had 270 employees dedicated to product development and engineering.

The Group currently has a significant pipeline of research and development projects, and has concluded many similar research and development projects in the past. The outcome of such research and development projects are a key factor for the Group, as such projects may open up new markets for the Group to sell its services. The success of such research and development projects may have a significant impact on the Group's operating profit going forward. The Group has over the last five years invested over USD 177.5 million in research and development initiatives, resulting in the Group currently possessing 11 patents plus 6 more in pending status covering numerous aspects of its underlying data platform.

Selected results from historical research and development projects comprise:

- Integrating software and technology from over 10 separate acquired software products. As an example, the integration of the Sysomos social platform has enabled Meltwater to enter the larger social media market.

- Usability testing leading to continuous improvement of Meltwater's core Media Intelligence platform leading to higher customer retention rates.
- Creating one of the world's largest, searchable repositories of media content, and continuously reducing costs through efficiency gains and increasing performance while growing scale in real time, every day.

Please see Sections 8.1.2, 8.1.3, 8.1.4 and 8.7.1 for an overview of Meltwater's proprietary technology, market opportunities, acquisition opportunities and patents, respectively.

#### *8.8.1 Meltwater's likely future development*

The Company's future development strategy, as well as its acquisition strategy, is based on the idea presented in Section 8.2 – expanding the breadth of use cases covered by its software and thus expanding the markets and customers it can serve. Going forward, the Company's applications will serve specific markets or customer problems: for example, Meltwater Media Intelligence is for Public Relations use cases, Meltwater Engage is for Social Media Managers, Linkfluence is focused on Consumer Research, and Owler is for Sales Intelligence and Lead Generation. New applications will be built or acquired that will continue to focus on new sets of use cases particular to a type of market. Regardless of the type of application that will be built, it will always be based on the Meltwater Fairhair.ai data science and content platform (as mentioned above in Section 8.1).

The Meltwater Fairhair.ai platform will continue to grow through acquisition of more content (volume) and more types of content (breadth). Meltwater Engineering will focus on enabling this massive scale and huge need for speed. They will continue to add more machine learned models to the platform to better extract understanding, and to make connections across content and their continually growing knowledge graph. Fairhair.ai is designed to be the backbone of all Meltwater applications. The Company will continue to pour resources into this effort, and it will be the focal point of much of its data science work for future innovation.

In 2021, the Company has acquired three companies and their applications: Linkfluence, Klear, Owler and DeepReason. The Company expects to continue to improve these three "outside insight applications", but the Company will also work on building more powerful integrations between the three new applications and existing Meltwater application, unlocking new potential use cases and solving more problems for their customers. See Section 8.9 for more detail on current integration efforts.

The Company also plans to refocus energy and attention on its Public Relations solutions. One specific aspect of that focus is to re-imaging its Influencer Contact Manager (ICM) application. With the recent acquisitions and the Company's own organic improvements in both the knowledge graph and influencers database, the Company believes it can go to market with a new, more innovative, social media driven journalist outreach application. The new version of the software will allow research across the global community of journalists by identifying their social profiles and enhancing those profiles with contact information.

The Company is planning on creating an application built specifically for brand management. Meltwater is often already used by brand managers, but the Company believes that by building a much more specific, use case based brand management application, that it can truly penetrate that market.

Similarly, Meltwater and Owler are both frequently used for Competitive Intelligence purposes. The Company plans on building an "outside insight application" focused on comparing one business to another (or to multiple others). The competitive intelligence product will allow the creation of industry benchmarks and then drive towards visibility, understanding, and actionable insights.

### 8.9 New products and services

#### *8.9.1 Existing Meltwater Products*

The most rapid product evolution in the Meltwater portfolio is within the social media management and analytics space. In 2021, Meltwater continues to increase the feature footprint of their engage product, which is targeted towards social media managers, those who interact directly with the audiences of their brand through social media channels. Meltwater has added features such as sentiment analysis on private conversations, publishing URLs using bit.ly links, and creating a library of saved responses to make conversing with customers quicker. The Meltwater Engage Mobile application continues to expand as well, with not only features matching the main web application but also specific mobile features like content approval "on the go" and smart suggested responses to save typing time on a customer's mobile device.

Meltwater continues to advance its Social Analytics offering as well and has created a stand-alone version of the social analytics application in order to be sold separately from the engage products. They have also added a prebuilt competitive benchmarking dashboard and report, and, most notably, create a dashboard report analyzing paid social analytics. A future report, due out by the end of 2021, will cover the intersection of paid, earned, and owned media. Meltwater's advanced enrichments, enabled by the Fairhair.ai platform, allow a rich environment for future innovation and surfacing unique insights to their customers.

Both Meltwater social media packages have added YouTube (publishing and analytics). Continuously expanding the social media coverage as social media networks are created and expand is crucial to future success in both social media analytics and publishing.

Meltwater's Public Relations and media monitoring solutions continue to improve and expand as well. Meltwater recently released a revamped version of its Inbox, called Monitor. Monitor represents a significant improvement in usability and speed. It allows PR professionals to quickly scan content significant to them, which will ultimately be used in coverage reports, newsletters, or shared with their clients or stakeholders. Meltwater has also improved its Explore product to make it quicker and easier for users to craft searches and find the content that is important to them and quickly visualize and summarize that content. Explore now supports the use of customized categories, which allow quick analysis across a content set. For example, if a customer is running a search for Tesla, they could use custom categories to determine which articles are about EV performance, car features, accidents, or Tesla corporate financials.

Meltwater has recently released and will continue to release a series of Smart Alerts. Smart Alerts use machine-learning techniques at massive scale to detect important events taking place in the real world based on topical information appearing in news and social media. Meltwater customers find great value in these alerts as they provide immediate insight "as it happens" in the world without having to create complex content searches. Most Smart Alerts focus on events in the corporate space including changes in control, funding rounds, changes in boards or executives, acquisitions, and more. Meltwater also has a set of more generic Smart Alerts for detecting shifts in sentiment, increases in popularity/virality, or when a particularly influential user Tweets about a customer's brand.

Meltwater also produces two mobile applications: Meltwater Mobile, a market leading, PR-focused mobile app for iOS and Android, and Meltwater Engage, which extends the functionality of the Meltwater Engage web application to iOS and Android devices. Meltwater plans to continue development in both areas as well as producing more analytical capability in the mobile applications.

Meltwater plans to expand their offerings to their largest, most complex enterprise customers by releasing more APIs, which will allow greater access to the data, content, and insights within the Fairhair.ai platform. Meltwater also plans to release new connectors to popular Business Intelligence (BI) platforms and other third party applications.

Section 8.8.1 also describes many plans for the continuing organic growth of Meltwater's core platform and applications.

### *8.9.2 Acquisitions*

During 2021, Meltwater has acquired three software companies and their products: Linkfluence, Klear, and Owler. Although they are not truly new products, they are new to the Meltwater organization and their acquisition has driven a lot of effort towards integration. Each of the acquired applications have been re-branded to appear as part of a Meltwater family of products. Meltwater is also currently integrating its navigation elements in all of the applications to easily allow users to log in once and switch to any of these Meltwater applications.

From the Linkfluence acquisition, Meltwater was able to add a number of new social media sources, particularly from the Asian region, to its shared content repository. This has allowed Meltwater sales to offer a new, paid content package for APAC including WeChat, Douyin, & Sina Weibo. Linkfluence also gained a massive amount of new content by leveraging Meltwater's content base. For example, they increased their global news coverage from 450,000 articles per day to over 2.5m articles per day.

Developers from both Linkfluence and Meltwater are currently creating a new report using the Linkfluence "Tribes" functionality. The report will allow Meltwater customers the ability to drill into massive sets of content to better understand the underlying people who are writing and interacting with that content. It will help them to understand the demographic makeup of the audience that is interacting with their brand, for example.

From the Klear acquisition, Meltwater will be releasing an update to its Media Intelligence product line, which will show more detailed social profiles, based on the Klear influencer database.

Klear, Linkfluence, and Meltwater each have databases of people: influencers, social profiles, journalist information. Meltwater is currently developing a single, common people database that will work across all

Meltwater applications in the future. Added to the Meltwater Fairhair.ai platform, this will not only support their current applications but will drive future innovation as well.

Owler has a very advanced and well-supported knowledge graph of business information. Meltwater has been working on their own business graph as well. Now, those efforts are being merged. Fairhair.ai, Meltwater data science platform, will become the new home of this shared graph, and, like the people database mentioned above, will drive future innovation in multiple products. Meltwater was also able to incorporate twelve new types of data science backed, corporate alerts to their core product line.

On 19 November 2021, the Company also acquired 100% of the issued share capital of DeepReason. DeepReason has developed a powerful reasoning engine with an industry-first ability to maintain incremental views of knowledge graphs. With the DeepReason acquisition, Meltwater will be in a unique position to continue expanding this knowledge graph to discover even more connections and insights.

### 8.10 Legal and arbitration proceedings

The Group is subject to litigation arising in the ordinary course of business. Other than set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) that may have, or have had during the course of the preceding 12 months, significant effect on the Group and/or the Group's financial position or profitability.

*Canadian news publishers civil action*

In June 2011, a consortium of Canadian newspaper publishers commenced an action against the Company and certain of its subsidiaries, seeking declaratory relief in respect of their alleged copyright in news articles, headlines, compilations of articles in their newspapers and websites, and claiming damages in excess of CAD 100 million for alleged copyright infringement, breach of contract, intentional interference with economic relations and trespass to chattels, punitive damages of CAD 10 million, plus unspecified damages and an accounting of profits under the Copyright Act, pre- and post-judgment interest and legal costs.

In January 2012, the Company filed a motion to have this claim struck in its entirety on the basis that the plaintiffs failed to plead a proper cause of action and was without merit. Since serving the strike motion, three of the plaintiffs changed their legal representation and delivered a notice of discontinuance, thus abandoning their claims. The remaining plaintiffs have agreed that their claim is limited to content published on news websites and that no recovery is sought with respect to newspapers per se.

In July 2012, the Company's motion to strike was argued. After hearing the argument, the judge adjourned the hearing to allow the parties to attempt to settle the Company's motion to strike through court sponsored mediation.

The parties then entered into a mediation process that culminated in a mediation session in September 2013 through which no settlement was achieved. However, following the mediation, the Company entered into confidential negotiations with each of the remaining plaintiffs, individually. In 2014, the Company achieved a business resolution with each of Post Media and Sun Media, the terms of which are confidential. Both claimants have discontinued their claims against the Company. The Company accrued all amounts that relate the settlement of the lawsuits in 2012.

The remaining claimants are The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc. The parties are presently negotiating a discovery plan to guide documentary discovery, although the parties have agreed to a number of extension of time to this stage of the discovery process given the impact of the covid-19 pandemic. The latest extension of time expires on 30 November 2021. In parallel with the preparation of the discovery plan, another round of confidential settlement negotiations have commenced. Once the current extension of time expires on 30 November 2021, and assuming no new extension of time or settlement is agreed with all parties, the parties will finalize the discovery plan, then document production and oral examinations for discovery will commence. The plaintiffs has not yet advised the Court of a trial date. The Company continues to strenuously defend the claim.

*Claim under labor and employment laws by certain former employees*

The Company is party to a claim under labor and employment laws brought by certain former U.S. employees for unpaid wages for meal breaks and overtime. In December 2020, the Company entered into a settlement agreement with the former U.S. employees, which the Company agreed to pay USD 14.5 million plus employer payroll taxes. The Company recognized expense of USD 14.9 million for the settlement agreement during the year ended 31 December 2020. The Company expenses legal fees in the period in which they are incurred.

# 9 CAPITALIZATION AND INDEBTEDNESS

## 9.1 Introduction

This section provides information about the Group's unaudited and consolidated capitalization and financial indebtedness as at 30 September 2021, on an actual basis. All information has been derived from the Interim Financial Statements. The information set out in the table below should be read in conjunction with the Financial Statements and Section 11 "Operating and financial review".

## 9.2 Capitalization

The following sets forth information about the Group's combined capitalization as at 30 September 2021:

**Table 8 – Capitalization**

| | **As of 30 September 2021** *Unaudited* |
|---|---|
| *In USD thousands* | |
| ***Total current debt (including current portion of non-current debt:*** | **9,526** |
| Guaranteed........................................................................ | - |
| Secured.............................................................................. | - |
| Unguaranteed/unsecured........................................................ | 9,526 |
| *Total non-current debt (excluding current portion of non-current debt):* | **54,531** |
| Guaranteed........................................................................ | - |
| Secured.............................................................................. | - |
| Unguaranteed/unsecured.................................................... | 54,531 |
| **Shareholder equity** | **(32,007)** |
| Share capital........................................................................ | 30 |
| Legal reserve(s)................................................................... | - |
| Other reserves...................................................................... | (32,037) |
| **Total capitalization.....................................** | **32,050** |

## 9.3 Indebtedness

The following table set forth information about the Group's indebtedness as of 30 September 2021:

**Table 9 – Indebtedness**

| *In USD thousands* | | **As of 30 September 2021** *Unaudited* |
|---|---|---|
| (A) | Cash | 49,768 |
| (B) | Cash equivalents | - |
| (C) | Other current financial assets | - |
| **(D)** | **Liquidity (A)+(B)+(C)** | **49,768** |
| (E) | Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(1)] | 9,526 |
| (F) | Current portion of non-current financial debt | - |
| **(G)** | **Current financial indebtedness (E)+(F)** | **9,526** |
| **(H)** | **Net current financial indebtedness (G)- (D)** | **(40,242)** |
| (I) | Non-current financial debt (excluding current portion and debt instruments) loans [(2)] | 46,043 |
| (J) | Debt instruments | - |
| (K) | Non-current trade and other payables | 8,488 |
| **(L)** | **Non-current financial indebtedness (I)+(J)+(K)** | **54,531** |
| **(M)** | **Total financial indebtedness (H)+(L)** | **14,289** |

(1) Current financial debt represents current lease liabilities as presented in the Interim Financial Statements.
(2) Non-current financial debt includes non-current lease liabilities for an amount USD 19,292 as presented in the Interim Financial Statements.

There has been no material change in the Group's capitalization and indebtedness since 30 September 2021.

## 9.4 Working capital statement

The working capital available to the Group is, in the opinion of the Company, sufficient for the Group's present requirements; that is for at least 12 months following the date of this Prospectus.

## 9.5 Contingent and indirect indebtedness

As of 30 September 2021 and as of the date of the Prospectus, Meltwater did not have any contingent or indirect indebtedness which have not already been included in the table, or disclosed, above.

# 10 SELECTED FINANCIAL AND OTHER INFORMATION

## 10.1 Summary of accounting policies and principles

The Annual Financial Statements have been prepared in conformity with IFRS for the financial year ended 31 December 2020 (including comparative figures) and Dutch GAAP for the financial years ended 31 December 2019 and 2018. The Interim Financial Statements are prepared in accordance with IAS 34. For further information on accounting policies and principles, please refer to Note 3 in the Annual Financial Statements for the financial year ended 31 December 2020, attached hereto as Appendix 1 (the "**2020 Annual Financial Statements**").

The Company has adopted "First-time Adoption of International Financial Reporting Standards" (IFRS 1) in the 2020 Annual Financial Statements. These are the first consolidated financial statements that the Company has prepared in accordance with IFRS, with 1 January 2019 as the date of transition. Information about the use of mandatory exceptions in IFRS 1 applied in the conversion from Dutch GAAP to IFRS and the reconciliation of Dutch GAAP to IFRS required by IFRS 1 are presented in Note 34 to the 2020 Annual Financial Statements. As the Company transitioned from Dutch GAAP to IFRS accounting from 1 January 2019, no IFRS financial statement information is available for 2018. Therefore, for the financial years ended 31 December 2018 and 2019, financial statements based on Dutch GAAP have been included in the Prospectus.

Due to the adoption of IFRS as of 1 January 2019, the presentation of 2020 Annual Financial Statements line items has changed as compared to the Dutch GAAP Annual Financial Statements for the financial years ended 31 December 2018 and 2019. Accordingly the selected key financial information extracted from the 2020 Financial Statements and the Interim Financial Statements are presented seperately from the selected key financial information extracted from the Annual Financial Statements for the financial years ended 31 December 2018 and 2019 in this section.

For further information on accounting policies and principles, please refer to Note 3 in the 2020 Annual Financial Statements.

### *10.1.1 Impacts of IFRS adoption*

The adoption of IFRS had an impact on the following:

**Sales and marketing:** IFRS impacted sales and marketing by inclusion of pension costs accounting for Australia and Switzerland (IAS 19), adjustments to lease accounting (IFRS16), adjustment to share based payment accounting (IFRS 2) and different treatment of payroll taxes related to share based payments.

**General and administration:** IFRS impacted general and administration by inclusion of pension costs accounting for Australia and Switzerland (IAS 19), adjustments to lease accounting (IFRS16), adjustment to share based payment accounting (IFRS 2) and different treatment of payroll taxes related to share based payments.

**Research and development:** IFRS impacted research and development by inclusion of pension costs accounting for Australia and Switzerland (IAS 19), adjustments to lease accounting (IFRS16), adjustment to share based payment accounting (IFRS 2) and different treatment of payroll taxes related to share based payments.

### *10.1.2 Explanations relating to IFRS financial statements*

The following explanations is included to provide a better understanding of the IFRS financial statements.

**RSU Modifications:** The Company previously approved granting restricted stock units ("**RSUs**") to various employees over the years. The vesting for these RSUs are subject to certain liquidity and other conditional events that the Company did not deem probable. The listing on Euronext Growth did not qualify as a liquidity event as only a potential listing in the US was contemplated when the 2011 EIP was created. For this reason, the Company modified the vesting term of RSUs so that 50% of the RSUs vested on 4 December 2021, and the remaining 50% vest on 31 March 2022 with no liquidity event condition. In addition, the Company modified the termination date of these RSUs to 31 December 2022. The modification is effective only upon the execution of an amendment letter by the awardee. The Company calculated the incremental fair value related to the modification of the RSUs. Under the IFRS incremental fair value is amortized, on a graded (accelerated) amortization, over the term, starting on the modification date.

**Options Modifications:** The Company previously approved granting of stock options to purchase shares of the Company's capital to various employees. The vesting for certain options are subject to liquidity and other conditional events that the Company did not deem probable. The listing on Euronext Growth did not qualify as a liquidity event as only a potential listing in the US was contemplated when the 2011 EIP was created. For this reason, the Company accelerated the vesting of stock options to make them immediately exercisable as the stock option previously were subject to certain liquidity event conditions. In addition, the Company extended the expiration date by five years for certain stock options that were initially scheduled to expire during 2021. Under IFRS, the Company immediately recognized the fair value of the stock options.

**Depreciation and Amortization:** Depreciation, amortization and impairment under IFRS include right-of-use-assets depreciation

### 10.2 Consolidated income statement

The tables below set out selected data from Meltwater's audited consolidated income statement, or consolidated statement of profit and loss and other comprehensive income, for the financial years ended 31 December 2020, 2019 and 2018. In addition, the unaudited condensed consolidated statement of profit and loss for the nine-month periods ended 30 September 2021 and 2020 are presented.

| **Table 10a – Consolidated income statement – Dutch GAAP** | **Year ended 31 December** | |
|---|---|---|
| | **2019** | **2018** |
| *(Amounts in USD thousands)* | *Dutch GAAP Audited* | *Dutch GAAP Audited* |
| Revenue | 345,849 | 315,534 |
| Cost of operations | 70,104 | 54,709 |
| Staff expenses | 186,784 | 173,667 |
| Depreciation, amortization and impairment | 39,401 | 22,815 |
| Other operating expenses | 72,011 | 79,088 |
| **Total expenses** | **368,300** | **330,279** |
| **Operating result** | **(22,451)** | **(14,745)** |
| Financial income and (expenses) | (24,858) | (16,167) |
| Other income and (expenses) | (650) | (3,760) |
| Loss on extinguishment of debt/loan | (6,100) | - |
| **Result before tax** | **(54,059)** | **(34,672)** |
| Income tax (expense)/income | (3,761) | (2,454) |
| **Result for the year (attributable to equity holders)** | **(57,820)** | **(37,126)** |

| **Table 10b – Consolidated statement of profit and loss and other comprehensive income – IFRS/IAS34** | **Year ended 31 December** | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2021** | **2020** |
| *(Amounts in USD thousands)* | *IFRS Audited* | *IFRS Audited* | *IAS 34 Unaudited* | *IAS 34 Unaudited* |
| Revenue | 359,791 | 345,830 | 295,291 | 267,147 |
| Cost of sales | (105,504) | (101,246) | (87,410) | (79,599) |
| **Gross Profit** | **254,287** | **244,584** | **207,881** | **187,548** |
| Sales and marketing | (177,813) | (166,889) | (161,466) | (117,767) |
| General and administrative | (51,580) | (51,930) | (51,012) | (36,920) |
| Research and development | (37,952) | (43,187) | (41,381) | (28,002) |
| Other income | 42 | 28 | 16 | 18 |
| **Operating profit/(loss)** | **(13,016)** | **(17,394)** | **(45,962)** | **4,877** |
| Finance costs | (60,791) | (35,472) | (3,646) | (19,782) |
| Foreign exchange gain/(loss) | (5,479) | 769 | 2,538 | (1,812) |
| Other income/(expense) | 3,919 | 2,847 | 752 | 3,155 |
| **Profit/(loss) before tax** | **(75,367)** | **(49,250)** | **(46,318)** | **(13,562)** |
| Income tax expense | (624) | (4,300) | (1,518) | (1,365) |
| **Profit/(loss) for the year** | **(75,991)** | **(53,550)** | **(47,836)** | **(14,927)** |
| **Profit attributable to:** owners of the company | **(75,991)** | **(53,550)** | **(47,836)** | **(14,927)** |

### 10.3 Consolidated balance sheet

The tables below set out selected data from Meltwater's audited consolidated balance sheet, or, consolidated statement of financial position, as of 31 December 2020, 2019 and 2018. In addition, the unaudited condensed consolidated balance sheet as of 30 September 2021 is presented.

| **Table 11a – Consolidated balance sheet – Dutch GAAP** | **As of 31 December** | |
|---|---|---|
| *(Amounts in USD thousands)* | **2019** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* |
| **Assets** | | |
| **Non-current assets** | | |

| | | |
|---|---|---|
| Intangible assets | 63,158 | 69,710 |
| Property and equipment | 4,464 | 5,503 |
| Financial assets | 7,689 | 7,942 |
| Deferred contract costs, long-term | 19,695 | 19,191 |
| Right-of-assets, net | 21,758 | - |
| **Total non-current assets** | **117,764** | **102,346** |
| | | |
| **Current assets** | | |
| Trade receivables | 79,277 | 67,343 |
| Related party receivables | 31,006 | 63 |
| Deferred contract costs, short-term | 24,867 | 25,194 |
| Other current assets | 17,109 | 12,667 |
| Cash and cash equivalents | 15,364 | 11,780 |
| **Total current assets** | **167,623** | **117,047** |
| **Total assets** | **285,387** | **219,393** |
| | | |
| **Equity and liabilities** | | |
| **Total Equity** | **(209,741)** | **(181,227)** |
| | | |
| **Provisions** | | |
| Deferred income tax | 6,438 | 6,893 |
| **Total provisions** | | |
| | | |
| **Non-current liabilities** | | |
| Deferred income non-current portion | 9,983 | 7,786 |
| Operating lease liabilities | 15,917 | - |
| Term loan, non-current | 175,516 | 119,194 |
| **Total non-current liabilities** | **201,416** | **126,980** |
| | | |
| **Current liabilities** | | |
| Trade and other payables | 13,589 | 9,745 |
| Taxation and social charges | 13,018 | 9,324 |
| Other current liabilities | 53,214 | 73,575 |
| Deferred income current portion | 206,453 | 174,103 |
| **Total current liabilities** | **286,274** | **266,747** |
| | | |
| **Total equity and liabilities** | **284,387** | **219,393** |

| **Table 11b – Consolidated statement of financial position – IFRS/IAS 34** | **As of 31 December** | | **Nine-month period ended 30 September** |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2020**<br>*IFRS*<br>*Audited* | **2019**<br>*IFRS*<br>*Audited* | **2021**<br>*IAS 34*<br>*Unaudited* |
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 16,285 | 15,526 | 75,318 |
| Other intangible assets | 42,469 | 51,867 | 61,364 |
| Property, plant and equipment | 3,373 | 4,464 | 3,138 |
| Right-of-use assets | 29,959 | 22,748 | 26,332 |
| Other non-current financial assets | 5,267 | 5,154 | 7,965 |
| Financial assets at fair value through profit and loss | 2,036 | 2,535 | 1,890 |
| Contract costs | 20,980 | 19,695 | 22,668 |
| Deferred tax asset | 4,289 | 256 | 3,921 |
| **Total non-current assets** | **124,658** | **122,245** | **202,596** |
| | | | |
| **Current assets** | | | |
| Trade receivables | 75,749 | 110,283 | 56,822 |
| Other current assets | 15,828 | 17,015 | 25,354 |
| Current tax asset | - | - | 62 |
| Contract costs | 25,470 | 24,867 | 28,120 |
| Cash and cash equivalents | 99,927 | 15,364 | 49,768 |
| **Total current assets** | **216,974** | **167,529** | **160,126** |
| | | | |
| **Total assets** | **341,632** | **289,774** | **362,722** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | - | 175,516 | 25,000 |
| Lease liabilities | 23,254 | 15,894 | 21,043 |
| Contract liabilities | 11,168 | 9,983 | 9,504 |
| Other non-current liabilities | - | - | 8,488 |
| Deferred tax liability | 7,005 | 6,298 | 6,799 |
| Employee benefit obligation | 334 | 312 | 349 |
| **Total non-current liabilities** | **41,761** | **208,003** | **71,183** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 114,673 | 70,340 | 110,528 |
| Contract liabilities | 206,097 | 206,453 | 203,413 |
| Lease liabilities | 10,258 | 9,898 | 9,526 |
| Current tax liabilities | 3,424 | 1,905 | - |
| Employee benefit obligation | 127 | 124 | 79 |
| **Total current liabilities** | **334,579** | **288,720** | **323,546** |
| | | | |
| **Total liabilities** | **376,340** | **496,723** | **394,729** |
| | | | |
| **Equity** | | | |
| Share capital | 29 | 24 | 30 |
| Share premium | 351,657 | 105,179 | 402,442 |
| Accumulated deficit | (386,295) | (310,241) | (434,137) |
| Other reserves | (100) | (1,911) | (342) |
| **Total equity** | **(34,709)** | **(206,949)** | **(32,009)** |
| | | | |
| **Total equity and liabilities** | **341,632** | **289,774** | **362,722** |

## 10.4 Consolidated cash flow statement

The tables below set out selected data from Meltwater's audited consolidated cash flow statement, or, consolidated statement of cash flows, for the financial years ended 31 December 2020, 2019 and 2018. In addition, the unaudited condensed consolidated cash flow statement for the nine-month period ended 30 September 2021 is presented.

| Table 12a – Consolidated cash flow statement – Dutch GAAP | Year ended 31 December | |
|---|---|---|
| *(Amounts in USD thousands)* | **2019** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net profit / (loss) | (57,820) | (37,126) |
| Adjustments for: | | |
| Amortization of debt discount and deferred financing costs | 4,054 | 819 |
| Amortization of operating lease right-of-use assets | 11,135 | - |
| Amortization of deferred contracts costs | 32,675 | 29,958 |
| Depreciation of property and equipment | 3,467 | 3,503 |
| Amortization of intangible assets | 15,381 | 14,479 |
| Amortization of capitalized software costs | 9,418 | 4,833 |
| Provisions for (recovery of) bad debts | - | 416 |
| Net-loss on extinguishment of debts | 6,100 | - |
| Net-foreign currency impact | (120) | (598) |
| Provisions for deferred income taxes | (714) | (754) |
| Stock based compensation expense | 4,563 | 4,719 |
| Changes in operating assets and liabilities: | | |
| Accounts receivables | (12,006) | (9,918) |
| Prepaid expenses and other (current) assets | (4,442) | 693 |
| Deferred contract costs | (33,115) | (36,656) |
| Operating lease right-of-use-assets | (33,375) | - |
| Other assets | (142) | (1,983) |
| Accounts payable | 3,176 | 4,134 |
| Accrued interest | (20,752) | 143 |
| Deferred income | 33,931 | 30,240 |
| Accrued expenses and other (current) liabilities | 1,743 | 11,761 |
| Operating lease liabilities | 25,068 | - |
| Receivables and payables from related parties net | (2,845) | 3 |
| **CASH GENERATED FROM OPERATIONS/(USED IN)** | **(14,610)** | **18,666** |
| ***CASH FLOW FROM INVESTING ACTIVITIES*** | | |
| Purchase of property and equipment | (2,372) | (1,458) |
| Issuance of loan to related party | (28,100) | - |
| Capitalized software development costs | (16,730) | (15,723) |
| Sales (Purchases) of minority interest investments | (219) | 249 |
| Amounts paid for business combinations | - | (14,359) |
| **NET CASH FLOWS USED IN INVESTMENT ACTIVITIES** | **(47,421)** | **(31,291)** |
| ***CASH FLOWS FROM FINANCING ACTIVITIES*** | | |
| Repayment of borrowings | (95,123) | (2,267) |
| Proceeds from borrowings | 175,000 | 9,750 |
| Payment of debt issuance costs | (9,517) | (345) |
| Payments of deferred purchase consideration liability | (1,282) | (762) |
| Proceeds from issuance of common stock | 13 | 69 |
| Loss on loan extinguishment | (3,444) | - |
| **NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES** | **65,647** | **6,445** |
| Effect of exchange rate changes on cash | | (792) |
| Net increase / (decrease) in cash and cash equivalents | | (6,180) |
| Cash and cash equivalents beginning | | 21,012 |
| **Cash and cash equivalents at the end of the year** | | **14,040** |

| Table 12b – Consolidated statement of cash flows – IFRS/IAS 34 | Year ended 31 December | | Nine-month period ended 30 September | |
|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Audited* | **2019** *IFRS Audited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net profit / (loss) | (75,367) | (49,250) | (46,318) | (13,562) |
| Adjustments for: | | | | |
| Depreciation of right-of-use assets | 11,196 | 11,628 | 6,676 | 8,153 |
| Depreciation of property, plant & equipment | 2,769 | 3,457 | 1,263 | 2,035 |
| Amortization of other intangible assets | 10,600 | 11,146 | 8,065 | 7,961 |
| Amortization of capitalized software costs | 10,323 | 8,918 | 8,401 | 8,133 |
| Impairment on other intangible assets | 1,100 | 500 | 1,100 | 500 |
| Amortization of debt Discount and Financing Cost | - | - | 129 | 1,082 |
| Stock based compensation expense | 5,769 | 4,155 | 35,413 | 4,566 |
| Net-loss on extinguishment of debts | 34,346 | 6,100 | - | - |
| Interest paid | (32,206) | (45,061) | (3,261) | (13,165) |
| Interest expense accrued | 27,262 | 25,164 | 3,288 | 19,597 |
| Interest received | 6,951 | - | - | - |
| Unrealized FX gains/losses relating to working capital items | 6,617 | (1,864) | (3,644) | 2,029 |

| | | | | |
|---|---|---|---|---|
| Tax paid | (1,315) | (2,248) | (2,202) | (1,446) |
| Changes in working capital items: | | | | |
| Decrease/(increase) in trade receivables | 5,619 | (13,904) | 22,274 | 22,428 |
| Decrease/(increase) in other current assets | 1,281 | (4,348) | (2,703) | (1,008) |
| Decrease/(increase) in contract liabilities | 832 | 34,547 | (5,719) | (29,122) |
| Decrease/(increase) in contract costs | (1,888) | (177) | (4,775) | 1,721 |
| (Decrease)/increase in trade and other payable | 20,700 | 2,316 | (14,136) | 6,479 |
| (Decrease)/increase in employee benefit obligation | 25 | 192 | (33) | (36) |
| **NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES** | **34,614** | **(8,729)** | **3,818** | **26,345** |
| ***CASH FLOW FROM INVESTING ACTIVITIES*** | | | | |
| Payments for acquisitions of property and equipment | (2,276) | (3,705) | (899) | (3,949) |
| Sales of minority interest investments | - | - | 60 | - |
| Amounts paid for business combinations, net of cash acquired | - | - | (48,945) | - |
| Related party loans | 28,100 | (28,100) | - | - |
| Proceeds from sale of property | 50 | - | - | - |
| Capitalized software development costs and other intangible assets | (10,590) | (15,767) | (8,491) | (6,138) |
| **NET CASH INFLOWS / (OUTFLOW) FROM INVESTMENT ACTIVITIES** | **15,284** | **(47,572)** | **(58,275)** | **(10,087)** |
| ***CASH FLOWS FROM FINANCING ACTIVITIES*** | | | | |
| Proceeds of borrowings | 25,000 | 168,483 | 25,000 | 25,000 |
| Repayments of borrowings | (200,000) | (95,053) | - | - |
| Payments of Debt Issuance Cost | - | - | (475) | (480) |
| Payment of loss on loan extinguishment | (30,587) | (3,444) | - | - |
| Purchase of Equity Securities | - | - | (5,843) | - |
| Proceeds from issuance of common stock | 1,088 | 1,129 | 4,198 | 82 |
| Proceeds from Euronext Oslo Børs offering, net of offering cost | 248,404 | - | (10,674) | - |
| Payment of principal portion of lease liabilities | (10,648) | (11,280) | (6,927) | (8,023) |
| **NET CASH INFLOWS / (OUTFLOW) FROM FINANCING ACTIVITIES** | **33,257** | **59,835** | **5,279** | **16,579** |
| **Net increase in cash and cash equivalents** | **83,155** | **3,534** | **(49,178)** | **32,837** |
| **Effects of foreign exchange rates** | 1,408 | 50 | (982) | 193 |
| Cash and cash equivalents at the beginning of the year | 15,364 | 11,780 | 99,927 | 15,364 |
| **Cash and cash equivalents at the end of the year** | **99,927** | **15,364** | **49,767** | **48,394** |

## 10.5 Key financial information by operating segment and geographic area

The table below sets out the Company's revenue, as extracted from the Annual Financial Statements. The Company manages its operations and allocates resources as a single operating segment. Further, the Company manages, monitors, and reports its financials as a single reporting segment.

| **Table 13 – Consolidated revenue by geographic area** | **Period ended 31 December** | | | **Period ended 30 September** | |
|---|---|---|---|---|---|
| | **2020** | **2019** | **2018** | ***2021*** | ***2020*** |
| *(Amounts in USD thousands)* | *IFRS Audited* | *Dutch GAAP Audited* | *Dutch GAAP Audited* | *IAS 34 Unaudited* | *IAS 34 Unaudited* |
| United States | 144,174 | 138,776 | 122,898 | 111,360 | 105,370 |
| Europe, Middle East, Africa, India | 114,168 | 109,945 | 106,333 | 101,776 | 85,675 |
| Asia Pacific | 71,916 | 66,733 | 56,665 | 58,683 | 53,665 |
| Americas, excluding United States | 29,533 | 30,395 | 29,638 | 23,472 | 22,437 |
| **Total** | **359,791** | **345,849** | **315,534** | **295,291** | **267,147** |

## 11 OPERATING AND FINANCIAL REVIEW

*This operating and financial review should be read together with Section 4 "General Information", Section 8 "Presentation of the Company", Section 10 "Selected Financial and Other Information" and the Financial Statements, including related notes, included in Appendixes 1 to 3 of this Prospectus. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.4 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus. An overview of the APMs discussed in this operating and financial review is presented in Section 4.2.4 "Alternative performance measures (APMs)".*

### 11.1 Key factors affecting the Group's results of operations and financial performance

#### *11.1.1 Customer retention*

Meltwater drives success through the acquisition of new customers and the retention and growth of existing customers. The Company's engagement with customers coupled with the customer engagement through active utilization of the Meltwater product suite is an essential driver to retention and growth. Meltwater has to continuously demonstrate the value of its offerings and ensure that Meltwater's products behave as expected with seamless, uninterrupted performance.

Meltwater has established customer success programs that continually monitor product utilization and reach-out to the customer, providing them insights and training in optimizing Meltwater's product solutions to achieve their business goals. Coupled with the customer success programs are product enhancements achieved through research and development and acquisitions that provide Meltwater's customers the ability to expand their product functionality, content and application to strategic decision-making processes. With increased active users, there is an increase in customer retention and upselling.

Meltwater has been able to maintain existing customer retention rates of close to 90% historically. In addition, in 2020, no single customer represented more than 1% of total revenue and the top 20 customers represented less than 5% of total revenue.

#### *11.1.2 Reputation and brand*

Meltwater has established globally itself within the media intelligence and social media markets as an innovator and product leader. Meltwater's market presence over the past 20 years has resulted in strong brand recognition and reputation. Brand recognition results in Meltwater being a prominent choice for prospective customers as an initial contact to purchase services.

Meltwater has been active in Europe since 2001, in key markets in the Americas and APAC since 2006 and Meltwater believes its media intelligence platform has a broad acceptance as a leader among corporate customers. Brand recognition and reputation generate increased conversion ratios when customer acquisition teams interact with prospective customers through both outbound and inbound sales channels.

Meltwater continues to grow globally, and brand awareness is proving accelerated growth opportunities in all regions. From 2018 to 2020, Meltwater grew overall revenues 14% and experienced this growth across multiple geographies including 27% in APAC and 17% growth in the United States.

#### *11.1.3 Market demand: Media intelligence and social media*

Demand for services relating to Meltwater core product offerings within media intelligence and social media has grown significantly since the Company started in 2001. The broader acceptance and integration into business eco-systems for Software as a Service (SaaS), Meltwater's product distribution platform, has further benefited the Company's rates of market penetration.

Media intelligence and social media growth as a market is not immune to changes to the global economy and demand. As a global company, Meltwater is also impacted by national and local political and economic conditions, cf. Section 2.2.3 "Meltwater is exposed to risks relating to volatile, negative or uncertain economic or political conditions. The impact of COVID-19 created global uncertainty and impacts politically and economically that affected Meltwater. The ongoing impacts of COVID-19 as vaccines start to be distributed are expected uneven in relationship to economic recovery across markets, industries, countries, and regions.

Notwithstanding the challenges generated from COVID-19, in the financial year ended 31 December 2020, revenue grew by USD 14.0 million.

*11.1.4 Foreign currency effects*

Meltwater has USD as a functional currency, and the Financial Statements in this prospectus are in USD (see Section 4.2.2 "Functional currency and foreign currency"). Meltwater is a global company that generally operates with functional currencies within subsidiaries. Fluctuations in exchange rates affect Meltwater financial reporting when consolidating the balance sheet and income statements from subsidiaries.

There is the potential for currency fluctuations to make a material impact on the balance sheet and income statements. The changes resulting from currency fluctuation may not have a relationship to the underlying business performance associated with customer retention and prospect acquisition.

| **Table 14 - Foreign exchange gain / (loss)** | **Year ended 31 December** | | | | **Nine-month ended 30 September** | |
|---|---|---|---|---|---|---|
| **(In USD thousands)** | **2020** *IFRS Audited* | **2019** *IFRS Audited* | **2019** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| Foreign exchange gain/(loss) for the year | (5,479) | 769 | 769 | 1,457 | 2,538 | (1,812) |

*11.1.5 Third-party licenses*

Meltwater utilizes third-party licenses to access software and other intellectual property (see Section 2.1.8 "Some of Meltwater's products rely on the availability of licenses to third-party software and other intellectual property"). The cost associated with these third-party licenses is subject to change dependent on the contract renewal date, license (volume) utilization, local currency to USD currency translation, and regulatory changes. The rate and timing at which changes impact cost may occur, outside of contract renewal dates, are not defined to a specific date or frequency.

Meltwater is proactive in working with its third-party business partners in delivering stability and continuing. The relationships with its business partners have mitigated risk, while not eliminating them, to the Company's ongoing operations, product quality, and customer experience. While it is difficult to quantify and predict the timing of any third-party license cost changes, in 2020 no single third-party license agreement represented greater than 5% of total revenue.

## 11.2 Recent developments and trends

Except as set out in Section 11.12 "Subsequent events after the balance sheet date", Meltwater has not experienced nor does it have any information about significant changes with historical trends in sales, costs, production, selling prices, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year. Except for the information provided in Section 11.12, Meltwater has not experienced any significant changes in the financial performance of the Company since 30 September 2021.

## 11.3 Results of operations

*11.3.1 Results of operations for the nine-month period ended 30 September 2021 compared to the nine-month period ended 30 September 2020*

The following table summarizes the consolidated statement of operation and the comparison of the unaudited nine-month periods ended 30 September 2021 and 2020.

| **Table 15 - Consolidated statement of profit or loss** | **Nine-month period ended 30 September** | | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2021** **IAS 34** *Unaudited* | **2020** **IAS 34** *Unaudited* | **Change in %** |
| Revenue | 295,291 | 267,147 | 10.54% |
| Cost of Sales | (87,410) | (79,599) | 9.81% |
| **Gross profit** | **207,881** | **187,548** | **10.84%** |
| **Operating expenses** | | | |
| Sales and marketing | (161,466) | (117,767) | 29.15% |
| General and administrative | (51,012) | (36,920) | 63.56% |
| Research and development | (41,381) | (28,002) | 47.78% |
| Other income | 16 | 18 | -11.11% |
| **Operating profit/(loss)** | **(45,962)** | **4,877** | **-1042.42%** |
| **Interest and other expenses, net** | | | |

| | | | |
|---|---|---|---|
| Finance costs | (3,646) | (19,782) | -81.57% |
| Foreign exchange gain/(loss) | 2,538 | (1,812) | -240.07% |
| Finance income | 752 | 3,155 | -76.16% |
| **Total interest and other expense, net** | **(356)** | **(18,439)** | **-98.07%** |
| **Profit/(Loss) before tax** | **(46,318)** | **(13,562)** | **241.53%** |
| Income tax expense | (1,518) | (1,365) | 11.21% |
| **Profit/(Loss) for the period** | **(47,836)** | **(14,927)** | **220.47%** |

*Revenue*

Revenue from contracts with customers for the nine-month period ended 30 September 2021 was USD 295,291 thousand compared to revenue from contracts with customers for the nine-month period ended 30 September 2020 of USD 267,147 thousand. The increase of USD 28,144 thousand, or 10.54%, in revenue from contracts with customers was mainly due to a 7% increase in the Media Intelligence market (USD 18,161 thousand increase), mainly driven by increased performance of the Europe, Middle East, Africa and India region. The increase is the result of a shift towards the premium client market with higher annual recurring revenue per customer. Compared to September 2020 the average annual revenue per customer level has increased by 19.24% to USD 12,368 (September 2020: USD 10,372). The increase in average annual revenue per customer is offset by a decrease in total number of active customers, as a result of retention of customers outside the premium client market. Other than this organic growth of revenue, total revenue from contracts increased as a result of newly acquired revenue from the acquisitions of Klear.com Ltd. and Linkfluence SAS. The total effect of both business acquisitions on the September year-to-date revenue from contracts with customers is USD 9,358 thousand.

*Cost of sales*

Cost of sales for the nine-month period ended 30 September 2021 was USD 87,410 thousand compared to cost of sales for the nine-month period ended 30 September 2020 of USD 79,599 thousand. The increase of USD 7,811 thousand, or 9.81%, in cost of sales was mainly due to increased demand for services to facilitate the increased contractual revenues. The increase is almost entirely attributable to the Media Intelligence market, which amounted to USD 3,694 thousand, in line with the increased revenues from that market. The gross profit as a percentage of total revenue remained consistent with a gross profit margin of 70.64% year-to-date compared to a year-to-date gross profit margin of 70.20% in September 2020. The increase in cost of sales is caused by increased content (USD 2,992 thousand) and hosting costs (USD 758 thousand) as a result of increased sales personnel to support the upshift in sales volumes, as well as increased base contract rates and service utilization. Furthermore the total cost of sales for the nine-month period contain cost of sales from the acquired companies. The total cost of sales from business acquisitions amounts to USD 4,643 thousand. The gross profit margin of Klear.com Ltd, Linkfluence SAS and Owler in 2021 is 50.38% and reduced the total Meltwater gross profit margin.

*Sales and marketing expenses*

Sales and marketing expenses for the nine-month period ended 30 September 2021 was USD 161,466 thousand compared to sales and marketing expenses for the nine-month period ended 30 September 2020 of USD 117,767 thousand. The increase of USD 43,699 thousand, or 37.11%, in sales and marketing expenses was mainly due to increases in labor cost of USD 18,237 thousand, outside service cost of USD 2,741 thousand and other cost of USD 2,854 thousand. The labor cost increase is the significant contributor to the total increase in sales and marketing expenses. This is the result of increased marketing activities and more FTE in the marketing department in response to the strengthening of the global economy in comparison to 2020. The purpose of the increase in marketing activities is to capture customer spend activity. Total FTE per the third quarter of 2021 was 2,199 compared to 1,744 FTE per third quarter of 2020. The increase of 455 FTE contains 280 FTE from acquired companies. The general increase in expenses compared to half-year 2020 is also affected by extensive cost reduction efforts in the second quarter of 2020 in response on the COVID-19 pandemic and related economic uncertainties. Within total sales and marketing expenses an amount of USD 4,653 thousand is included that pertain to the acquired businesses.

*General and administrative expenses*

General and administrative expenses for the nine-month period ended 30 September 2021 was USD 51,012 thousand compared to general and administrative expenses for the nine-month period ended 30 September 2020 of USD 36,920 thousand. The increase of USD 14,092 thousand, or 38.17%, in general and administrative expenses was mainly due to stock based compensation expenses which increased by of USD 11,633 thousand, compared to expenses in 2020. Depreciation and amortization expenses have decreased as a result of less depreciation on right-of-use assets and less amortization of debt discount and financing cost, and amounted to USD 24,445 thousand in 2021 (2020: USD 26,282 thousand).

*Research and development expenses*

Research and development expenses for the nine-month period ended 30 September 2021 was USD 41,381 thousand compared to research and development expenses for the nine-month period ended 30 September 2020 of USD 28,002 thousand. The increase of USD 13,379 thousand, or 47.78%, in research and development expenses was mainly due to increased staff expenses for research and development activities and product development activities. The increased product development activities partially related to activities in preparation for the business acquisitions. The acquired businesses also caused the total research and development expenses to increase, as USD 2,650 thousand additional expenses pertain to the acquired businesses.

*Other Income*

Other income for the nine-month period ended 30 September 2021 was USD 16 thousand compared to other income for the nine-month period ended 30 September 2020 of USD 18 thousand. The decrease of USD 2 thousand, or -11.11%, in other income was mainly due to decreased income from employee benefit plans.

*Finance costs*

Finance costs for the nine-month period ended 30 September 2021 was USD 3,646 thousand compared to finance costs for the nine-month period ended 30 September 2020 of USD 19,782 thousand. The decrease of USD 16,136 thousand, or -81.57%, in finance costs was mainly due to full repayment of the long-term loan per December 2020. The long-term loan was interest bearing and as such the nine-month 2020 figures contained significant interest expenses. Following the repayment of the loan per December 2020 the long-term debt as at that date amounted nil. In 2021 new borrowings of USD 25,000 thousand were attracted. On average the interest bearing debt levels have significantly decreased, and interest expenses decreased accordingly.

*Foreign exchange gain/loss*

Foreign exchange gain for the nine-month period ended 30 September 2021 was USD 2,538 thousand compared to foreign exchange loss for the nine-month period ended 30 September 2020 of USD 1,812 thousand. The decrease of USD 4,350 thousand, or -240.07%, in foreign exchange gain/loss was mainly due to exchange results on transactions and positions held in Euro (EUR), Australian Dollar (AUD), Swedish Krona (SEK) and Swiss Franc (CHF).

*Finance income*

Finance income for the nine-month period ended 30 September 2021 was USD 752 thousand compared to finance income for the nine-month period ended 30 September 2020 of USD 3,155 thousand. The decrease of USD 2,403 thousand, or -76.16%, in finance income was mainly due to repayment per the end of 2020 of related party receivables of USD 30,939 thousand, for which interest income was received during the first half of 2020. Since the balance amounted nil as of 31 December 2020 no interest was charged in 2021.

*Income tax expense*

Income tax expense for the nine-month period ended 30 September 2021 was USD 1,518 thousand compared to income tax expense for the nine-month period ended 30 September 2020 of USD 1,365 thousand. The increase of USD 153 thousand, or -11.21%, in income tax expense was mainly due to deferred tax adjustments for Share-based Compensation and temporary adjustments arising due to timing differences for depreciation and amortization expenses.

*Profit / (loss) before tax*

Loss for the nine-month period ended 30 September 2021 was USD 47,836 thousand compared to loss for the nine-month period ended 30 September 2020 was USD 14,927 thousand. The increase of USD 32,909 thousand, or 220.47%, was mainly due to increased operating expenses for selling & marketing, general & administrative and research & development activities. The operating expenses increased mainly due to higher FTE levels in 2021 and expenses related to employee share-based payments. The increase in expenses is offset against the increase in gross profit from general operating activities as a result of increased performance in the Media Intelligence market in several geographies, and a strong reduction in finance costs following the repayment of debt per the end of 2020 that decreased interest expenses. Also the movement in 2021 is the result of completed business acquisitions during the nine-month period following which revenue and expenses of the acquired companies are included in the consolidation.

*11.3.1 Results of operations for the year ended 31 December 2020 compared to the year ended 31 December 2019*

The following table summarizes the consolidated statement of operation and the comparison of the audited annual financial statements for the financial years ended 31 December 2020 and 2019.

| **Table 16 – Consolidated statement of profit or loss** | **Year ended 31 December** | | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** | **2019** | **Change in %** |
| | *IFRS Audited* | *IFRS Audited* | |
| Revenue | 359,791 | 345,830 | 4.04% |
| Cost of sales | (105,504) | (101,246) | 4.21% |
| **Gross profit** | **254,287** | **244,584** | **3.97%** |
| Sales and marketing | (177,813) | (166,889) | 6.55% |
| General and administrative | (51,580) | (51,930) | -0.67% |
| Research and development | (37,952) | (43,187) | -12.12% |
| Other income | 42 | 28 | 50.00% |
| **Operating profit/(loss)** | **(13,016)** | **(17,394)** | **-25.17%** |
| Finance costs | (60,791) | (35,472) | 71.38% |
| Foreign exchange gain/(loss) | (5,479) | 769 | -812.48% |
| Other income/(expense) | 3,919 | 2,847 | 37.65% |
| **Profit/(Loss) before tax** | **(75,367)** | **(49,250)** | **53.03%** |
| Income tax expense | (624) | (4,300) | -85.49% |
| **Profit/(Loss) for the year** | **(75,991)** | **(53,550)** | **41.91%** |

*Revenue*

Revenue from contracts with customers for the financial year ended 31 December 2020 was USD 359,791 thousand compared to revenue from contracts with customers for the financial year ended 31 December 2019 of USD 345,830 thousand. The increase of USD 13,961 thousand, or 4.04%, in revenue from contracts with customers was mainly due to increased performance in the Media Intelligence revenue market. The increase in the Media Intelligence market amounted to USD 20,144 thousand and was attributable to the successful execution of the strategy to acquire more clients in the premium client market (with annual recurring revenue per client exceeding USD 25 thousand) where clients generally have a higher retention rate. As a result the average annual revenue per customer increased. In 2020 the revenue from the top-20 customer base increase compared to 2019, but still reflected less than five percent of total revenues. The client base remained strongly diversified. Total size of the client base decreased compared to 2019. This indicates that average annual revenue per customer has overall increased in line with the change in strategy. The online intelligence and social analytics markets decreased year-on-year by USD 2,610 thousand and USD 1,976 thousand respectively. Total revenue increased in all regions (divided into three subsets being America, Europe Middle-East & Africa and Asia-Pacific).

*Cost of sales*

Cost of sales for the financial year ended 31 December 2020 was USD 105,504 thousand compared to cost of sales for the financial year ended 31 December 2019 of USD 101,246 thousand. The increase of USD 4,258 thousand, or 4.21%, in cost of sales was mainly due to increased cost for content (plus USD 2,112 thousand) and hosting (plus USD 1,974 thousand). Cost of sales related to content increased as a result of increased licensing expenses for content providers and due to higher expenses for other non-content key-providers. Gross profit margin equaled at 71% in both years, as the increase in cost of sales is in line with the increase in revenue. The increase in cost of sales is fully attributable to the main provider, expenses for other providers decreased. The labor costs included in cost of sales have decreased compared to 2019, due to a decrease in average headcount attributable to cost of sales.

*Sales and marketing expenses*

Sales and marketing expenses for the financial year ended 31 December 2020 was USD 177,813 thousand compared to sales and marketing expenses for the financial year ended 31 December 2019 of USD 166,889 thousand. The increase of USD 10,924 thousand, or 6.55%, in sales and marketing expenses was mainly due to increased labor expenses related to sales and marketing, driven by an increased number of FTEs. The increase in FTEs was due to the change in strategy to acquire premium segment clients, which required intensive efforts of the sales and marketing department. The relative share of marketing and sales expenses if compared to total revenue for the year has remained consistent, with marketing and sales expenses being 48% of revenues in both years.

*General and administrative expenses*

General and administrative expenses for the financial year ended 31 December 2020 was USD 51,580 thousand compared to general and administrative expenses for the financial year ended 31 December 2019 of USD 51,930 thousand. The decrease of USD 350 thousand, or -0.67%, in general and administrative expenses was mainly due to the decrease of travel costs, office costs and legal and advisory costs. Total travel costs decreased during the year as a result of the COVID-19 related travel restrictions that were effective globally most of the year. Other general and administrative expenses, such as office costs and legal and advisory costs have decreased as a result of cost reduction efforts in response to the COVID-19 uncertainties. The decrease is slightly offset by increased M&A acquisition costs in 2020, due to an increased number of acquisitions completed in the period.

*Research and development expenses*

Research and development expenses for the financial year ended 31 December 2020 was USD 37,952 thousand compared to research and development expenses for the financial year ended 31 December 2019 of USD 43,187 thousand. The decrease of USD 5,235 thousand, or -12.12%, in research and development expenses was mainly due to a reduction in FTE in the research and development department and an inherent decrease of salary expenses following reduction efforts imposed by the company as a response on market uncertainties caused by the COVID-19 pandemic. Further the uncommitted expenses, such as travel expenses, consultancy fees and software licenses and subscription expenses were minimized as much as possible.

*Other income*

Other income for the financial year ended 31 December 2020 was USD 42 thousand compared to other income for the financial year ended 31 December 2019 of USD 28 thousand. The increase of USD 14 thousand, or 50.00%, in other income was due to gains on other long term benefits as part of the service costs for defined benefit post-employment benefit plans applicable to employees in Australia and Switzerland.

*Finance costs*

Finance costs for the financial year ended 31 December 2020 was USD 60,791 thousand compared to finance costs for the financial year ended 31 December 2019 of USD 35,472 thousand. The increase of USD 25,319 thousand, or 71.38%, in finance costs was mainly due to one-off debt extinguishment costs and amortization of debt discount of USD 34.4 million compared to debt extinguishment costs of USD 6.1 million in 2019. Debt extinguishment costs resulted from arrears in repayment of borrowings. The remaining difference is due to decreased interest expenses on borrowings caused by full settlement of the borrowings per the end of 2020.

*Foreign exchange gain/loss*

Foreign exchange loss for the financial year ended 31 December 2020 was USD 5,479 thousand compared to foreign exchange gain for the financial year ended 31 December 2019 of USD 769 thousand. The decrease of USD 6,248 thousand, or -812.48%, in foreign exchange gain/loss was mainly due to exchange results on transactions and positions held in Euro (EUR), Australian Dollar (AUD), Swedish Krona (SEK) and Swiss Franc (CHF).

*Other income/expenses*

Other income for the financial year ended 31 December 2020 was USD 3,919 thousand compared to other expenses for the financial year ended 31 December 2019 of USD 2,847 thousand. The decrease of USD 1,072 thousand, or 37.65%, in other income/expenses was mainly due to increased related party interest income of USD 1,065 thousand related to related party receivables.

*Income tax expense*

Income tax expense for the financial year ended 31 December 2020 was USD 624 thousand compared to income tax expense for the financial year ended 31 December 2019 of USD 4,300 thousand. The decrease of USD 3,676 thousand, or -85.49%, in income tax expense was mainly due to lower foreign income tax expenses of USD 1,997 thousand compared to 2019. Also the credit tax adjustments for temporary differences in current year has increased by USD 689 thousand, which resulted in a lower income tax expense. The temporary differences relate to deferred taxes related to Leases and Share-based Compensation.

*Profit / (loss) before tax*

Loss for the year ended 31 December 2020 was USD 75,991 thousand compared to loss for the year ended 31 December 2019 was USD 53,550 thousand. The increase of USD 22,441 thousand, or 41.91%, was mainly due to a significant increase in finance costs of USD 25,319 thousand related to one-off debt extinguishment costs and amortization of debt discount and increases in sales & marketing expenses of USD 10,924 thousand. The increase in finance costs and the related increase in loss for the year is offset by higher gross profit for the year of USD 9,703 thousand and lower research & development expenses of USD 5,235 thousand.

### *11.3.2 Results of operations for the year ended 31 December 2019 compared to the year ended 31 December 2018*

The following table summarizes the consolidated statement of operation and the comparison of the audited annual financial statements for the period ended 31 December 2019 and 2018.

| **Table 17 – Consolidated statement of operations** | **Year ended 31 December** | | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2019** | **2018** | **Change in %** |
| | *Dutch GAAP Audited* | *Dutch GAAP Audited* | |
| **Revenue** | 345,849 | 315,534 | 9.61% |
| Cost of operations | 70,104 | 54,709 | 28.14% |
| Staff expenses | 186,784 | 173,667 | 7.55% |
| Depreciation, amortization and impairment | 39,401 | 22,815 | 72.70% |
| Other operating expenses | 72,011 | 79,088 | -8.95% |
| **Total expenses** | **368,300** | **330,279** | **11.51%** |
| **Operating result** | **(22,451)** | **(14,745)** | **52.26%** |
| Financial income and (expenses) | (24,858) | (16,167) | 53.76% |
| Other income and (expenses) | (650) | (3,760) | -82.71% |
| Loss on extinguishment of debt/loan | (6,100) | - | - |
| **Result before tax** | **(54,059)** | **(34,672)** | **55.92%** |
| Income tax (expense)/income | (3,761) | (2,454) | 53.26% |
| **Result for the year (attributable to equity holders)** | **(57,820)** | **(37,126)** | **55.74%** |

*Revenue*

Revenue for the financial year ended 31 December 2019 was USD 345,849 thousand compared to revenue for the financial year ended 31 December 2018 of USD 315,534 thousand. The increase of USD 30,315 thousand, or 9.61%, in revenue was due mainly to about 10% growth in recurring revenue from new and existing subscription contracts across the three regions, particularly in Asia-Pacific that showed about 17% growth as triggered by premium segment deals.

Overall, the recurring revenue growth, was substantially organic from traditional media intelligence business (close to USD 22 million of the total revenue increase), which was supported and driven by the increase in sales headcount of close to 10% as hiring ramped up, that directly contributed to the 17% increase in net bookings and 14% in net billings. From 2018 onwards and particularly in 2019, the Company made a big push to expand its premium segment clients, and business rules and campaigns were designed to drive larger bookings and hence, sales efficiency. In addition, the Company rolled out an expanded Account Executive (AE) sales team in 2019 with focus on closing larger value deals (more than USD 30 thousand), and also expanded the Enterprise team with focus on more than USD 100 thousand bookings. The Company's focus on larger deals resulted into a corresponding improved performance on the Customer Success (CS) side of the business, driving lower gross churn and net churn improvements through more client upsales and winbacks, which were significantly aided by the Company's new CS AE team and the Enterprise group.

The combination of selling less smaller deals, better client retention and more upsales to premium clients, all pointed to a healthy revenue growth in 2019 which the Company expects to continue for the foreseeable future. In 2019, the number of revenued customers increased incrementally by about 2% (minimal) and average annual revenue per customer increased by close to 8% which was consistent with the Company's overall growth strategy of moving up market.

Further, the 2019 recurring revenue included 12 months results for Sysomos (Social) compared to 2018 which was only a partial year (approx. USD 9 million increase YoY) but offset by a drop in revenue from acquired company Datasift of around USD 1 million due mainly to customer churn despite higher revenue coming from renewal of the premium Microsoft deal. In addition, close to USD 1 million revenue in 2019 was from sales of Audiense products (2019 new partner agreement) which the company revenued immediately to the extent of the deal gross margin (net basis).

*Cost of operations*

Cost of operations for the financial year ended 31 December 2019 was USD 70,104 thousand compared to cost of operations for the financial year ended 31 December 2018 of USD 54,709 thousand. The increase of USD 15,395 thousand, or 28.13%, in cost of operations was due to increases in the Content and Hosting fees which increased by USD 8,735 thousand and USD 7,364 thousand respectively.

*Staff expenses*

Staff expenses for the financial year ended 31 December 2019 was USD 186,784 thousand compared to staff expenses for the financial year ended 31 December 2018 of USD 173,667 thousand. The increase of USD 13,117 thousand, or 7.55%, in staff expenses was due to an increase of 226 in headcount from January 2018 through December 2019, Meltwaters employee base increases from both organic growth and acquisitions.

*Depreciation, amortization and impairment*

Depreciation, amortization and impairment for the financial year ended 31 December 2019 was USD 39,401 thousand compared to depreciation, amortization and impairment for the financial year ended 31 December 2018 of USD 22,815 thousand. The increase of USD 16,586 thousand, or 72.72%, in depreciation, amortization and impairment was due to primarily the acquisitions of Sysomos and Datasift.

*Other operating expenses*

Other operating expenses for the financial year ended 31 December 2019 was USD 72,011 thousand compared to other operating expenses for the financial year ended 31 December 2018 of USD 79,088 thousand. The decrease of USD 7,077 thousand, or -8.94%, in other operating expenses was due to achieving scale of operations through the integration of acquisitions.

*Financial income and (expenses)*

Financial income and (expenses) for the financial year ended 31 December 2019 was USD 24,858 thousand negative compared to financial income and (expenses) for the financial year ended 31 December 2018 of USD 16,167 thousand negative. The increase of USD 8,691 thousand, or 9.61%, in revenue was due to the integration and costs of purchasing acquisitions outpacing the incremental growth from acquisitions and organic growth.

*Other income and (expenses)*

Other income and (expenses) for the financial year ended 31 December 2019 was USD 650 thousand negative compared to other income and (expenses) for the financial year ended 31 December 2018 of USD 3,760 thousand negative. The increase of USD 3,110 thousand, or 82.71%, in other income and (expenses) was due to the integration and costs of purchasing acquisitions outpacing the incremental growth from acquisitions and organic growth.

*Loss on extinguishment of debt/loan*

Loss on extinguishment of debt/loan for the financial year ended 31 December 2019 was USD 6,100 thousand compared to Loss of extinguishment of debt/loan for the financial year ended 31 December 2018 of nil. The increase of USD 6,100 thousand, in loss on extinguishment of debt/loan was due to the repayment of the loan in 2019.

*Income tax (expense)/income*

Income tax (expense)/income for the financial year ended 31 December 2019 was USD 3,761 thousand negative compared to income tax (expense)/income for the financial year ended 31 December 2018 of USD 2,454 thousand negative. The decrease of USD 1,307 thousand, or -53.25%.

*Profit / (loss) before tax*

Loss for the year ended 31 December 2019 was USD 57,820 thousand compared to loss for the year ended 31 December 2018 was USD 37,126 thousand. The increase of USD 20,694 thousand, or 55.74%, was mainly due to a higher operating loss for the year of USD 7,706 thousand and higher financial expenses of USD 8,691 thousand. Further, the Company recognized a loss of USD 6,100 thousand related to loss on extinguishment of debt in 2019.

## 11.4 Financial position

### *11.4.1 Financial position as of 30 September 2021 compared to 31 December 2020*

| Table 18 – Compare financial position as of 30 September 2021 | As of 30 September | As of 31 December | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2021** *IAS 34 Unaudited* | **2020** *IFRS Audited* | **Change in %** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 75,318 | 16,285 | 362.50% |
| Other intangible assets | 61,364 | 42,469 | 44.49% |
| Property, plant and equipment | 3,138 | 3,373 | -6.97% |
| Right-of-use assets | 26,332 | 29,959 | -12.11% |
| Other non-current financial assets | 7,965 | 5,267 | 51.22% |
| Financial assets at fair value through profit and loss | 1,890 | 2,036 | -7.17% |
| Contract costs | 22,668 | 20,980 | 8.05% |
| Deferred tax asset | 3,921 | 4,289 | -8.58% |
| **Total non-current assets** | **202,596** | **124,658** | **62.52%** |
| **Current assets** | | | |
| Trade receivables | 56,822 | 75,749 | -24.99% |
| Other current assets | 25,354 | 15,828 | 60.18% |
| Current tax asset | 62 | - | |
| Contract costs | 28,120 | 25,470 | 10.40% |
| Cash and cash equivalents | 49,768 | 99,927 | -50.20% |
| **Total current assets** | **160,126** | **216,974** | **-26.20%** |
| **Total assets** | **362,722** | **341,632** | **6.17%** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 25,000 | - | |
| Lease liabilities | 21,043 | 23,254 | -9.51% |
| Contract liabilities | 9,504 | 11,168 | -14.90% |
| Other non-current liabilities | 8,488 | - | |
| Deferred tax liability | 6,799 | 7,005 | -2.94% |
| Employee benefit obligation | 349 | 334 | 4.49% |
| **Total non-current liabilities** | **71,183** | **41,761** | **70.45%** |
| **Current liabilities** | | | |
| Trade and other payables | 110,528 | 114,673 | -3.61% |
| Contract liabilities | 203,413 | 206,097 | -1.30% |
| Lease liabilities | 9,526 | 10,258 | -7.14% |
| Current tax liabilities | - | 3,424 | |
| Employee benefit obligation | 79 | 127 | -37.80% |
| **Total current liabilities** | **323,546** | **334,579** | **-3.30%** |
| **Total liabilities** | **394,729** | **376,340** | **4.89%** |
| **Equity** | | | |
| Share capital | 30 | 29 | 3.45% |
| Share premium | 402,442 | 351,657 | 14.44% |
| Accumulated deficit | (434,137) | (386,295) | 12.38% |
| Other reserves | (342) | (100) | 242.00% |
| **Total equity** | **(32,007)** | **(34,709)** | **-7.78%** |
| **Total equity and liabilities** | **362,722** | **341,632** | **6.17%** |

*Goodwill*

Goodwill for the nine-month period ended 30 September 2021 was USD 75,318 thousand compared to goodwill for the financial year ended 31 December 2020 of USD 16,285 thousand. The increase of USD 59,033 thousand, or 362.50%, in goodwill was due to goodwill recognized as part of the business acquisitions of Klear.com Ltd., Linkfluence SAS and Owler during the first half of 2021. The goodwill recognized in the acquisitions amounted respectively USD 11,110 thousand, USD 37,625 thousand and USD 11,103 thousand. The considerations paid for the acquisitions are a combination of cash, earnout and equity payments. The remaining movement is due to currency result of translation of goodwill denominated in currencies other than USD.

*Other intangible assets*

Other intangible assets for the nine-month period ended 30 September 2021 was USD 61,364 thousand compared to other intangible assets for the financial year ended 31 December 2020 of USD 42,469 thousand. The increase of USD 18,895 thousand, or 44.49%, in other intangible assets was due to intangible assets acquired in the business acquisitions. The intangible assets recognized as part of the acquisition of Klear.com Ltd. amounted to USD 5,794 thousand. The intangible assets recognized in the acquisition of Linkfluence SAS amounted USD 13,961 thousand. The intangible assets in the acquisition of Owler amounted USD 8,100 thousand. The variance in intangible assets further contains investments in capitalized software of USD 8,570 thousand and amortization of USD 17,566 thousand and currency result of translation of intangible assets denominated in currencies other than USD.

*Property, plant and equipment*

Property, plant and equipment for the nine-month period ended 30 September 2021 was USD 3,138 thousand compared to property, plant and equipment for the financial year ended 31 December 2020 of USD 3,373 thousand. The decrease of USD 235 thousand, or -6.97%, in property, plant and equipment was due to investments of USD 1,154 thousand which is offset by depreciation of property, plant and equipment of USD 1,263 thousand and currency result of translation of assets denominated in currencies other than USD.

*Right-of-use assets*

Right-of-use assets for the nine-month period ended 30 September 2021 was USD 26,332 thousand compared to right-of-use assets for the financial year ended 31 December 2020 of USD 29,959 thousand. The decrease of USD 3,627 thousand, or -12.11%, in right-of-use assets was due to depreciation of the right-of-use asset in line with Meltwater's depreciation policy for assets.

*Other non-current financial assets*

Other non-current financial assets for the nine-month period ended 30 September 2021 was USD 7,965 thousand compared to other non-current financial assets for the financial year ended 31 December 2020 of USD 5,267 thousand. The increase of USD 2,698 thousand, or 51.22%, in other non-current financial assets was due to non-current assets obtained through business acquisitions.

*Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss for the nine-month period ended 30 September 2021 was USD 1,890 thousand compared to financial assets at fair value through profit and loss for the financial year ended 31 December 2020 of USD 2,036 thousand. The decrease of USD 146 thousand, or -7.17%, in financial assets at fair value through profit and loss was due to fair value revaluation of equity investments not classified as associates, and assets at fair value acquired through business acquisitions.

*Contract costs*

Contract costs for the nine-month period ended 30 September 2021 was USD 50,788 thousand (of which USD 22,668 thousand non-current and USD 28,120 thousand current) compared to contract costs for the financial year ended 31 December 2020 of USD 46,450 thousand (of which USD 20,980 thousand non-current and USD 25,470 thousand current). The increase of USD 4,338 thousand, or 9.34%, in contract costs was due to the additional capitalized incremental cost incurred to generate additional sales contracts, especially related to the newly acquired clients in the premium client market. The incremental costs consist of commissions and bonuses for selected departments which have been capitalized and will be amortized over the contractual customer life.

*Deferred tax asset*

Deferred tax asset for the nine-month period ended 30 September 2021 was USD 3,921 thousand compared to deferred tax asset for the financial year ended 31 December 2020 of USD 4,289 thousand. The decrease of USD 368 thousand, or -8.58%, in deferred tax asset was due to vesting of stock based compensation and the recorded tax effects of the vesting of share options at the end in December 2020.

*Trade receivables*

Trade receivables for the nine-month period ended 30 September 2021 was USD 56,822 thousand compared to trade receivables for the financial year ended 31 December 2020 of USD 75,749 thousand. The decrease of USD 18,927 thousand, or -24.99%, in trade receivables was due to less invoicing during the last quarter of the period in 2021 compared to 2020. Especially in December 2020 invoicing was high due to pre-invoicing of annual contracts for 2021. The total amount of invoices sent in fourth quarter 2020 exceeded the third quarter 2021 amount by USD 29,000 thousand. This decrease is set off against USD 11,323 thousand additional trade receivables from Klear and Linkfluence.

*Other current assets*

Other current assets for the nine-month period ended 30 September 2021 was USD 25,354 thousand compared to other current assets for the financial year ended 31 December 2020 of USD 15,828 thousand. The increase of USD 9,526 thousand, or 60.18%, in other current assets was due to increases in prepaid expenses and sales tax receivables.

*Current tax asset*

Current tax asset for the nine-month period ended 30 September 2021 was USD 62 thousand compared to current tax asset for the financial year ended 31 December 2020 of nil. The increase of USD 62 thousand in current tax asset was due to quarterly prepayment of expected tax charges for the period until 30 September 2021.

*Cash and cash equivalents*

Cash and cash equivalents for the nine-month period ended 30 September 2021 was USD 49,768 thousand compared to cash and cash equivalents for the financial year ended 31 December 2020 of USD 99,927 thousand. The decrease of USD 50,159 thousand, or -50.20%, in Cash and cash equivalents was due to cash payments as part of the considerations paid for the acquisitions of Klear.com Ltd., Linkfluence SAS and Owler of USD 41,102 thousand. Furthermore the changes in cash and cash equivalents are the result of repayment of borrowings of USD 9,245 thousand, proceeds from borrowings of USD 25,000 thousand and Euronext Oslo Børs offering costs of USD 10,674 thousand and repurchases of equity securities USD 6,927 thousand.

*Borrowings*

Borrowings for the nine-month period ended 30 September 2021 was USD 25,000 thousand compared to borrowings for the financial year ended 31 December 2020 of nil. The increase of USD 25,000 thousand in borrowings was due to acquired funding through drawing of Meltwater's credit facility, for the purpose of attracting cash for the payment of considerations related to the business acquisitions completed in the first half of 2021.

*Lease liabilities*

Lease liabilities for the nine-month period ended 30 September 2021 was USD 30,569 thousand (of which USD 21,043 thousand non-current and USD 9,526 thousand current) compared to lease liabilities for the financial year ended 31 December 2020 of USD 33,512 thousand (of which USD 23,254 thousand non-current and USD 10,258 thousand current). The decrease of USD 2,943 thousand, or -8.78%, in lease liabilities was due to payment of lease terms in accordance with the lease agreements. During the nine-month period no significant new lease agreements were entered into, nor were existing agreements modified.

*Contract liabilities*

Contract liabilities for the nine-month period ended 30 September 2021 was USD 212,917 thousand (of which USD 9,504 thousand non-current and USD 203,413 thousand current) compared to contract liabilities for the financial year ended 31 December 2020 of USD 217,265 thousand (of which USD 11,168 thousand non-current and USD 206,097 thousand current). The decrease of USD 4,348 thousand, or -2.00%, in contract liabilities was due to lower invoicing levels during the first three quarters in a year, when compared to the annual pre-invoicing during the last quarter of the year. Contract liabilities balances are higher per the end of the financial year as a result. Further, the contract liabilities balances have increased as a result of revaluation of contract liabilities balances denominated in currencies other than USD.

*Other non-current liabilities*

Other non-current liabilities for the nine-month period ended 30 September 2021 was USD 8,488 thousand compared to other non-current liabilities for the financial year ended 31 December 2020 of nil. The increase of USD 8,488 thousand in other non-current liabilities was due to new trade and other payables with a long-term character, presented as other non-current liabilities.

*Deferred tax liability*

Deferred tax liability for the nine-month period ended 30 September 2021 was USD 6,799 thousand compared to deferred tax liability for the financial year ended 31 December 2020 of USD 7,005 thousand. The decrease of USD 206 thousand, or -2.94%, in deferred tax liability was due to the reduction of the lease liability as a result of payment of the lease terms, which resulted in settlement of the deferred tax liability.

*Employee benefit obligation*

Employee benefit obligation for the nine-month period ended 30 September 2021 was USD 428 thousand (of which USD 349 thousand non-current and USD 79 thousand current) compared to employee benefit obligation for the financial year ended 31 December 2020 of USD 461 thousand (of which USD 334 thousand non-current and USD 127 thousand current). The decrease of USD 33 thousand, or -7.16%, in employee benefit obligation was due to translation of the Australia and Switzerland defined benefit obligation plan, which are denominated in a currency other than USD, to USD, as well as remeasurements of the defined benefit obligation and additions of current service costs, interest costs and deductions of direct benefit payments.

*Trade and other payables*

Trade and other payables for the nine-month period ended 30 September 2021 was USD 110,528 thousand compared to trade and other payables for the financial year ended 31 December 2020 of USD 114,673 thousand. The decrease of USD 4,145 thousand, or -3.61%, in trade and other payables was due to a decrease in other payables due to payment of accrued Euronext Oslo Børs offering accrued expenses during the year. This decrease is offset against the trade payables acquired as part of the various business acquisitions in the first nine-months of 2021. The other part of trade and other payables has remained consistent, both in size and in composition of the balances included.

*Current tax liability*

Current tax liability for the nine-month period ended 30 September 2021 was nil compared to current tax liability for the financial year ended 31 December 2020 of USD 3,424 thousand. The decrease of USD 3,424 thousand in current tax liability was due to payment of the 2020 tax payable balance and quarterly prepayment of expected tax charges for the period until 30 September 2021, as well as settlement of the current tax liability against the taxes associated with business combinations.

*Share capital*

Share capital for the nine-month period ended 30 September 2021 was USD 30 thousand compared to share capital for the financial year ended 31 December 2020 of USD 29 thousand. The increase of USD 1 thousand, or 3.45%, in share capital was due to common stock issued as part of the considerations paid for the acquisitions of Klear, Linkfluence and Owler. Offset by an amount of USD 6,927 of equity securities that were repurchased during the period.

*Share premium*

Share premium for the nine-month period ended 30 September 2021 was USD 402,442 thousand compared to share premium for the financial year ended 31 December 2020 of USD 351,657 thousand. The increase of USD 50,785 thousand, or 14.44%, in share premium was due to the premium awarded on the common stock issued, as mentioned above and a deduction for the share premium on the repurchased equity securities.

*Accumulated deficit*

Accumulated deficit for the nine-month period ended 30 September 2021 was USD 434,137 thousand negative compared to accumulated deficit for the financial year ended 31 December 2020 of USD 386,295 thousand negative. The increase of USD 47,842 thousand, or 12.38%, in accumulated deficit was due to the addition of the loss for the nine-month period to the accumulated deficit.

*Other reserves*

Other reserves for the nine-month period ended 30 September 2021 was USD 342 thousand negative compared to other reserves for the financial year ended 31 December 2020 of USD 100 thousand negative. The increase of USD 242 thousand, or 242.00%, in other reserves was due to the result on foreign currency translations that have been recorded through other comprehensive income.

### *11.4.2 Financial position as of 31 December 2020 compared to 31 December 2019*

| **Table 19 – Compare balance sheet** | **As of 31 December** | | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2020**<br>*IFRS*<br>*Audited* | **2019**<br>*IFRS*<br>*Audited* | ***Change in %*** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 16,285 | 15,526 | 4.89% |
| Other intangible assets | 42,469 | 51,867 | -18.12% |
| Property, plant and equipment | 3,373 | 4,464 | -24.44% |
| Right-of-use assets | 29,959 | 22,748 | 31.70% |
| Other non-current financial assets | 5,267 | 5,154 | 2.19% |
| Financial assets at fair value through profit and loss | 2,036 | 2,535 | -19.68% |
| Contract costs | 20,980 | 19,695 | 6.52% |
| Deferred tax asset | 4,289 | 256 | 1,575.39% |
| **Total non-current assets** | **124,658** | **122,245** | **1.97%** |
| **Current assets** | | | |
| Trade receivables | 75,749 | 110,283 | -31.31% |
| Other current assets | 15,828 | 17,015 | -6.98% |
| Contract costs | 25,470 | 24,867 | 2.42% |
| Cash and cash equivalents | 99,927 | 15,364 | 550.40% |
| **Total current assets** | **216,974** | **167,529** | **29.51%** |
| **Total assets** | **341,632** | **289,774** | **17.90%** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | - | 175,516 | -100.00% |
| Lease liabilities | 23,254 | 15,894 | 46.31% |
| Contract liabilities | 11,168 | 9,983 | 11.87% |
| Deferred tax liability | 7,005 | 6,298 | 11.23% |
| Employee benefit obligation | 334 | 312 | 7.05% |
| **Total non-current liabilities** | **41,761** | **208,003** | **-79.92%** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 114,673 | 70,340 | 63.03% |
| Contract liabilities | 206,097 | 206,453 | -0.17% |
| Lease liabilities | 10,258 | 9,898 | 3.64% |
| Current tax liabilities | 3,424 | 1,905 | 79.74% |
| Employee benefit obligation | 127 | 124 | 2.42% |
| **Total current liabilities** | **334,579** | **288,720** | **15.88%** |
| | | | |
| **Total liabilities** | **376,340** | **496,723** | **-24.24%** |
| | | | |
| **Equity** | | | |
| Share capital | 29 | 24 | 20.83% |
| Share premium | 351,657 | 105,179 | 234.34% |
| Accumulated deficit | (386,295) | (310,241) | 24.51% |
| Other reserves | (100) | (1,911) | -94.77% |
| **Total equity** | **(34,708)** | **(206,949)** | **-83.23%** |
| | | | |
| **Total equity and liabilities** | **341,632** | **289,774** | **17.90%** |

*Goodwill*

Goodwill for the financial year ended 31 December 2020 was USD 16,285 thousand compared to goodwill for the financial year ended 31 December 2019 of USD 15,526 thousand. The increase of USD 759 thousand, or 4.89%, in goodwill was due to currency result of translation of goodwill denominated in currencies other than USD.

*Other intangible assets*

Other intangible assets for the financial year ended 31 December 2020 was USD 42,469 thousand compared to other intangible assets for the financial year ended 31 December 2019 of USD 51,867 thousand. The decrease of USD 9,398 thousand, or -18.12%, in other intangible assets was due to general amortization of the other intangible assets in accordance with the useful life of the assets. The other intangible assets also, but to a minor extent, decreased as a result of translation of other intangible assets denominated in currencies other than USD.

*Property, plant and equipment*

Property, plant and equipment for the financial year ended 31 December 2020 was USD 3,373 thousand compared to property, plant and equipment for the financial year ended 31 December 2019 of USD 4,464 thousand. The decrease of USD 1,091 thousand, or -24.44%, in property, plant and equipment was due to property and equipment disposals of USD 7,031 thousand, which had a remaining value net of accumulated depreciation of USD 723 thousand. During the financial year 2020 the Company applied cost management practices and reduced its CAPEX investments as part of mitigating financial impact of the COVID-19 pandemic. These practices had a positive impact on the volume of property and equipment investments. In total the additions amounted to USD 2,289 thousand. A total amount for depreciation of property, plant and equipment of USD 2,769 thousand was recorded, in line with PP&E schedules.

*Right-of-use assets*

Right-of-use assets for the financial year ended 31 December 2020 was USD 29,959 thousand compared to right-of-use assets for the financial year ended 31 December 2019 of USD 22,748 thousand. The increase of USD 7,211 thousand, or 31.70%, in right-of-use assets was due to the commencement of a new lease for the San Francisco offices as of 2020.

*Other non-current financial assets*

Other non-current financial assets for the financial year ended 31 December 2020 was USD 5,267 thousand compared to other non-current financial assets for the financial year ended 31 December 2019 of USD 5,154 thousand. The increase of USD 113 thousand, or 2.19%, in other non-current financial assets was due to less prepayments for content providers.

*Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss for the financial year ended 31 December 2020 was USD 2,036 thousand compared to financial assets at fair value through profit and loss for the financial year ended 31

December 2019 of USD 2,535 thousand. The decrease of USD 499 thousand, or -19.68%, in financial assets at fair value through profit and loss was due to fair value revaluations and disposals of assets.

*Contract costs*

Contract costs for the financial year ended 31 December 2020 was USD 46,450 thousand (of which USD 20,980 thousand non-current and USD 25,470 thousand current) compared to contract costs for the financial year ended 31 December 2019 of USD 44,562 thousand (of which USD 19,695 thousand non-current and USD 24,867 current). The increase of USD 1,888 thousand, or 4.24%, in non-current contract costs was due to the additional capitalized incremental cost incurred to generate additional sales contracts, especially related to the newly acquired clients in the premium client market. The incremental costs consist of commissions and bonuses for selected departments which have been capitalized and will be amortized over the contractual customer life. The increase in both the current and non-current portion are in line with the increase in revenue.

*Deferred tax asset*

Deferred tax asset for the financial year ended 31 December 2020 was USD 4,289 thousand compared to deferred tax asset for the financial year ended 31 December 2019 of USD 256 thousand. The increase of USD 4,033 thousand in deferred tax asset, or 1,575.39%, was due to additions to the deferred tax asset recognized in profit or loss that relate to temporary tax differences for operating leases, operating losses (loss compensation), accrued liabilities and share based compensation (which is also partly recognized directly in equity).

*Trade receivables*

Trade receivables for the financial year ended 31 December 2020 was USD 75,749 thousand compared to trade receivables for the financial year ended 31 December 2019 of USD 110,283 thousand. The decrease of USD 34,534 thousand, or -31.31%, in trade receivables was due to collection of the related party trade receivables during the year, amounting to USD 30,939 thousand per 31 December 2019 and resulting in a remaining balance of nil per 31 December 2020. Additionally the decrease is caused by a revision of the bad debt policy following increased collectability uncertainty related to COVID-19. A more conservative provision policy resulted in increased total bad debt reserve, causing the trade receivables to decrease.

*Other current assets*

Other current assets for the financial year ended 31 December 2020 was USD 15,828 thousand compared to other current assets for the financial year ended 31 December 2019 of USD 17,015 thousand. The decrease of USD 1,187 thousand, or -6.98%, in other current assets was due to a decrease in lease deposits of USD 1,038 thousand as a cash management response put in place.

*Cash and cash equivalents*

Cash and cash equivalents for the financial year ended 31 December 2020 was USD 99,927 thousand compared to dash and cash equivalents for the financial year ended 31 December 2019 of USD 15,364 thousand. The increase of USD 84,563 thousand, or 550.40%, in cash and cash equivalents was due to USD 33,257 thousand cash provided by financing activities, USD 34,614 thousand cash provided by operating activities and USD 15,284 thousand cash provided by investing activities. The positive financing cashflow is the result of proceeds from the listing on the Euronext Oslo Børs (net of issuance costs), netted by the repayment of borrowings. The positive cashflow from investing activities related to the cash received for the repayment of trade receivables from related parties, however netted by the investments in Property, Plant & Equipment and Capitalized Software Development Costs.

*Borrowings*

Borrowings for the financial year ended 31 December 2020 was nil compared to borrowings for the financial year ended 31 December 2019 of USD 175,516 thousand. The decrease of USD 175,516 thousand, or -100.00%, in borrowings was due to the repayment in full of borrowings during 2020.

*Lease liabilities*

Lease liabilities for the financial year ended 31 December 2020 was USD 33,512 thousand (of which USD 23,254 thousand non-current and USD 10,258 thousand current) compared to lease liabilities for the financial year ended 31 December 2019 of USD 25,729 thousand (of which USD 15,894 thousand non-current and USD 9,898 thousand current). The increase of USD 7,360 thousand, or 46.31%, in non-current lease liabilities and the increase of USD 360 thousand, or 43.64%, in current lease liabilities was due to newly recorded liabilities from the commencement of a new lease for the San Francisco offices as of 2020.

*Contract liabilities*

Contract liabilities for the financial year ended 31 December 2020 was USD 217,265 thousand (of which USD 11,168 thousand non-current and USD 206,097 thousand current) compared to contract liabilities for the financial year ended 31 December 2019 of USD 216,436 thousand (of which USD 9,983 thousand non-current and USD 206,453 current). The increase of USD 1,185 thousand, or 11.87%, in non-current contract liabilities was due to initiatives for early renewals of existing contracts as part of continuous customer retention efforts and increased efforts to drive more multi-year deals, which together increased the long-term portion of contract liabilities. The decrease of USD 356 thousand, or -0.17%, in current contract liabilities is due to ended subscription of two top-20 accounts as of 2020. The contract liabilities balance generally remains in line with the year on year growth in recurring revenue.

*Deferred tax liability*

Deferred tax liability for the financial year ended 31 December 2020 was USD 7,005 thousand compared to deferred tax liability for the financial year ended 31 December 2019 of USD 6,298 thousand. The increase of USD 707 thousand, or 11.23%, in deferred tax liability was due to additions to the deferred tax assets recognized in profit or loss that relate to temporary tax differences for operating leases and contract costs, that both increased.

*Employee benefit obligation*

Employee benefit obligations for the financial year ended 31 December 2020 was USD 461 thousand (of which USD 334 thousand non-current and USD 127 thousand current) compared to employee benefit obligations for the financial year ended 31 December 2019 of USD 436 thousand (of which USD 312 thousand non-current and USD 124 thousand current). The increase of USD 25 thousand, or 5.73%, in employee benefit obligation was due to translation of the Australia and Switzerland defined benefit obligation plan, which are denominated in a currency other than USD, to USD, as well as remeasurements of the defined benefit obligation and additions of current service costs, interest costs and deductions of direct benefit payments.

*Trade and other payables*

Trade and other payables for the financial year ended 31 December 2020 was USD 114,673 thousand compared to trade and other payables for the financial year ended 31 December 2019 of USD 70,340 thousand. The increase of USD 44,333 thousand, or 63.03%, in trade and other payables was due to an increase in accrued compensation of USD 29,256 thousand, increase in accrued expenses of USD 15,697 thousand and an increase of VAT payable of USD 3,597 thousand. Within the change to accrued compensation are increases for payroll tax and social securities, that in part include regional tax relief programs associated with COVID-19, and USD 14.9 million for the settlement agreement for the claim under labor and employment laws brought by certain former U.S. employees. The increase of USD 15,697 thousand in accrued liabilities related to expenses to be incurred for to the offering on the Euronext Oslo Børs. Regular trade payables decreased by USD 6,658 thousand due to the settlement of open payables through the additional funds from the listing.

*Current tax liability*

Current tax liability for the financial year ended 31 December 2020 was USD 3,424 thousand compared to current tax liability for the financial year ended 31 December 2019 of USD 1,905 thousand. The increase of USD 1,519 thousand, or 79.74%, in current tax liability was due to tax return adjustments in the period, offset against payments of prior period tax balances.

*Share capital*

Share capital for the financial year ended 31 December 2020 was USD 29 thousand compared to share capital for the financial year ended 31 December 2019 of USD 24 thousand. The increase of USD 5 thousand, or 20.83%, in share capital was due to the issuance of 52,750,000 new common stock shares as part of the initial public offering at the Euronext Oslo Børs during December 2020, amounting to USD 5 thousand nominal value. Additionally 865.400 new Series A common stock shares were issued upon exercise of stock options and 815,300 were issued as consideration for acquisitions.

*Share premium*

Share premium for the financial year ended 31 December 2020 was USD 351,657 thousand compared to share premium for the financial year ended 31 December 2019 of USD 105,179 thousand. The increase of USD 246,478 thousand, or 234.34%, in share premium was due to additional paid in capital as part of the share capital transactions set out above. The additional paid in capital acquired through the initial public offering at the Euronext Oslo Børs amounted to USD 237,536 thousand and increasing total share premium. The share premium for the newly issued common A stock related to the exercise of operations and the acquisition considerations amounted to USD 1,088 thousand and USD 404 thousand respectively. Finally total share premium increased following a stock-based compensation expense of USD 4,925 thousand.

*Accumulated deficit*

Accumulated deficit for the financial year ended 31 December 2020 was USD 386,295 thousand negative compared to retained earnings for the financial year ended 31 December 2019 of USD 310,241 thousand negative. The increase of USD 76,054 thousand, or 24.51%, in accumulated deficit was due mainly due to the addition of the loss for the year to the accumulated deficit.

*Other reserves*

Other reserves for the financial year ended 31 December 2020 was USD 100 thousand negative compared to other reserves for the financial year ended 31 December 2019 of USD 1,911 thousand negative. The decrease of USD 1,811 thousand, or -94.77%, in other reserves was due to the result on foreign currency translations that have been recorded through other comprehensive income.

### *11.4.3 Financial position as of 31 December 2019 compared to 31 December 2018*

| **Table 20 – Compare balance sheet** | **As of 31 December** | | |
|---|---|---|---|
| *(Amounts in USD thousands)* | **2019** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* | **Change in %** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 63,158 | 69,710 | -9.40% |
| Property and equipment | 4,464 | 5,503 | -18.88% |
| Financial assets | 7,689 | 7,942 | -3.19% |
| Deferred contract costs, long-term | 19,695 | 19,191 | 2.63% |
| Right-of-assets, net | 21,758 | - | - |
| **Total non-current assets** | **117,764** | **102,346** | **15.06%** |
| **Current assets** | | | |
| Trade receivables | 79,277 | 67,343 | 17.72% |
| Related party receivables | 31,006 | 63 | 49,115.87% |
| Deferred contract costs, short-term | 24,867 | 25,194 | -1.30% |
| Other current assets | 17,109 | 12,667 | 35.07% |
| Cash and cash equivalents | 15,364 | 11,780 | 30.42% |
| **Total current assets** | **167,623** | **117,047** | **43.21%** |
| **Total assets** | **285,387** | **219,393** | **30.08%** |
| **Equity and liabilities** | | | |
| Equity | (209,741) | (181,227) | 15.73% |
| **Total Equity** | **(209,741)** | **(181,227)** | **15.73%** |
| **Provisions** | | | |
| Deferred income tax | 6,438 | 6,893 | -6.60% |
| **Total provisions** | **6,438** | **6,893** | **-6.60%** |
| **Non-current liabilities** | | | |
| Deferred income non-current portion | 9,983 | 7,786 | 28.22% |
| Operating lease liabilities | 15,917 | - | - |
| Term loan, non-current | 175,516 | 119,194 | 47.25% |
| **Total non-current liabilities** | **201,416** | **126,980** | **58.62%** |
| **Current liabilities** | | | |
| Trade and other payables | 13,589 | 9,745 | 39.45% |
| Taxation and social charges | 13,018 | 9,324 | 39.62% |
| Other current liabilities | 53,214 | 73,575 | -27.67% |
| Deferred income current portion | 206,453 | 174,103 | 18.58% |
| **Total current liabilities** | **286,274** | **266,747** | **7.32%** |
| **Total equity and liabilities** | **284,387** | **219,393** | **29.62%** |

*Intangible assets*

Intangible assets for the financial year ended 31 December 2019 was USD 63,158 thousand compared to intangible assets for the financial year ended 31 December 2018 of USD 69,710 thousand. The decrease of USD 6,552 thousand, or -9.40%, in intangible assets was due to management maintaining a conservative approach to the valuation of intangible assets and the amortization schedules applied to revenue generating product and services. This change is highlight by the customer base transition to the Fairhair platform.

*Property and equipment*

Property and equipment for the financial year ended 31 December 2019 was USD 4,464 thousand compared to property and equipment for the financial year ended 31 December 2018 of USD 5,503 thousand. The decrease of USD 1,039 thousand, or -18.88%, in property and equipment was due to during the 12-months there were consolidations within the organizations reducing the footprint.

*Financial assets*

Financial assets for the financial year ended 31 December 2019 was USD 7,689 thousand compared to financial assets for the financial year ended 31 December 2018 of USD 7,942 thousand. The decrease of USD 253 thousand, or -3.19%, in financial assets remained steady across the period no material changes.

*Deferred contract costs, long term*

Deferred contract costs, long term for the financial year ended 31 December 2019 was USD 19,695 thousand compared to deferred contract costs, long term for the financial year ended 31 December 2018 of USD 19,191 thousand. The increase of USD 504 thousand, or 2.63%, in deferred contract costs, long term was due to organizational changes from the acquisitions and integration into Meltwaters existing business operations.

*Right-of-assets, net*

Right-of-assets, net for the financial year ended 31 December 2019 was USD 21,758 thousand compared to right-of-use assets, net for the financial year ended 31 December 2018 of nil. The increase of USD 21,758 thousand in right-of use assets, net was due to the impact of acquisitions and the growth of the organic business.

*Trade receivables*

Trade receivables for the financial year ended 31 December 2019 was USD 79,277 thousand compared to trade receivables for the financial year ended 31 December 2018 of USD 67,343 thousand. The increase of USD 11,934 thousand, or 17.72%, in trade receivables was due mainly to higher net billings in 2019 (net 14% increase from prior years) that exceeded net collections in 2019, in addition to over USD 500,000 in positive foreign exchange impact as the US dollar weakened against the other foreign currencies compared to a negative forex impact in the prior year. However, this was offset by large increases in the allowance for doubtful accounts of close to USD 3 million plus increase in other credit adjustments to receivable.

*Deferred contract costs, short-term*

Deferred contract costs, short-term for the financial year ended 31 December 2019 was USD 24,867 thousand compared to deferred contract costs, short-term for the financial year ended 31 December 2018 of USD 25,194 thousand. The decrease of USD 327 thousand, or -1.30%, in deferred contract costs, short-term cost were relatively flat of the period, these cost have been applied timely to the periods in which they have been incurred.

*Other current assets*

Other current assets for the financial year ended 31 December 2019 was USD 17,109 thousand compared to other current assets for the financial year ended 31 December 2018 of USD 12,667 thousand. The increase of USD 4,442 thousand, or 35.07%, in other current assets was due to growth across Meltwater for both the organic business and from M&A maturation.

*Cash and cash equivalents*

Cash and cash equivalents for the financial year ended 31 December 2019 was USD 15,364 thousand compared to cash and cash equivalents for the financial year ended 31 December 2018 of USD 11,780 thousand. The increase of USD 3,584 thousand, or 30.42%, in cash and cash equivalents was due to through the business growth from acquisitions and broader growth across existing business functions.

*Equity*

Equity for the financial year ended 31 December 2019 was USD 209,741 thousand negative compared to equity for the financial year ended 31 December 2018 of USD 181,277 thousand negative. The increase of USD 28,514 thousand, or 15.73%, in equity was due to the Company's net loss in fiscal year 2019 offset by the warrant exercise.

*Deferred income tax*

Deferred income tax for the financial year ended 31 December 2019 was USD 6,438 thousand compared to deferred income tax for the financial year ended 31 December 2018 of USD 6,893 thousand. The decrease of USD 455 thousand, or -6.60%, in deferred income tax was due to adjustments of tax treatments resulting in a decrease in the tax off-set.

*Deferred income non-current portion*

Deferred income non-current portion for the financial year ended 31 December 2019 was USD 9,983 thousand compared to deferred income non-current portion for the financial year ended 31 December 2018 of USD 7,786 thousand. The increase of USD 2,197 thousand, or 28.22%, in deferred income non-current portion was due to forecasted benefits to be realized the M&A activity of the prior periods.

*Operating lease liabilities*

Operating lease liabilities for the financial year ended 31 December 2019 was USD 15,917 thousand compared to operating lease liabilities for the financial year ended 31 December 2018 of nil. The increase of USD 15,917 thousand in operating lease liabilities was due to the consolidation of the acquired companies into Meltwater, these integrations required additional fit-out expense.

*Term loan, non-current*

Term loan, non-current for the financial year ended 31 December 2019 was USD 175,516 thousand compared to term loan, non-current for the financial year ended 31 December 2018 of USD 119,194 thousand. The increase of USD 56,322 thousand, or 47.25%, in term loan, non-current was due to funding of going business objectives through M&A.

*Trade and other payables*

Trade and other payables for the financial year ended 31 December 2019 was USD 13,589 thousand compared to trade and other payables for the financial year ended 31 December 2018 of USD 9,745 thousand. The increase of USD 3,844 thousand, or 39.45%, in trade and other payables was due to as Meltwater has grown through the organic business and acquisitions, this growth required an increase to support customer products and services.

*Taxation and social charges*

Taxation and social charges for the financial year ended 31 December 2019 was USD 13,018 thousand compared to taxation and social charges for the financial year ended 31 December 2018 of USD 9,324 thousand. The increase of USD 3,694 thousand, or 39.62%, in taxation and social charges was due to the growth of Meltwaters customer based resulting in increased revenues.

*Other current liabilities*

Other current liabilities for the financial year ended 31 December 2019 was USD 53,214 thousand compared to other current liabilities for the financial year ended 31 December 2018 of USD 73,575 thousand. The decrease of USD 20,361 thousand, or -27.67%, in other current liabilities was due to consolidation of the vendors across Meltwater operations and further integration of the acquired companies.

*Deferred income current portion*

Deferred income current portion for the financial year ended 31 December 2019 was USD 206,453 thousand compared to deferred income current portion for the financial year ended 31 December 2018 of USD 174,103 thousand. The increase of USD 32,350 thousand, or 18.58%, in deferred income current portion was due to increases to the native product suite and growth delivered through acquisitions.

## 11.5 Liquidity and capital resources

### *11.5.1 Sources of liquidity*

Meltwater's primary sources of liquidity in 2020 was primary proceeds from the listing on the Euronext Growth and cash flow from operations.

The liquidity requirements for Meltwater primarily consist of funding current operations and growth strategies. Growth strategies encompass acquisitions, research and development, customer base growth, operational costs, and working capital requirements. As of 30 September 2021, Meltwater has USD 49.8 million (equivalent) of available cash.

The cash flow from operating activities in the financial year ended 31 December 2020 was USD 34.7 million. In evaluating future growth, Meltwater is evaluating accretive acquisitions to build on existing product functionality and the expansion of the breadth of the product suite. Meltwater's primary liquidity requirements over the next 12-months following the date of this Prospectus are for acquisitions and research and development.

Meltwater's ability to generate cash from its operations depends on the Company's future operating performance, which is, in turn, dependent to some extent, on the general economic, financial, competitive, market, political, regulatory, and other risk factors, many of which are beyond the Company's control. Meltwater do not expect need for additional borrowings over and beyond the existing revolving 2020 Credit Facility.

### *11.5.2 Restrictions on use of capital*

Meltwater's objectives for capital management are to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents in order to support its business obligations, as well as having sufficient flexibility to invest in attractive investment opportunities. For the year ended 31 December 2020, the operating cash flow was USD 26 million, and the Company had no borrowings.

### *11.5.3 Summarized cash flow information*

The following table presents Meltwater's historical cash flows for the financial years ended 31 December 2020, 2019 and 2018.

The following table presents Meltwater's historical cash flows for the financial years ended 31 December 2020, 2019 and 2018 and for the nine-month periods ended 30 September 2021 and 2020.

| **Table 21 – Statement of cash flows** | **Year ended 30 December** | | | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| *(Amounts in USD thousands)* | **2020** *IFRS Audited* | **2019** *IFRS Audited* | **2019** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| Cash flow from operating activities | 34,614 | (8,729) | (14,610) | 18,666 | 3,818 | 26,345 |
| Cash flow from investing activities | 15,284 | (47,572) | (47,421) | (31,291) | (58,275) | (10,087) |
| Cash flow from financing activities | 33,257 | 59,835 | 65,647 | 6,455 | 5,279 | 16,579 |
| Effect of foreign exchange rate changes | 1,408 | 50 | - | (792) | (982) | 193 |
| **Net change in cash and cash equivalents** | **83,155** | **3,534** | - | **(6,180)** | **(49,178)** | **32,837** |
| **Cash and cash equivalents end of period** | **99,927** | **15,364** | **17,706** | **14,040** | **49,767** | **48,394** |

*Cash flow from operating activities*

Net cash inflow from operating activities for the nine-month period ended 30 September 2021 was USD 3,818 thousand compared to a net cash inflow for the nine-month period ended 30 September 2020 of USD 26,345. The decrease of USD 22,527 thousand was due to a USD 32,756 thousand difference in net loss for the period. Furthermore the main differences in adjustments to the net result consist of USD 30,847 thousand higher stock based compensation expense, offset by USD 9,904 thousand less interest paid and USD 16,309 thousand less accrued interest expenses that has resulted from repayment of borrowings during 2020. The difference in total change in working capital between both periods is USD 5,554 thousand negative.

Net cash inflow from operating activities for the financial year ended 31 December 2020 was USD 34,614 thousand compared to a net cash outflow for the financial year ended 31 December 2019 of USD 8,729 thousand negative. The increase of USD 43,343 thousand was due to an increase in adjustment for non-cash transactions as part of the operating activities. The sum of adjustments in 2020 amounted USD 83,412 thousand compared to USD 21,865 thousand in 2019, which is a USD 61,547 thousand increase. This increase is mainly caused by an increased adjustment for loss on loan extinguishment of USD 28,246 thousand and USD 12,855 thousand less cash outflow for interest paid. The total change in working capital decreased by USD 7,943 thousand.

Net cash outflow from operating activities for the financial year ended 31 December 2019 was USD 14,610 thousand compared to a net cash inflow for the financial year ended 31 December 2018 of USD 15,466 thousand. The decrease of USD 30,076 thousand was primarily due to a USD 20,694 thousand increase in net loss for the period. This increase in net loss is offset by increased adjustments for amortization and depreciation of USD 22,548 thousand and increased adjustment for net-loss on extinguishment of debts of USD 6,100 thousand. Further the cash flow from operating activities differs due to a USD 37,975 thousand increase in the total negative change in working capital adjustment, mainly due to USD 27,676 thousand negative adjustment for accrued interest and a USD 8,307 thousand negative adjustment for first time adoption of lease accounting.

*Cash flow from investing activities*

Net cash outflow from investing activities for the nine-month period ended 30 September 2021 was USD 58,275 thousand negative compared to a net cash outflow of the nine-month period ended 30 December 2020 of USD 10,087 thousand negative. The increase of USD 48,188 thousand was primarily due to amounts paid for business combinations (net of cash acquired) related to the acquisition of Linkfluence, Klear and Owler. The total cash outflow related to the acquisitions amounted to USD 48,945 thousand.

Net cash provided by investing activities for the financial year ended 31 December 2020 was USD 15,284 thousand compared to a net cash outflow of the financial year ended 31 December 2019 of USD 47,572 thousand negative. The increase of USD 62,856 thousand was primarily due to USD 28,100 thousand cash outflow in 2019 for related party loans granted, and USD 28,100 thousand cash inflow in 2020 for repayment of that loan, causing a USD 56,200 thousand difference to the total cash flow from investing activities.

Net cash outflow from investing activities for the financial year ended 31 December 2019 was USD 47,421 thousand compared to a net cash outflow of the financial year ended 31 December 2018 of USD 28,091 thousand. The decrease of USD 19,330 thousand was due to due to the issuance of a related party loan of USD 28,100 thousand, offset by a cash outflow in 2019 for amounts paid for business combinations of USD 11,159 thousand.

*Cash flow from financing activities*

Net cash inflow from financing activities for the nine-month period ended 30 September 2021 was USD 5,279 thousand compared to net cash inflow for the nine-month period ended 30 September 2020 of USD 16,579 thousand. The decrease of USD 11,300 thousand is mainly due to cash outflow for offering cost paid in 2020 relating to the Euronext Oslo Børs offering of USD 10,674 thousand.

Net cash flow from financing activities for the financial year ended 31 December 2020 was USD 33,257 thousand compared to a net cash flow for the financial year ended 31 December 2019 of USD 59,835 thousand. The decrease of USD 26,578 thousand was primarily due to differences in proceeds from borrowings and offerings. The proceeds from borrowings (net of repayments) in 2019 caused a cash inflow of USD 73,430 thousand compared to a cash inflow from proceeds from the Euronext Growth Oslo Børs offering in 2020 of USD 248,404 thousand which is offset by cash outflows for borrowings (net of proceeds of USD 25,000 thousand) of USD 175,000 thousand negative.

Net cash inflow from financing activities for the financial year ended 31 December 2019 was USD 65,647 thousand compared to a net cash inflow for the financial year ended 31 December 2018 of USD 6,445 thousand. The increase of USD 59,202 thousand was due to proceeds from new borrowings of USD 175,000 thousand, offset by repayment of previous borrowings of USD 95,123 thousand negative.

#### *11.5.4 Financing arrangements*

In December 2020, the Company entered the 2020 Credit Facility. The maturity date of the 2020 Credit Facility is three years from when the first utilization occurs with an option to extend an additional one to two years. In September 2021, the Company exercised the option to extend the facility by twelve months, which was granted by the lenders and new termination date is 10 June 2025. As of 30 September 2021, the Company had drawn USD 25 million under the 2020 Credit Facility and had the ability to borrow USD 125 million under the 2020 Credit Facility. Interest accrues on amounts outstanding under the 2020 Credit Facility at LIBOR plus a margin range of 1.50% to 2.00% per annum. The Company is required to meet covenants in relation to the 2020 Credit Facility. The covenants are related to the achievement of a financial leverage ratio and includes change of control provisions. Please refer to Section 8.7.3 for more information regarding the covenants and the change of control provision.

### 11.6 Capital expenditure and investments

Historically Meltwater has organically grown its human capital expertise and technological advantage and supplemented via acquisitions. The table below shows the acquistions for the financial years ended 31 December 2020, 2019, and 2018, as well as for the nine-month periods ended 30 September 2021 and 2020.

| **Table 22 - Acquisitions**<br>**Total purchase consideration** | **Year ended 31 December** | | | | **Nine-month period ended 30 September** | |
|---|---|---|---|---|---|---|
| *(In USD thousands)* | **2020**<br>IFRS<br>Audited | **2019**<br>IFRS<br>Audited | **2019**<br>Dutch GAAP<br>Audited | **2018**<br>Dutch GAAP<br>Audited | **2021**<br>*IAS 34*<br>*Unaudited* | **2020**<br>IAS 34<br>Unaudited |
| Acquisition of Sysomos | - | - | - | 17,657 | - | - |
| Acquisition of Datasift | - | - | - | 10,325 | - | - |
| Acquisition of Linkfluence SAS | - | - | - | - | 51,084 | - |
| Acquisition of Klear.com Ltd. | - | - | - | - | 17,771 | - |
| Acquisition of Owler | - | - | - | - | 18,869 | - |
| **Total purchase consideration end of period** | - | - | - | **27,982** | **87,724** | - |

The Company continually develops existing and introduces new products and services to the Meltwater product suite. The investment in the Meltwater product suite is a critical component to customer retention and growth strategies. The table below shows the research and development for the financial years ended 31 December 2020, 2019, and 2018, as well as for the nine-month periods ended 30 September 2021 and 2020.

| Table 23 - Research and Development | Year ended 31 December | | | | Nine-month period ended 30 September | |
|---|---|---|---|---|---|---|
| *(In USD thousands)* | **2020** *IFRS Audited* | **2019** *IFRS Audited* | ***2019*** *Dutch GAAP Audited* | **2018** *Dutch GAAP Audited* | **2021** *IAS 34 Unaudited* | **2020** *IAS 34 Unaudited* |
| Research and development end of period | 37,952 | 43,187 | 43,600 | 40,100 | 41,381 | 28,002 |

*Research and development*

Expenditure on research activities is recognized in the statement of profit or loss as incurred. These costs consist primarily of research and development employee-related expenses, third-party contractor fees and allocated overhead associated with developing new services.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.

The Company has not capitalized any development expenditure in the periods presented

Research and development costs for the nine-month period ended 30 September 2021 was USD 41,381 compared to research and development costs for the nine-month period ended 30 September 2020 of USD 28,002.

Research and development costs for the financial year ended 31 December 2020 was USD 37,952 thousand compared to research and development costs for the financial year ended 31 December 2019 of USD 43,187 thousand.

Research and development costs for the financial year ended 31 December 2019 was USD 43,600 thousand compared to research and development costs for the financial year ended 31 December 2018 of USD 40,100 thousand.

None of the research and development projects are investments of material amount of the Group.

## 11.7 Contractual cash obligations and other commitments

### *11.7.1 Leases*

Meltwater rents all of its office locations. The lease agreements are of varying lengths with expiration at various dates through 2027. Please refer to Note 7 in the 2020 Annual Financial Statements attached hereto as Appendix 1, for a summary of leases as at 31 December 2020.

### *11.7.2 Third-party vendor content*

Meltwater has commitments with third-party vendors to provide content. This content is part of the services provided within the Company's product suite.

As of 31 December 2020, payments under commitments were as follows:

| Table 24 - Third-party Vendor Content | Commitments |
|---|---|
| *As of 31 December, (In USD thousands)* | |
| 2021 | 44,020 |
| 2022 | 24,875 |
| 2023 | 24,000 |
| Thereafter | 0 |
| Total minimum payments | **92,895** |

### 11.8 Critical accounting policies and estimates

The preparation of the Annual Financial Statements according to IFRS and Dutch GAAP requires Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments are evaluated on a continual basis and are based on historical experiences and other factors that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual outcome.

### 11.9 Related party transactions

Meltwater has entered into related party transactions, primarily loan agreements, with its Executive Chair and other founders and entities with which they are affiliated. For more information, see note 28 "Related parties" in the 2020 Annual Financial Statements. During the financial years ended 31 December 2020, 2019 and 2018, the activity in the components of the amounts due to and from related parties are summarized below:

**Table 25 – Related party transactions**

| **Related party receivables in 2021**<br>*(in thousands USD)* | **31 December 2020** | **Cash Payments** | **Impact of foreign currency movements** | **Other movements** | **30 November 2021** |
|---|---|---|---|---|---|
| STAK | 67 | - | (5) | - | 62 |
| Other | 63 | - | (4) | - | 59 |
| Total before allowance for doubtful collection | 130 | - | (9) | - | 121 |
| Allowance for doubtful collection | (63) | - | 4 | - | (59) |
| **Total related party receivables in 2020** | **67** | **-** | **(5)** | **-** | **62** |
| **Related party receivables in 2020**<br>*(in thousands USD)* | **31 December 2019** | **Cash Payments** | **Impact of foreign currency movements** | **Other movements** | **31 December 2020** |
| Jørn Lyseggen (Executive Chair) | 30,944 | (35,051) | - | 4,107 | - |
| STAK | 62 | - | 5 | - | 67 |
| Other | 61 | - | 2 | - | 63 |
| Total before allowance for doubtful collection | 31,067 | (35,051) | 7 | 4,107 | 130 |
| Allowance for doubtful collection | (63) | - | - | - | (63) |
| **Total related party receivables in 2020** | **31,004** | **(35,051)** | **7** | **4,107** | **67** |
| **Related party receivables in 2019**<br>*(in thousands USD)* | **31 December 2018** | **Cash Payments** | **Impact of foreign currency movements** | **Other movements** | **31 December 2019** |
| Jørn Lyseggen (Executive Chair) | - | 28,100 | - | 2,844 | 30,944 |
| STAK | 63 | - | (1) | - | 62 |
| Other | 61 | - | - | - | 61 |
| Total before allowance for doubtful collection | 124 | 28,100 | (1) | 2,844 | 31,067 |
| Allowance for doubtful collection | (63) | - | - | - | (63) |
| **Total related party receivables in 2019** | **63** | **28,100** | **(1)** | **2,844** | **31,004** |

*Meltwater Foundation and Meltwater Entrepreneurial School of Technology (MEST)*

The Company's former CEO is a director at the Meltwater Foundation and Meltwater Entrepreneurial School of Technology ("**MEST**"), both of which are not-for-profit organizations. The Company made charitable contributions of USD 2.4 million and USD 2.4 million to Meltwater Foundation in 2020 and 2019, respectively. These contributions were made with the restriction that the funds would be donated to MEST.

*Sublease agreement with Shack15*

The Founder is a founder of Shack15. In February 2019, the Company entered into a new sublease with Shack15 to rent office space. In August 2019, and December 2020, the Company amended the agreement to extend the term of the sublease. The sublease is expected to end in June 2023. The total obligation during the term is USD 6 million, which is already settled.

*Other*

In April 2019, the Company entered into a USD 28.1 million non-convertible promissory note agreement (the "**2019 Related Party Note Receivable**") with the Company's then Chief Executive Officer. The 2019 Related Party Note Receivable was entered into at arm's length terms. The note matured in April 2020. In April 2020, June 2020 and October 2020, the Company extended the maturity date of the 2019 Related Party Note Receivable to July 2020, October 2020, and December 2020, respectively. The loan agreement stated an effective interest rate of 13.2% per annum, which accrued on a quarterly basis, which was payable either at the loan's maturity or upon prepayment of the note. For the financial years ended 31 December 2020 and 31 December 2019, the Company accrued interest related to the 2019 Related Party Note Receivable of USD 4.1 million and USD 2.8 million, respectively. In December 2020, the former Chief Executive Officer repaid the 2019 Related Party Note Receivable balance and accrued interest.

### 11.10 Environmental issues affecting the Group's utilization of the tangible fixed assets

As of the date of this Prospectus, the Company is not aware of any environmental issues that may have an effect on the utilization of any of the existing tangible fixed assets.

### 11.11 Trend information

During 2020, the market for Meltwaters products has been growing in line with the market overview description in Section 7 "Industry and Market Overview". With the impact of COVID-19, Meltwater focused ARR generation towards two core areas: 1) retention and growth of the existing customers base meeting their changing needs resulting from COVID-19, and 2) presenting prospective customers the benefits of the Company product suite in its ability to deliver real-time solutions to a world adjusting to the impacts of COVID-19. During 2020, the Company generated contracted ARR by USD 362.5 million Q1, USD 363.3 million Q2, USD 369.1 million Q3, and USD 371.6 million Q4. The year-over-year change in annual recurring revenue from the financial year 2019 to the financial year 2020 was 1.9%. The quarterly generated contracted annual recurring revenue amounts are unaudited.

In 2021, there is an anticipation of a potential global financial recovery coming from the distribution of vaccines for COVID-19. While there is no certainty to the penetration of vaccines globally and any upward shift is expected to be uneven depending on regions within each of Meltwater's core markets (EMEA, Americas, and APAC), the Company is expecting continued growth at an accelerated rate in comparison to the previous financial year. The impact of lockdowns has highlighted the value of getting consistent and timely data and inputs from which informed decisions can be made, and this has historically been a strength and growing market advantage of the Company. The Company has a proven management team, and their success is highlighted by results prior to and during the impacts of COVID-19 that have continued to deliver growth and mutually beneficial relationships.

### 11.12 Subsequent events after the balance sheet date

Other than set out below, there has been no subsequent events after the balance sheet date of 30 September 2021 and up to the date of this Prospectus.

**Vendor Settlement**

The Company provided a vendor with a notice of termination of their contract due to the COVID-19 pandemic per the terms of its license agreement. As of October 2021, the vendor noted USD 1.8 million in outstanding invoices. As the Company has not used the services, the Company is not required to pay the outstanding invoices or remaining fees due under the contract from the date of notice of termination. In October 2021, the Company and the vendor settled the dispute by the Company agreeing to pay USD 0.7 million to the vendor and the vendor will waive the remaining outstanding balance of USD 1.1 million and terminate the contract. In relation to the vendor services, the Company capitalized USD 2.5 million of development costs. As the contract is terminated, the Company will not be able to utilize the capitalized software, as such, the Company recognized an impairment on the capitalized software amounting to USD 2.5 million related to the abandoned project.

**Acquisition of DeepReason.ai Ltd ("DeepReason")**

On 19 November 2021 the Company acquired 100% of the issued share capital of DeepReason. DeepReason has developed a powerful reasoning engine with an industry-first ability to maintain incremental views of knowledge graphs. With the DeepReason acquisition, Meltwater will be in a unique position to continue expanding this knowledge graph to discover even more connections and insights.

Total purchase consideration to complete the acquisition was USD 6.4 million consisting of an upfront cash payment of USD 0.8 million and initial issuance of shares of the Company valued at USD 0.8 million along with additional cash payments of up to USD 2.4 million upon achievement of retention requirements and issuance of shares of the Company valued at USD 2.4 million upon the achievement of certain performance milestones.

The additional payments relating to the retention and performance milestones will be recognized if and when such milestones are probable and can be reasonably estimated. The potential undiscounted additional cash payment under the agreement is between USD 0 if no retention is achieved and UDS 2.4 million if full retention is achieved. The potential undiscounted additional equity payment under the agreement is between USD 0 if no milestones are achieved and USD 2.4 million if all milestones are achieved. We are still finalizing the purchase accounting.

**Share Buyback Program**

On 1 December 2021, the Company announced that it plans to commence a Share buyback program of up to USD 50m. The Share buyback program will comprise an initial offer to eligible Meltwater employees, to be followed by general market repurchases. Shares acquired under the program will be acquired based on the authorization to buy back shares granted by the extraordinary general meeting on 3 December 2021, reconfirming the authorization granted by the annual general meeting on 30 June 2021.

Under the program, Meltwater intends to make repurchases of shares in the open market, in line with applicable restrictions, relevant guidelines and main safe harbor principles on price and volume limitations. Any repurchases, if made, are expected to begin in late December 2021/early January 2022, and remain in place until 30 June 2022 or such earlier time as the Board of Directors resolves to terminate the program.

Additionally the Company will facilitate an opportunity for employee holders to sell up to 25% of their total holdings through an offer to eligible Meltwater employees. The employees who participate will then be subject to a further 3-month lock-up. The price per share to be paid in the employee offer, to be carried out in December 2021, will be equal to the volume weighted average trading price in a five-trading day period starting ten trading days after launch.

Any shares repurchased are expected to be used as consideration in future acquisitions or, absent this, be cancelled.

### 11.13 Significant changes in financial or trading position

There has been no significant change in the financial position of the Company since 30 September 2021 and up to the date of this Prospectus. For information about subsequent events after the balance sheet date in the ordinary course of business, see Section 11.12 ("Subsequent events after the balance sheet date").

## 12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND GOVERNANCE

### 12.1 Introduction

This section gives an overview of the material information concerning the Board of Directors, Management, the Group's employees and corporate governance. It is based on and discusses *inter alia* relevant provisions of Dutch law as in effect on the date of this Prospectus and the Articles of Association as these will be in effect immediately prior to the Listing.

The Company has a one-tier board structure consisting of at least one and no more than two Executive Directors and at least three and no more than five Non-Executive Directors elected by the Company's shareholders, on the binding nomination of the Board of Directors. The overall management of the Company is vested in the Board of Directors. The Executive Directors are responsible for, among other things, the general and day-to-day management of the Company's business, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives, ensuring proper organization, preparing plans and budgets for its activities and that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties. The Non-Executive Directors shall supervise the policy of the Company, the fulfilment of duties by the Directors, as well as the general affairs of the Company.

The Management executes the day-to-day management of the Company's operations upon instructions by the Board of Directors.

The Company has a Board of Directors comprising six Directors and a Management of three individuals. The names and positions of the Directors and members of Management are set out in the table in 12.2 "Board of Directors" and 12.3 "Management", respectively.

The composition of the Board of Directors is in compliance with the independency requirements of the Norwegian Code of Practice for Corporate Governance last updated 14 October 2021 (the "**Norwegian Code**"), meaning that (i) the majority of the shareholder-elected Directors are independent from the Company's executive management and material business connections, and (ii) at least two of the shareholder-elected Directors are independent from the Company's main shareholders (being shareholders holding 10% or more of the Shares in the Company). In line with applicable Dutch regulations and the Company's articles of association, the Board of Directors does, however, include on Executive Director (Jørn Lyseggen, Executive Chair).

Other than Mattias Holmström and Jørn Lyseggen, who are affiliated with the Company's major shareholders (Altor Fund III, through Big Data Holding Ltd. and Meltwater, respectively), all Directors are independent from the Company and its main shareholders. The above requirements under the Norwegian Code are thus met.

### 12.2 Board of Directors

The Articles of Association provide that the Board of Directors shall consist of one or more Executive Directors and three or more Non-Executive directors elected by the Company's shareholders, on the binding nomination of the Board of Directors.

#### *12.2.1 Powers, responsibilities and functioning*

The Board of Directors is entrusted with the management of the Company and responsible for the continuity of the Company. The Executive Directors are responsible for, among other things, the general and day-to-day management of the Company's business. The Non-Executive Directors shall supervise the policy of the Company, the fulfilment of duties by the Directors, as well as the general affairs of the Company.

The Board of Director's responsibilities include, among other things, setting the Company's management agenda, developing a view on long-term value creation by the Company, enhancing the performance of the Company, developing a strategy, identifying, analyzing and managing the risks associated with the Company's strategy and activities and establishing and implementing internal procedures, which safeguard that all relevant information is known to the Board of Directors in a timely manner. Pursuant to the Articles of Association, the Board of Directors may delegate duties and powers to individual Directors and may establish committees consisting of one or more Directors, whether or not assisted by staff officers. In fulfilling their responsibilities, the Directors must act in the interest of the Company and give specific attention to the relevant interests of the Company's employees, shareholders, lenders, customers, suppliers and other stakeholders of the Company.

The Board of Directors as a whole is authorized to represent the Company. Additionally, the Executive Chair is solely authorized and all Executive Directors acting jointly are authorized to represent the Company. Pursuant to the Articles of Association, the Board of Directors may grant one or more persons, whether or not in the

Company's employ, a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit.

### *12.2.2 Board rules*

Pursuant to the Articles of Association, the Board of Directors may adopt rules and regulations that allocate duties to one or more Directors and regulate such subjects as the Board of Directors deems necessary or appropriate. Board rules will be in effect immediately prior to the Listing.

### *12.2.3 Composition, appointment, dismissal and suspension.*

The Articles of Association provide that the number of Directors shall be determined by the Board of Directors. The Board of Directors will designate one of the Executive Directors as Executive Chair. Furthermore, the Board of Directors will designate one of the Non-Executive Directors as Senior Non-Executive Director.

Directors are appointed by the General Meeting pursuant to a binding nomination of the Board. If a Director is to be appointed, the Board of Directors shall nominate one or more candidates. A resolution of the General Meeting to appoint a Director in accordance with a nomination by the Board of Directors shall be adopted by absolute majority of the votes cast. The General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by an absolute majority of the votes cast, provided such majority represents at least one-third of the Company's issued capital.

The Articles of Association provide that a Director may be suspended or dismissed as a Director by the General Meeting at any time. A suspension by the General Meeting can be ended by the General Meeting at any time. A suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on dismissal of the Director, the suspension shall end.

Unless at the proposal of the Board of Directors, a resolution of the General Meeting to suspend or dismiss a Director requires an absolute majority of the votes cast representing at least half of the Company's issued capital. Please find details regarding the Directors, as at the date of this Prospectus, in the table below:

**Table 26 – Overview of Directors**

| Name | Position | Served since | Term expires | Shares | Options/ warrants to subscribe for number of Shares |
|---|---|---|---|---|---|
| Jørn Lyseggen | Executive Chair | 2011 | - (1) | 130,386,066 (2) | - |
| David Faugno | Senior Non-Executive Director | 2019 | - (1) | 8,824 | 862,400 |
| Mattias Erik Holmström | Non-Executive Director | 2017 | - (1) | - | - |
| Sang Kim | Non-Executive Director | 2021 | -(1) | - | - |
| Erik Langaker | Non-Executive Director | 2021 | 2025(1) | 350,000(3) | - |
| Stefanie Witte | Non-Executive Director | 2021 | 2025(1) | - | - |

(1) The Board of Directors are appointed for a period of time determined by the General Meeting.
(2) Jørn Lyseggen's total number of shares are held directly and indirectly through the wholly-owned company Fountain Venture AS and 32.2% ownership in Bipro AS. Of these shares, Arneson Haugen Holding AS and Glittenberg Holding AS owns economic interest in 25,840,000 and 16,290,000 of the shares respectively.
(3) Erik Langaker owns 350,000 Shares through Vestland Invest AS.

The Company's registered office at Singel 250, 1016 AB Amsterdam, Netherlands serves as business address for the Directors in relation to their positions in the Company.

The following sets out a brief introduction to each of the Directors:

**Jørn Lyseggen** – *Executive Director, Executive Chair*

Jørn Lyseggen is a Norwegian serial-entrepreneur and the Executive Chair and the Founder of the Company. Mr. Lyseggen began his career as a research scientist in artificial intelligence at the Norwegian Computing Center. Meltwater is Lyseggen's 4th start up. Prior to Meltwater he has two exits and one listing under his belt. He is the author of the book "Outside Insight", published in 2017 and has two patents to his name. Mr. Lyseggen holds a Master of Science in Electrical Engineering (MSEE) from Iowa State University.

| | |
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| *Current directorships and senior management positions*...................................................... | **Board member:**<br>MESH<br>Brandbassador |
| *Previous directorships and senior management positions during last five years*............ | N/A |

**David Faugno –** *Senior Non-Executive Director*

David Faugno is a Senior Non-Executive Director in the Company, a position he has held since June 2019. Mr. Faugno has more than 25 years of management experience, including as CFO of Barracuda Networks and EVP and CFO of Qualtrics. Mr. Faugno holds a BSc in Accounting from Rutgers University and an MBA from Duke University.

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| *Current directorships and senior management positions*...................................................... | **Board member:**<br>Eagle Eye Networks<br>Browserstack |
| *Previous directorships and senior management positions during last five years*............ | **Board member:**<br>Velostrata |

**Mattias Erik Holmström –** *Non-Executive Director*

Mattias Holmström is a Partner at Altor and is a board member of Meltwater, QNTM, ARC, Raw Fury, Hesehus, Raptor, Palette and Transcom among others. Mattias has extensive experience as a private equity investor and board member from over 10 years with Altor and working with Meltwater since Altor Fund III's investment in 2012, as well as working as strategy consultant with Booz & Company for 2 years. Mattias Holmström holds an MSc in Industrial Engineering and Management from KTH Royal Institute of Technology, with specialization in Software Architecture and Design.

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| *Current directorships and senior management positions*...................................................... | **Board member:**<br>QNTM<br>ARC Arise Consultants Group<br>Transcom |
| *Previous directorships and senior management positions during last five years*............ | **Board member:**<br>IYUNO Media Group<br>NorthStar Group |

**Sang Kim –** *Non-Executive Director*

Sang Kim is a member of the Company's board of directors. Mr. Kim is a partner at law firm DLA Piper and he concentrates his practice in international tax and operational structuring, global transfer pricing strategy, cross-border mergers, acquisitions, dispositions and joint ventures, post-acquisition integration and international tax controversy.

He also frequently serves as the managing international counsel for multijurisdictional and multi-disciplinary transactions and engagements implicating tax, employment, IP, corporate, governance, regulatory, foreign exchange, supply chain, and import duties, among others.

Sang has led several hundred global expansion and structuring matters for companies across a wide spectrum of industries from emerging enterprises to the largest multinationals.

Mr. Kim holds a B.A. in philosophy and economics from Columbia University, a J.D. from Northwestern University School of Law and an LL.M. with a specialization in taxation from the New York University School of Law.

Witte received her education at the renowned University of St. Gallen, where she was on a CEMS scholarship and completed Lic.oec., business and economics; majors in finance, accounting and controlling.

| | |
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| *Current directorships and senior management positions*.................................................... | **Management:**<br>DLA Piper LLP, Co-Chair Global Tax<br>DLA Piper LLP, US Management Committee<br><br>**Chair**:<br>Bronx Science Foundation<br><br>**Board member**:<br>DLA Piper LLP |
| *Previous directorships and senior management positions during last five years*........... | N/A |

**Erik Langaker –** *Non-Executive Director*

Erik Langaker is a Norwegian citizen and a member of the Company's board of directors, a position he has held since June 2021. Mr. Langaker has significant experience from various directorships in both listed and private companies all over Scandinavia, many of which he has served as chair of the board. Mr. Langaker's experience comprises roles such as, *inter alia,* chairing the board at EPC Plc (now Verra Mobility, listed on NASDAQ) and CMR Surgical Ltd, board member of HitecVision, Seram Coating, Aschehoug AS, Link Mobility Group (listed on Oslo Stock Exchange) and ELOP Group.

Mr. Langaker studied law for a year from 1983-1984 before he received his three year education at the Norwegian school of finance and management (BI) from 1984-1987.

Mr. Langaker has been a member of the association of certified financial analysts in Norway since 1987.

| | |
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| *Current directorships and senior management positions*.................................................... | **Chair:**<br>Kezzler<br>Vestland Group<br>Pragmatic Semiconductor Ltd<br><br>**Board member:**<br>Zalaris ASA (listed)<br>Papirfly Group<br>Resoptima AS<br>ByBubbly AS |
| *Previous directorships and senior management positions during last five years*........... | **Chair:**<br>Stormgeo Group<br>Datarespons AS (listed)<br>Camo Analytics (sold to Aspen Tech Inc.)<br>EPC Plc (now Verra Mobility, listed on NASDAQ)<br><br>**Board member:**<br>CMR Surgical Ltd.<br>Hitec Vision<br>Seram Coating<br>Aschehoug AS<br>Link Mobility Group (listed OSE)<br>ELOP Group<br>Dolphin Drilling |

**Stefanie Witte –** *Non-Executive Director*

Stefanie Witte is a German citizen residing in Norway and a member of the Company's board of directors, a position she has held since June 2021. Witte holds nearly 10 years of experience from a world leading technology organization, holding the position as Director Chrome OS Consumer, Northern Europe and DACH at Google Norway AS. She also has board experience, being member of the board of directors at EcoOnline AS and Myneva Group GmbH. Prior to joining Google, Witte gained experience from, inter alia, McKinsey & Company.

| | |
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| *Current directorships and senior management positions*...................................................... | **Board member:**<br>EcoOnline AS<br>Myneva Group GmbH |
| *Previous directorships and senior management positions during last five years*........... | **Board member:**<br>KEZZLER AS |

### 12.3 Management

The executive management of the Company currently consists of three individuals. Please find details regarding the Company's Management, as at the date of this Prospectus, in the table below.

**Table 27 – Overview of the Management**

| Name | Position | Employed since | Shares | Options/warrants to subscribe for number of Shares |
|---|---|---|---|---|
| John Box | Chief Executive Officer ("**CEO**") | 2006 | - | 1,183,170[(1)] |
| Elena Shishkina | Chief Financial Officer ("**CFO**") | 2021 | - | -[(2)] |
| Aditya Jami | Chief Technology Officer ("**CTO**") | 2016 | - | 1,123,960[(3)] |

[(1)] Mr. Box holds stock options to subscribe for 938,460 Shares and restricted stock units (RSUs) to subscribe for 244,710 shares.
[(2)] Elena Shishkina was granted RSUs when commencing the position as CFO. The grant date value was USD 1,500,000, but the number of RSUs are yet to be finally determined.
[(3)] Mr. Jami holds stock options to subscribe for 1,123,960 Shares.

The Company's registered office at Singel 250, 1016 AB Amsterdam, the Netherlands serves as business address for the members of the Management in relation to their positions in the Company.

The following sets out a brief introduction to each member of Management:

**John Box –** *CEO*

John Box is a British citizen and the Company's CEO. Mr. Box has been with the Company since 2006, holding several management positions, including five years as area director and six years as executive director. In his position as executive director, Mr. Box was responsible for the Company's offices in Tokyo, Hong Kong, Shanghai, Beijing, Singapore, Kuala Lumpur, Perth, Sydney, Brisbane and Melbourne. This has provided Mr. Box with extensive international business experience. Mr. Box holds a Bachelor of Arts in French and History from the Canterbury Christ Church University and a Masters Level Diploma in Organizational Leadership from Said Business School, University of Oxford.

| | |
|---|---|
| *Current directorships and senior management positions*...................................................... | **Board member:**<br>Managr Group Inc |
| *Previous directorships and senior management positions during last five years*........... | |

**Elena Shishkina –** *CFO*

Elena Shishkina is the Company's CFO, a position she has held since October 2021. She has over 20 years' global experience in enterprise software and B2B SaaS market. Prior to joining the Company, she has held positions such as CFO of Russia & CIS and CFO of UK & Ireland at Fortune 100 ranked software company SAP. Further, she has been VP of Finance in EMEA, Asia Pacific & Japan at the NASDAQ listed SaaS company Workday. Most recently, she has held the position of CFO at Red Points, a global leader in brand protection.

Elena Shishkina holds a Master of Business Administration (MBA) from Durham University and a MA in English and German from the Linguistic University of Nizhny Novgorod, Russia.

| | |
|---|---|
| *Current directorships and senior management positions*.................................................... | **Management:**<br>Meltwater, CFO<br>**Board member:**<br>Various subsidiaries of the Company<br>Sysomos UK Limited<br>Klear.com Ltd |
| *Previous directorships and senior management positions during last five years*........... | Red Point Solutions, Chief Financial and Operations Officer;<br>Workday (UK) Limited, CFO<br>Board member:<br>Various subsidiaries of Workday Inc and Workday International |

**Aditya Jami –** *CTO*

Aditya Jami is the Company's CTO and has been with the company since 2016. Mr. Jami is an experienced technology leader with demonstrated history in executing complex engineering systems, developing product strategy, creating high velocity engineering culture, driving M&A integrations at Meltwater, and at international corporations such as Netflix and Yahoo. His industry & academic efforts have been translated into successful products, open source software and recognized in form of awards for research papers as well as in the popular press. Jami holds an M.S. in Computer Science from Stanford University and served as a visiting scientist at Cornell University.

| | |
|---|---|
| *Current directorships and senior management positions*.................................................... | N/A |
| *Previous directorships and senior management positions during last five years*........... | N/A |

### 12.4 Remuneration and benefits

*12.4.1 Remuneration policy*

The General Meeting has adopted a remuneration policy for the Directors, upon a proposal of the Board of Directors. The remuneration policy will be available free of charge on the Company's website www.meltwater.com. The remuneration policy is expected to contribute to the Group's business strategy and enable it to achieve its business objectives.

The Non-Executive Directors shall decide of the remuneration and the further terms and conditions of employment for each of the Executive Directors, in accordance with the Company's remuneration policy. The remuneration of the Non-Executive Directors shall be determined by the General Meeting, also with due observance of the remuneration policy.

For every change to the remuneration policy and, in any event, at least every four years, the General Meeting will be requested to vote on the remuneration policy. A proposal to adopt or amend the remuneration policy shall be submitted to the General Meeting. Pursuant to the Articles of Association, the resolution of the General Meeting to adopt (amendments to) the remuneration policy requires an absolute majority of the votes cast.

Any revised remuneration policy, together with the date and the results of the vote at the General Meeting, will be available free of charge on the Company's website www.meltwater.com and the remuneration policy will remain publicly available while it is applicable. If the General Meeting does not adopt the proposed amendments to the remuneration policy, the Company shall continue to remunerate in accordance with the existing adopted remuneration policy and shall submit a revised policy for approval at the following General Meeting.

In exceptional circumstances only, the Directors, upon recommendation of the Remuneration Committee, may decide to temporarily derogate from the remuneration policy. Exceptional circumstances only cover situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, such as the appointment of an interim Director or the appointment of a new Director. The rationale and detail of any such deviation will be disclosed in the annual remuneration report.

**Remuneration Executive Directors**

The remuneration of Executive Directors may consist of annual base salary, short-term incentive, long-term incentive and other benefits.

The annual base salary is set at a market competitive level to attract and retain the caliber of Executive Directors required to devise and execute the Company's strategy. The amount of annual base salary is reviewed annually and in the event of the appointment of a new Executive Director by the Non-Executive Directors or the remuneration committee of the Board. Various factors may be considered when determining any annual base salary changes, including, but not limited to, salary increases of the Company's global workforce, business performance, personal performance, the scope and nature of the role, relevant market benchmark data and local economic indicators, such as inflation and cost-of-living changes, to ensure that the remuneration is fair, sensible and market competitive. The actual annual base salary and any annual increases will be disclosed in the annual report.

The purpose of the short-term incentive is to ensure executive alignment with and focus on the annual business plan as set by Board. Performance measures and targets for those measures are set by the Non-Executive Directors. The short-term incentive is linked to a percentage of annual base salary. The short-term incentive is in principle settled in cash but, in order to encourage ownership and proprietary interest in the Company, the Non-Executive Directors have the possibility to determine that any short-term incentive awards are settled in Company shares.

Executive Directors are eligible for awards in the form of RSUs. They represent conditional rights to receive a number of Shares, subject to continued engagement during the vesting period. The RSUs will vest over a period of four years. The RSUs will vest as follows: 25% on the first anniversary of the date of appointment; and 75% on a quarterly basis over the following three-year period (6.25% per quarter) until 100% on the fourth anniversary of the date of appointment. The award value will be set by the Non-Executive Directors. The maximum award value of RSUs is equal to 50% of the Executive Director's annual base salary. The actual long-term incentive award, the applicable vesting period and a summary of any additional material conditions attached to each grant will be disclosed in the annual remuneration report.

Other benefits for which the Executive Directors are eligible are intended to be competitive in the relevant market and may evolve from year to year. The Executive Directors may be eligible for benefits such as health insurance, disability and life insurance, a directors' and officers' liability insurance, mobility allowance or travel expenses, housing allowance, fitness allowance, representation costs and to participate in whatever all-employee benefits plans may be offered at any given point.

**Remuneration Non-Executive Directors**

The remuneration of the Non-Executive Directors shall reflect the time spent and responsibilities of their roles. In order to ensure alignment between the Non-Executive Directors and the Company's value creation, the Non-Executive Directors will be rewarded in the form of RSUs. They represent conditional rights to receive a number of Shares, subject to continued engagement during the vesting period.

The RSUs will vest over a period of four years and the vesting period starts on the date of appointment. If a participant remains employed with the Company, the RSUs will vest as follows: 25% on the first anniversary of the date of appointment; and 75% on a quarterly basis over the following three-year period (6.25% per quarter) until 100% on the fourth anniversary of the date of appointment. RSUs that are unvested at the time a Director ceases to be a director of the Company as a result of the relevant Director on its own initiative terminating, resigning or retiring (other than as a result of permanent incapacity due to ill health) will lapse.

The RSUs to be awarded to the Non-Executive Directors is as follows:

| | |
|---|---|
| Senior Non-Executive Director: | USD 200,000 per annum, to be settled in the form of RSUs. |
| Other Non-Executive Directors: | USD 100,000 per annum, to be settled in the form of RSUs. |

The RSUs include any fee for being a member of a committee of the Board. The grant value of the RSUs will be determined based on a 30 day volume weighted average share price prior to each grant.

Non-Executive Directors will be reimbursed for all reasonable business expenses incurred in the course of performing their duties.

*12.4.2 Remuneration of the Board of Directors*

The below table sets forth the amount of remuneration paid by the Company to its Directors for the financial year ended 31 December 2020.

**Table 28 – Remuneration of the Board of Directors**

| Name | Position | Total remuneration *In USD thousands* |
|---|---|---|
| Jørn Lyseggen | Executive Chair | 600 |
| Andreas Jan-Ulrik Källström Säfweräng | Non-Executive Director | - |
| Mattias Erik Holmström | Non-Executive Director | - |
| David Faugno(1) | Non-Executive Director | 90 |
| David Flannery(2) | Non-Executive Director | - |

Figures excludes any remuneration received as part of Management. Information about remuneration to Management is elaborated on in Section 12.4.3.

(1) David Faugno was appointed Senior Non-Executive Director in 2021.

(2) David Flannery resigned as Director in November 2021.

*12.4.3 Remuneration of the Management*

The below table sets forth the amount of remuneration paid by the Company to its members of Management for the financial year ended 31 December 2020.

**Table 29 – Remuneration of the Management**

| Name | Position | Salary *In USD* | Vacation Payout *In USD* | Bonus *In USD* | Benefits /allowances *In USD* | Gym/phone reimbursement *In USD* | Pension *In USD* | Total remuneration *In USD* |
|---|---|---|---|---|---|---|---|---|
| Jørn Lyseggen | Founder and Executive Chair | 600,000.00 | - | - | - | 130.00 | - | 600,130.00 |
| John Box | CEO | 329,970.84 | - | 95,000.00 | 3,000.00 | 130.00 | 4,000.00 | 432,100.84 |
| Marty Hernandez | CFO | 430,000.00 | - | 240,625.00 | - | 130.00 | - | 670,755.00 |
| Aditya Jami | CTO | 300,000.00 | - | 50,000.00 | 8,200.00 | - | - | 358,200.00 |

*12.4.4 Claw-back and discretion*

In accordance with Dutch law, the General Meeting may adjust the outcome of variable compensation if the pay-out would, in its view, be unacceptable based on reasonability and fairness criteria. The Company can claim back variable payments (in whole or in part) if the pay-out was based on incorrect information about the achievement of the targets. Any application of claw-back or discretion will be disclosed and explained in the annual remuneration report.

## 12.5 Incentive schemes

*12.5.1 Introduction*

The Company has two employee incentive plans in place. It concerns an equity incentive plan 2011 ("**EIP 2011**") (see Section 12.5.3 "EIP 2011") and a so called "STAK" structure (see Section 12.5.4 "STAK"). The STAK structure comprises a Dutch entity, a foundation that holds Company Shares in respect of which it has issued depositary receipts (*certificaten*), which are being held by employees of the Company.

For information about stock-based compensation in the Company, see note 15 (Stock-based compensation) of the 2020 Financial Statements. For information about financial instruments and authorizations to increase the share capital in the Company, see Section 13.4 "Financial instruments" and Section 13.5 "Authorizations to increase the share capital".

#### *12.5.2 LTI Plan 2022*

The Company will introduce a new long-term incentive plan (the **LTI Plan 2022**) as from January 2022. The purpose of the LTI Plan 2022 is to promote the interests of the Company and its shareholders by strengthening the Company's ability to attract and retain highly competent employees, and to provide a means to encourage ownership and proprietary interest in the Company.

Awards under the LTI Plan 2022 are made annually in the form of RSUs for all levels of staff. The LTI Plan 2022 design also includes performance share units ("**PSUs**") or stock options for the top executives. The RSUs represent conditional rights to receive a number of Shares whether or not in the form of Depositary Receipts, generally subject to continued engagement during the vesting period. Other conditions may also be determined by the Board for each grant.

Under the terms of the LTI Plan 2022, RSUs will typically vest over a period of four years and the vesting period starts on the date of grant. If a participant remains employed with the Company, the RSUs will typically vest as follows: 25% on the first anniversary of the date of grant; and 75% on a quarterly basis over a three-year period (6.25% per quarter) until 100% on the fourth anniversary of the date of grant.

The grant value of a RSU is determined by the Board and considering the Company's and the individual performance, relevant market practice, external benchmark data and other factors.

Performance measures and targets for those measures may be set by the Board for each grant. The measures may include a balance of financial measures, key operational measures, and non-financial measures aligned to the strategic objectives of the Company. The financial measures shall be key performance indicators to measure the successful execution of the Company's strategy and the non-financial measures reflect performance on the key strategic objectives of the Company. With respect to non-financial measures, the Board will select indicators that are derived from or linked to the business plan of the Company. In case of performance conditions, after the end of the relevant performance period, the Board will review the actual performance against the set performance targets to determine the extent to which each of the targets has been achieved, in order to determine the final pay-out level.

#### *12.5.3 EIP 2011*

As of 31 December 2020, the Company had outstanding 35,838,900 stock options, 23,345,780 common stock and 10,263,000 RSUs. In relation to this plan, various options are granted to employees to purchase Company Shares when their option rights have been vested. All awards granted under the EIP 2011 are subject to an award agreement which sets out the terms and provisions applicable to each award granted under the EIP 2011. The EIP 2011 and each award agreement are administrated by the Company's board or other committee appointed to administrate the EIP 2011 and the award agreements (the "**Administrator**"). The Administrator has a wide authority to administrate the awards granted under the EIP 2011, and the Administrator's decisions, determinations and interpretations will be final and binding on all participants and any other holders of an award under the EIP 2011.

##### 12.5.3.1 *Stock options*

Non-statutory stock options, restricted stock and RSUs may be granted to employees, directors and consultants. Incentive stock options may only be granted to employees. The exercise price of incentive stock options and non-statutory stock options will be determined by the Administrator in each case, but will be no less than the greater of fair market value per Share on the date of grant or EUR 0.01. Options granted under the 2011 EIP have a term of up to ten years from the date of grant. The vesting for options granted under the plan is determined by the Administrator and is set out in each award agreement. Therefore the vesting for options under the plan vary. Generally the vesting for options is monthly over a period of three to four years, and are subject to certain liquidity and other conditional events that the Company did not deem probable as of 31 December 2019. The liquidity event condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) one hundred and eighty days after the effective date of the Company filing a registration statement on Form S-1 (or equivalent filing) with the Securities and Exchange Commission for the initial public offering of its shares. Vested but unexercised options generally expire within three months after termination of services with the Company.

The following table summarizes the Company's stock option activity related to the 2011 EIP for the financial years ended 31 December 2020, 2019 and 2018:

**Table 30 – Stock options activity under EIP (2020, 2019 and 2018)**

| | Number of stock options outstanding | Weighted average exercise price | Weighted average remaining contractual term |
|---|---|---|---|
| | *(Number)* | *(Amounts in USD)* | *(in years)* |
| **Balances as of 31 December 2018** | 32,798,600 | 1.18 | 7.15 |
| Granted | 8,415,500 | 1.82 | |
| Exercised | (10,100) | 1.25 | |
| Forfeited or cancelled | (3,963,200) | 1.36 | |
| **Balances as of 31 December 2019** | 37,240,800 | 1.31 | 6.71 |
| Granted | 3,520,000 | 2.00 | |
| Exercised | (865,400) | 1.26 | |
| Forfeited or cancelled | (4,056,500) | 1.45 | |
| **Balances as of 31 December 2020** | 35,838,900 | 1.36 | 5.94 |
| **Options exercisable as of 31 December 2020** | 23,507,700 | 1.29 | 5.94 |

During first half-year 2020, the Company granted 3,340,000 stock options.

#### 12.5.3.2 *Restricted stock units (RSUs)*

RSUs granted under EIP 2011 are valued at their fair market value on the date of grant, and have a term of up to ten years from the date of grant. The Administrator, in its sole discretion, sets the vesting criteria for RSUs granted under the plan. The vesting for RSUs granted under the plan vary and generally begins one year after the occurrence of certain liquidity events, which the Company deems not probable as of 31 December 2020. The liquidity event condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) one hundred and eighty days after the effective date of the Company filing a registration statement on Form S-1 (or equivalent filing) with the Securities and Exchange Commission for the initial public offering of its shares. In April 2021, the Company modified RSU Agreements to change the vesting terms to 50% of RSUs vest on 4 December 4, 2021, and remaining 50% vest on 31 March 2022 with no Liquidity Event condition. In addition, the Company modified the termination date of RSUs to 31 December 2022. Modification is effective only upon execution of Amendment Letter by the awardee. The Administrator, in its sole discretion, may, only as specified in the EIP 2011 or the relevant award agreement, settle earned RSUs in cash, shares or a combination of both.
The following table summarizes the Company's RSUs activity related to the EIP 2011 for the financial years ended 31 December 2018, 2019 and 2020:

**Table 31 – RSUs activity under EIP 2011 (2020, 2019 and 2018)**

| | Number of RSUs outstanding | Weighted average fair value price | Weighted average remaining contractual term |
|---|---|---|---|
| | *(Number)* | *(Amounts in USD)* | *(in years)* |
| **Balances as of 31 December 2018** | 11,360,300 | 1.14 | 3.46 |
| Forfeited or cancelled | (422,200) | 1.20 | |
| **Balances as of 31 December 2019** | 10,398,100 | 1.13 | 2.45 |
| Forfeited or cancelled | (675,100) | 1.23 | |
| **Balances as of 31 December 2020** | 10,263,000 | 1.13 | 2.57 |

During the year ended 31 December 2018, the Company extended the expiration date for 26,063 RSUs that were initially scheduled to expire during 2018. Following the 1:100 share split approved by the Company's general meeting on 26 November 2020, these RSUs give right to subscribe for 2,606,300 Shares.

In April 2020, the Company extended the expiration date by 5 years for 5,216,200 RSUs that were initially scheduled to expire during 2020.

#### 12.5.3.3 *Stock-based awards*

The following table summarizes the Company's activity of available stock-based awards related to the 2011 EIP for the financial years ended 31 December 2018, 2019 and 2020:

| Table 32 – Stock-based awards under EIP 2011 (2020, 2019 and 2018) | |
|---|---|
| | **Number of awards available** |
| **Balances as of 31 December 2018** | 4,691,300 |
| Granted | (8,415,500) |
| Forfeited or cancelled | 4,385,400 |
| **Balances as of 31 December 2019** | 661,200 |
| Granted | (3,520,000) |
| Forfeited or cancelled | 4,731,600 |
| **Balances as of 31 December 2020** | 1,872,800 |

The Company recognized stock-based compensation expense as follows:

| Table 33 – Recognized stock-based compensation under EIP 2011 (2020 and 2019) | | |
|---|---|---|
| | **Year ended 31 December** | |
| *(Amounts in USD thousands)* | **2020** | **2019** |
| | *Dutch GAAP Audited* | *Dutch GAAP Audited* |
| Cost of sales | 36 | 94 |
| General and administrative | 678 | 905 |
| Sales and marketing | 2,807 | 2,454 |
| Research and development | 1,404 | 1,110 |
| Total stock-based compensation expense | 4,925 | 4,563 |

As of 31 December 2020, total compensation cost not yet recognized of USD 18.9 million related to unvested stock options and RSUs, of which USD 7.4 million is expected to be recognized over a weighted-average period of 2.4 years, with the remaining USD 11.5 million to be recognized only upon the occurrence of contingent future liquidity events.

#### *12.5.4 STAK*

Stichting Administratiekantoor Meltwater Holding, a Dutch foundation, enables the Company to separate the beneficial and economic rights from the voting rights of the Company Shares by issuing depositary receipts (certificaten) for each Company Share it holds (the "**STAK DRs**"). The holders of the STAK DRs are entitled to the beneficial and economic rights of the Company Shares and the board of the STAK is entitled to exercise the voting rights attached to the Company Shares.

In December 2008, the Company adopted a stock purchase plan (the "**SPP**"), as amended in 2010 and 2011. Under the SPP, the Company grants stock purchase rights to all eligible employees and contractors who provide significant services to the Company. Since the Company is incorporated in the Netherlands, any transfer of shares not admitted to trading on a regulated market to employees requires prior notarization. Thus, rather than directly issuing Company Shares to the employee, the Company issues STAK DRs to its employees as evidence of their beneficial and economic ownership of the Company. Each STAK DR corresponds to one Company Share. These depositary receipts entitle the holder to dividends, distributions and other payments on the Company Shares.

Employees are invited to participate in the SPP, when the Board of Directors approves an offering, typically once a year or once every two years. The Board of Directors determines the terms of the purchase, including employee eligibility, acquisition price, and maximum number of STAK DRs that participants may purchase according to eligibility levels. The purchase price is due and payable upon the purchase of the STAK DRs; however, participants may elect to submit payment in whole or in part via payroll deductions. Deferred payments, plus interest (annualized rate of 4.5%), are deducted in equal instalments from the employee's salary over a six-month period, commencing at the issuance of the STAK DRs. The Company has a full recourse provision in instances where an employee leaves the Company.

SPP participants with fully-paid STAK DRs have full entitlement to all the economic benefits and risks of the STAK DRs, the same as shareholders. The STAK DRs vest in two to three tranches over one to three years.

Generally, STAK DRs are transferable once they are vested. In the event of termination of employment services, the shares can be repurchased by the Company at a repurchase price determined in accordance with the provisions of the SPP, which depends on the original purchase price of the STAK DRs, the fair market of the Shares at the time of repurchase, and the reason for the employee's departure from the Company.

As of 14 December 2021, the STAK owned 770,780 Shares in the Company.

### 12.6 Benefits upon termination

Jørn Lyseggen (Executive Chair) is entitled to receive agreed compensation and benefits through 31 December 2023 upon termination of his position as Executive Chair.

John Box (CEO) is entitled to 12 months' severance payment if terminated within 12 months following change in control or termination within 60 day period following change in control and pro-rated bonus payout, as well as accelerated vesting of stock options (100%) of all unvested equity awards due to change in control.

Other than above, none of the Directors or the members of Management have service contracts with the Company providing for benefits upon termination of employment.

### 12.7 Pension and retirement benefits

The Company does not have obligations or similar benefits regarding pension and retirement for the persons referred to in Section 12.3.

### 12.8 Employees

As of 30 September 2021, Meltwater had 2,040 full-time employees. The table below shows the development in the number of full-time employees for the financial years ended 31 December 2020, 2019 and 2018 and the nine-month period ended 30 September 2021 and a breakdown of employees by function.

| Table 34 – Employees | As of 30 September | As of 31 December | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| Group | 2,040 | 1,605 | 1,854 | 1,842 |
| Cost of sales | 289 | 120 | 142 | 154 |
| Sales and marketing | 1,248 | 1,111 | 1,313 | 1,267 |
| Research and development | 341 | 249 | 259 | 275 |
| General and administrative | 162 | 125 | 140 | 146 |

### 12.9 Board committees

Pursuant to the Articles of Association, the Board of Directors may establish committees, including but not limited to an audit committee, a remuneration committee and a selection and appointment committee or a combination thereof. A committee may consist of one or more Directors of or other persons to the extent such committee is only entrusted with an advisory task. An Executive Director shall not be a member of the audit committee, the remuneration committee or the selection and appointment committee and a Non-Executive Director shall not be a member of an executive committee. The committees' task shall be to prepare the Board of Directors' decision-making and to render advice to the Board. As at the date of the Listing, the Board of Directors shall have constituted an audit committee and a remuneration committee from among the Non-Executive Directors.

#### *12.9.1 Audit committee*

The Board of Directors has established an audit committee. The appointed members of the audit committee are David Faugno (committee chair), Erik Langaker (committee member) and Sang Kim (committee member). The composition of the audit committee fulfils the required qualifications and competence in accounting and auditing under Dutch law.

The function of the audit committee is: (i) the monitoring of the financial-reporting process and preparation of proposals to safeguard the integrity of said process; (ii) the monitoring of the efficiency of the internal management system, the internal audit system and the risk management system with respect to financial reporting; (iii) the monitoring of the statutory audit of the annual accounts and consolidated accounts, and in particular the process of such audit; (iv) the review and monitoring of the independence of the external auditor, with a special focus on other services provided to the Company, in accordance with the Company's external auditor independence policy; and (v) the adoption of a procedure for the selection of the external auditor and the nomination for appointment of the external auditor with respect to the statutory audit of the annual accounts and consolidated accounts.

The audit committee supports the Board of Directors in the exercise of its management and supervisory responsibilities relating to financial reporting, statutory audit and internal control.

The audit committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implement such recommendations.

#### *12.9.2 Remuneration committee*

The Company has established a separate remuneration committee. The appointed members of the remuneration committee are Mattias Erik Holmström (committee chair), Stefanie Witte (committee member) and David Faugno (committee member).

The remuneration committee is charged in particular with the preparation of: (i) the remuneration policy for the Board of Directors; (ii) proposals for the remuneration of the Directors; and (iii) the remuneration report on the execution of the remuneration policy during the respective year, which shall be included in the Company's annual accounts pursuant to applicable rules and regulations, including accounting standards, promulgated from time to time.

The Board of Directors retains responsibility for implementing any recommendations.

### 12.10 Conflict of interests etc.

None of the Directors or the members of Management has, or had, during the last five years preceding the date of this Prospectus, as applicable:

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

Jørn Lyseggen (Executive Chair) is the Company's largest shareholder. Mattias Erik Holmström (Non-Executive Director) is independent from management, but not independent of a major shareholder as they are appointed to the Board of Directors by Altor Fund III (through Big Data Holding Limited).

Other than set out above, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Directors or the members of Management, including any family relationships between such persons.

See also Section 13.12.2.1 (Conflicts of interests).

### 12.11 Indemnification

The Articles of Association include provisions regarding the indemnification, to the extent permissible by the rules and regulations applicable to the Company, of current and former Directors against reasonable actual costs, including the reasonable actual costs of legal counsel, made by a Director or former Director in connection with a dispute resulting from the act or the failure to act of a Director or former Director in the performance of his / her duties and in which a Director or former Director has become personally involved.

There shall, however, be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) if a Dutch court of law has rendered an irrevocable ruling to the effect that the costs are the result of willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct on the part of the Director or former Director, unless Dutch law provides otherwise or this would, in the view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness (*redelijkheid en billijkheid*); (ii) when it concerns a dispute initiated by or on behalf of the Director or former Director against the Company, any of the Group Companies or a third party, primarily aimed at pursuing a claim on his / her own behalf; or (iii) when the costs are covered by an insurance for the benefit of the Director or former Director.

### 12.12 Other information

### 12.13 Governance codes

The Board of Directors is responsible for ensuring satisfactory corporate governance.

The Company has adopted and implemented a corporate governance regime which in all material respects complies with the Norwegian Code.

#### *12.13.1 The Norwegian Code*

Neither the Board of Directors nor the General Meeting have adopted any resolutions which are deemed to have a material impact on the Group's compliance with the Norwegian Code. Accordingly, on the date of Listing, the Company will in all material respects comply with the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021. It is, however, noted that the Company, as a corporation incorporated under Dutch law, and thereby deviating from the Norwegian Code (i) does not have a nomination committee, (ii) have board tenors that deviate from Norwegian law, and (iii) that the board, as a consequence of a one-tier board system, include one executive Director.

#### *12.13.2 The Dutch Corporate Governance Code*

The Dutch Corporate Governance Code dated 8 December 2016, as amended from time to time, became effective on 1 January 2017 and finds its statutory basis in Book 2 of the Dutch Civil Code. The Dutch Corporate Governance Code applies to the Company as the Company has its seat in the Netherlands and its Shares will be listed on the Oslo Stock Exchange. The Dutch Corporate Governance Code is based on a "comply or explain" (*pas toe of leg uit*) principle.

Accordingly, companies are required to disclose in their report of the board of directors whether or not they are complying with the various best practice provisions of the Dutch Corporate Governance Code that are addressed to the executive directors or, if applicable, the non-executive directors of the company. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its directors' report.

On the Settlement Date, the Company will comply with the principles of the Dutch Corporate Governance Code, except for the following principles of the Dutch Corporate Governance Code:

- *Best practice provisions 2.2.1 and 2.2.2. (term directors)*

The Company does not comply with best practice provision 2.2.1, since most Directors are appointed for an indefinite period of time. Currently, the Board does not believe there is a driving interest in limiting the members to the four year terms. The Board believes that a depth of history and knowledge of the Company, which can be developed through long-term service, continues to be key to an effective oversight of the Company. The Board revisits the provisions in its governing documents regularly and may determine that limitations of the term for Directors is appropriate.

- *Best practice provision 2.2.4 (succession)*

The Company partly deviates from best practice provision 2.2.4 which provides that the non-executive directors should draw up a retirement schedule in order to avoid, as much as possible, non-executive directors retiring simultaneously and that the retirement schedule should be published on the website. The Non-Executive Directors have not drawn up a retirement schedule, since most Directors are appointed for an indefinite period of time.

- *Best practice provision 2.3.2 (establishment of committees)*

The Company does not comply with best practice provision 2.3.2, which provides that if the board consists of more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointment committee. The Board has not established a nomination committee, since most Directors are appointed for an indefinite period of time and if a vacancy arises, the Non-Executive Directors will fulfil this role.

- *Best practice provision 3.2.3* (*severance payments*)

The Company does not comply with best practice provision 3.2.3, which provides that the remuneration of Executive Directors in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). The agreement of the Executive Chair provides for an agreed compensation and benefits through 31 December 2023 upon termination of his position as Executive Chair. This compensation was agreed with the Executive Chair before the Company's share were listed on a regulated market and the Company wishes to fulfil existing arrangements.

- *Best practice provisions 3.1.2.v (remuneration policy)*

The Company partly deviates from best practice provision 3.1.2.vii, which provides that share options cannot be exercised during the first three years after they are awarded. The Company grants rights to shares in the form of restricted share units with a four-year vesting schedule, part of which vest before, and part of it vest after, the third anniversary of the award, which is in line with the market practice for restricted share unit plans and applies in the same way to other eligible employees of the Company.

- *Best practice provisions 3.3.2 (remuneration non-executive directors)*

The Company does not comply with best practice provision 3.3.2, which provides that non-executive directors may not be awarded remuneration in the form of shares and/or rights to shares. The Non-Executive Directors will receive their remuneration in the form of restricted share units to ensure alignment between the Non-Executive Directors and the Company's value creation.

## 13 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARES

*This section includes a summary of certain information relating to the Company's shares capital and a brief summary of certain significant provisions of Dutch law, as in effect on the date of this Prospectus, and the Articles of Association.*

*This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association and the relevant provisions of Dutch law as in force on the date of this Prospectus. The Articles of Association are available in the governing Dutch language and an unofficial English translation thereof on the Company's website (www.meltwater.com). In the event of any discrepancy between the Dutch version of the Articles of Association and the unofficial English translation, the Dutch version prevails. See also Section 12 "Board of Directors, Management, Employees and Governance" for a summary of certain material provisions of the Articles of Association and Dutch law relating to the Board.*

### 13.1 Information about Meltwater

At the date of this Prospectus, the Company is public company with limited liability (*naamloze vennootschap*). The Company was converted into a public company with limited liability (*naamloze vennootschap*) and renamed Meltwater N.V. pursuant to a notarial deed of conversion and amendment of the articles of association in accordance with a resolution of the General Meeting adopted on 3 December 2021.

The Company is organized and existing under the laws of the Netherlands pursuant to Dutch Civil Code and the Company's articles of association. The Company's registration number in the Dutch Commercial Register is 32109376 and its LEI is 213800LTM5FFHVRLNM97.

The Company was incorporated in the Netherlands on 23 June 2005. The Company's registered office is located at Singel 250, 1016 AB Amsterdam, the Netherlands, and the Company's main telephone number is +31 20 7400510. The Company's website can be found at www.meltwater.com.

### 13.2 The Shares

The Company Shares are registered in the VPS in the name of the VPS Registrar in the Company's shareholders' register in the Netherlands. The VPS Registrar has registered beneficial interest in the Company Shares by issuing Depositary Receipts to the beneficial shareholder. Therefore, not the shares themselves, but the beneficial interests in the relevant Company Shares are registered in the VPS and are admitted to trading on Oslo Børs.

As of the date of this Prospectus, the Company has 303,215,534 Company Shares outstanding, each with a par value of EUR 0.01, and 278,923,078 Depositary Receipts are registered in the VPS.

The Company Shares have been created under the laws of Netherlands. For the avoidance of doubt, Depositary Receipts have the same par value as the Company Shares. All the outstanding Company Shares are validly issued and fully paid. The Depositary Receipts over the Company Shares are registered in book-entry form with the VPS.

Under the Articles of Association, the Company has only one class of Shares. Each Share carries one vote and all Shares carry equal rights in all respects. All Depositary Receipts admitted to trading on Oslo Børs are freely transferable, meaning that a transfer of Depositary Receipts is not subject to the consent of the Board of Directors or any other corporate consents or rights of first refusal. The Depositary Receipts are registered in the VPS with ISIN NL00150003D3.

As a non-Norwegian company, the Company is not obliged to, and may not have, all its shares registered in the VPS. As VPS registration requires actions taken by individual shareholders, it is expected that the Company Shares held by some of the existing shareholders may not be or become registered in the VPS. Pending such registration, such Company Shares will not be tradable on Oslo Børs.

On 8 December 2021, the Oslo Børs listing committee resolved to admit all of the Depositary Receipts for Admission to Trading on Oslo Børs. The first day of trading of the Depositary Receipts on Oslo Børs is expected to be on or about 20 December 2021 under the ticker code "MWTR". The Company does not have securities listed on any stock exchange or other regulated market place.

#### *13.2.1 The VPS Registrar*

The Company's registrar is DNB Bank ASA, DNB Markets Registrars department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway. DNB Bank ASA is a public limited company (in Norwegian: *Allmennaksjeselskap*, abbreviated as ASA) incorporated and operating under the laws of Norway.

DNB Bank ASA was incorporated on 10 September 2002 and its LEI code is 549300GKFG0RYRRQ1414.

#### 13.2.2 STAK

The Company created Stichting Administratiekantoor Meltwater Holding ("**STAK**"), a foundation incorporated and operating under the laws of the Netherlands, for the purpose of facilitating the issue of STAK DRs to eligible employees and contractors who provide significant services to the Company. See 12.5 "STAK" for more detail. The STAK DRs are not tradable on the Oslo Børs.

STAK has its registered address at the same address as the Company: Singel 250, 1016 AB, Amsterdam, the Netherlands and is registered with the Dutch trade register under number 34317328.

### 13.3 Share capital

As of the date of this Prospectus, the Company's share capital amounts to EUR 3,032,155.34 and is divided into 303,215,534 Shares, each with a par value of EUR 0.01, of which:

- 278,923,078 are registered as Depositary Receipts in book-entry form with the VPS with ISIN NL00150003D3;
- 770,780 are held by STAK as registered in the Company's shareholders' register, who issued STAK DRs for Company Shares (*certificaten van aandelen*) to eligible employees and contractors; the STAK DRs are not tradable on the Oslo Børs; and
- 23,521,676 are held by shareholders as registered in the Company's shareholders' register; these Company Shares are not tradable on the Oslo Børs.

The table below summarizes the development in the Company's share capital for the period covered by the Financial Statements and up to the date of the Prospectus:

**Table 35 – Share capital history**

| Date | Type of change | Share capital increase (USD) | Share capital (USD) | Total issued value | Issued value /share | Par value /share (USD) | Issued shares | Total shares |
|---|---|---|---|---|---|---|---|---|
| 28.02.19 | Issue [1] | 4,289.50 | 23,680.69 | USD 25,000,000 | USD 58.28 | 0.01 | 428,950 | 2,368,069 |
| 31.10.19 | Issue | 54.35 | 23,735.04 | USD 601,348 | USD 110.64 | 0.01 | 5,435 | 2,373,504 |
| 24.01.20 | Issue | 16.35 | 23,751.39 | USD 298,324 | USD 182.46 | 0.01 | 1,635 | 2,375,139 |
| 28.01.20 | Issue | 48.78 | 23,800.17 | USD 601,348 | USD 123.28 | 0.01 | 4,878 | 2,380,017 |
| 17.02.20 | Issue | 3.74 | 23,803.91 | USD 42,801 | USD 114.44[2] | 0.01 | 374 | 2,380,391 |
| 02.12.20 | Cancellation [3] | 0.01- | 23,803.90 | 0.01- | 0.01 | 0.01 | 1- | 2,380,390 |
| 02.12.20 | Cancellation [3] | 77.27- | 23,726.63 | 77.27- | 0.01 | 0.01 | 7.727- | 2,372,663 |
| 02.12.20 | Issue [4] | 64.44 | 23,791.07 | 64.44 | 0.01 | 0.01 | 6,444 | 2,379,107 |
| 02.12.20 | 1:100 split and conversion [3] | - | 29,066.07 | - | - | 0.0001 | - | 237,910,700 |
| 02.12.20 | Issue [5] | 5,275.00 | 29.066.07 | NOK 2,294,625,000 [4] | NOK 43.50 | 0.0001 | 52,750,000 | 290,660,700 |
| Various | Issue [6] | 216,41 | 29,282.48 | | | 0.0001 | 2,164,094 | 292,824,794 |
| 05.05.21 | Issue | 286.88 | 29,569.36 | USD 18,274,217.78 | USD 6.37 | 0.0001 | 2,868,794 | 295,693,588 |
| Various | Issue [6] | 19.64 | 29,589.00 | | | 0.0001 | 196,400 | 295,889,988 |
| 03.06.21 | Issue | 51.17 | 29,640.17 | USD 3,269,040.36 | USD 6.39 | 0.0001 | 511,683 | 296,401,671 |
| Various | Issue [6] | 681.39 | 30,321.55 | - | - | 0.0001 | 6,183,863 | 303,215,534 |
| 06.12.21 | Conversion | - | EUR 3,032,155.34 | | | 0.01 | - | 303,215,534 |
| | | | | | | | | **303,215,534** |

[1] Warrant exercise.
[2] Average exercise price in regard to exercise of options.
[3] 2,380,390 class A shares, each with a par value of USD 0.01, were split and converted into a higher number of ordinary shares with a smaller par value and the sole class C share was cancelled.
[4] Resolved issued pursuant to options.
[5] USD equivalent of approximately USD 260 million.
[6] Includes multiple issues, mainly related to employee exercise of stock options

### 13.4 Financial instruments

As of 31 December 2020, the Company had outstanding 35,838,900 stock options and 10,263,000 RSUs. For more information about the EIP 2011 and STAK DRs, see Section 12.5 "Incentive schemes".

### 13.5 Authorizations to increase the share capital

As of the date of this Prospectus and pursuant to resolution of the General Meeting to that effect, the Board of Directors is authorized to resolve upon an issuance of new Shares. Any resolution to issue new Shares shall include the number of Shares to be issued, the issuance price, the time of issuance and other conditions of the issuance. Pursuant to the resolution by the General Meeting, the authorizations cover:

- to issue Shares in the capital of the Company;
- to grant rights to subscribe for Shares in the capital of the Company; and
- to limit or exclude pre-emptive rights with respect to the above,

Please note that for the purposes of the options that have been granted to certain employees of the Company under the EIP 2011, a prior resolution has been adopted by the Board of Directors upon the execution of the EIP 2011 authorizing any issuance of Shares by the Company in respect of these options. Please note that all shareholders have a pre-emption right to acquire new Shares upon any issuance of new Shares, other than in respect of shares to be issued to employees of the Company or of a company within the Group. For more information about the EIP 2011, see Section 12.5.3 "EIP 2011".

### 13.6 Treasury shares

As of the date of this Prospectus, the Company owns 34,350 of the Company Shares as treasury shares per GAAP accounting, representing 0.01% of the Company's issued share capital.

### 13.7 Lock-up

Jørn Lyseggen, John Box, Martin Hernandez, Niklas de Besche, Michael Ruggieri, Jonas Oppedal, Paal Larsen, David Flannery, David Faugno, Aditya Jami and Kaveh Rostampor have entered into lock-up agreements with the joint global coordinators, ABG Sundal Collier ASA, Carnegie AS and DNB Markets, a part of DNB Bank ASA, for a period of 365 days after the commencement of trading in the Depositary Receipts on Euronext Growth Oslo, i.e. until 3 December 2021.

### 13.8 Admission to trading

The Depositary Receipts registered in the VPS were admitted to trading on Euronext Growth Oslo, a regulated market operated by Oslo Børs, on 3 December 2020 under the ticker code "MWTR" with ISIN NL00150003D3. The portion of the Company's Shares in the shareholders' register maintained in the Netherlands are not listed. On 29 November 2021, the Company applied for the Depositary Receipts to be admitted to trading and listing on Oslo Børs. The Company's listing application was approved by Oslo Børs on 8 December 2021. Upon Listing, the Depositary Receipts will be deregistered from Euronext Growth Oslo and will be admitted to trading through the facilities of Oslo Børs. Trading in the Depositary Receipts on Oslo Børs is expected to commence on 20 December 2021, under the ticker code "MWTR". Other than above, the Company has not applied for admission to trading of the Depositary Receipts on any other stock exchange, regulated market or multilateral trading facility (MTF).

### 13.9 Change of control

As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change of control in the Company.

### 13.10 Free transferability of the Shares

There are no restrictions under the Articles of Association (as defined below) or under Dutch law that limit the right of shareholders to transfer the Depositary Receipts or the Company Shares and the Articles of Association permit a transfer of the Company Shares to VPS.

### 13.11 Ownership structure

An overview of shareholders holding 3% or more of the Shares of the Company on 13 December 2021 is set out below. As of 13 December 2021, the Company had five shareholders holding more than 3% of the Company's shares. Four major shareholders own Depositary Receipts and one major shareholder owns Company Shares directly.

**Table 36 – Overview of major shareholders**

| # | Shareholder | Number of shares | Percentage (%) |
|---|---|---|---|
| 1 | Fountain Venture AS (1) | 127,424,503 | 42.02% |
| 2 | Big Data Holding Ltd (1) | 39,572,555 | 13.05% |
| 3 | UBS AG (1) | 13,532,266 | 4.46% |
| 4 | BIPRO AS (1) | 9,197,400 | 3.03% |
| 5 | Meltwater Partners AS (2) | 9,000,000 | 2.96% |
| **Total**................................ | | **198,726,724** | **65.53%** |

(1) Fountain Venture AS is wholly owned by Jørn Lyseggen. Further, Mr. Lyseggen has a 32.2% ownership in Bipro AS.
(2) Direct holder of Company Shares

As at the date of this Prospectus, the Shares do not carry different voting rights.

See Section 15.9 "Disclosure obligations" for a description of the disclosure obligations pursuant to the Dutch FSA (as defined in Section 15.9).

As of 31 August 2021, Jørn Lyseggen directly or indirectly owned or controlled 130,386,066 Shares and from an accounting perspective, Mr. Lyseggen is considered a controlling shareholder. No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected from abuse by relevant regulations in inter alia the Dutch Civil Code and the Norwegian Securities Act. See Section 13.12 "The Articles of Association and certain aspects of Dutch corporate law" and 15.11 "Mandatory offer requirement" for further information.

## 13.12 The Articles of Association and certain aspects of Dutch corporate law

### *13.12.1 Articles of Association*

Below is a summary of certain of the provisions of the Articles of Association.

#### 13.12.1.1 *Company name*

Pursuant to article 2.1 of the Articles of Association, the Company's name is Meltwater N.V.

#### 13.12.1.2 *Business of the Company*

Pursuant to article 3 of the Articles of Association, the business of the Company is:

- to provide media intelligence and social analytics Software-as-a-Service (SaaS) solutions;
- to incorporate, to participate in any way whatsoever in, to dispose, and to finance companies or businesses;
- to operate, to manage the affairs of, and to provide advice and other services to, companies and other businesses;
- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or financial instruments and to enter into agreements in connection with aforementioned activities;
- to provide collateral for the debts and other obligations of the Company, of other companies of the Group and of third parties;
- to provide guarantees, to grant sureties and to jointly and severally bind the Company or its assets for debts and other obligations of the Company, of other companies of the Group and of third parties;
- to acquire, to operate and to dispose items of property, including registered property;
- to acquire, to operate and to dispose of industrial and intellectual property rights;
- to trade in currencies, securities and items of property in general; and
- to perform any and all activities of an industrial, financial or commercial nature,

as well as to carry out all which is incidental or conducive to the above, in the broadest sense.

#### 13.12.1.3 *Share capital and par value*

Pursuant to article 4 of the Articles of Association, the authorized share capital of the Company amounts to EUR 3,032,155.34 and is divided into 303,215,534 Shares of a par value of EUR 0.01 each. The issued and paid-up part of the share capital of the Company amounts to EUR 3,032,155.34 and is divided into 303,215,534 Shares of a par value of EUR 0.01 each.

#### 13.12.1.4 *The Board of Directors*

Pursuant to article 15.2 of the Articles of Association, the Board of Directors shall consist of at least one and no more than two Executive Directors and at least three and no more than five Non-Executive Directors. Pursuant to article 17.1 of the Articles of Association the Directors shall be elected by the General Meeting on the binding nomination of the Board of Directors.

#### 13.12.1.5 *No restrictions on transfer of Company Shares*

There are no restrictions under the Articles of Association or under Dutch law that limit the right of shareholders to transfer the Shares.

#### 13.12.1.6 *Authority to represent the Company*

Pursuant to article 18 of the Articles of Association, the Company can be represented by the entire Board of Directors, the Executive Chair acting solely, all Executive Directors acting jointly or proxy holders with due regard for the authority assigned to them for that purpose.

### *13.12.2 Certain aspects of Dutch corporate law*

#### 13.12.2.1 *Conflicts of interest*

Dutch law provides that a member of the board of a Dutch public company with limited liability, such as the Company (under its governance effective immediately prior to the Listing), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the company. Such a conflict of interest in any event exists if in the situation at hand the director is deemed to be unable to serve the interests of the company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Articles of Association, any Director shall immediately report any (potential) conflict of interest to the Board and shall provide all information relevant to the (potential) conflict. A Director may not participate in the discussions and decision-making on a subject or transaction in relation to which such Director has a direct or indirect personal conflict of interest. If no resolution can be adopted by the Board of Directors as a consequence of such a conflict of interest, the resolution concerned will be adopted by the General Meeting.

In addition, if a Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar)* and such Director may be held liable toward the Company. As a general rule, the existence of a (potential) conflict of interest does not affect the authority to represent the Company. Furthermore, as a general rule, agreements and transactions entered into by a company cannot be annulled on the grounds that a decision of its management board was adopted with the participation of conflicted Director(s). However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

#### 13.12.2.2 *General meetings*

According to the Articles of Association, General Meetings must be held in Amsterdam, Rotterdam, The Hague, or Haarlemmermeer (Schiphol Airport).

The annual General Meeting must be held within six months after the close of each financial year. An extraordinary General Meeting may be convened, whenever the Company's interests so require, by the Board of Directors. In addition, shareholders representing alone or in aggregate at least one-tenth of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the shareholders making such request, the shareholders making such request may, upon their request, be authorized by the district court in summary proceedings to convene a General Meeting.

The convocation of the General Meeting must be published through an announcement by electronic means. Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which, at the date of this Prospectus, is 42 calendar days. The notice convening any General Meeting must include, among other items, the subjects to be dealt with, the venue and time of the General Meeting, the requirements for admittance to the General Meeting, the address of the Company's website, and such other information as may be required by Dutch law. The agenda for the annual General Meeting must contain specific subjects, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profits, insofar as these are at the disposal of the General Meeting. In addition, the agenda must include such items as have been included therein by the Board of Directors, or shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Directors concerning the performance of their duties in the financial year in question, the matter of the discharge must be mentioned on the agenda as separate items for the Board of Directors.

Shareholders holding at least 3% of the Company's issued and outstanding share capital may request, by a motivated request, that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Company at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those that have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued capital of the Company is present or represented).

A shareholder may request the inclusion of an item on the agenda only after consulting the Board of Directors in that respect.

The General Meeting is chaired by the Executive Chair. If the Executive Chair wishes another person to chair the General Meeting, or if he/she is absent from the General Meeting, the Senior Non-Executive Director shall chair the General Meeting. If the Senior Non-Executive Director wishes another person to chair the General Meeting, or if he is absent from the General Meeting, the Non-Executive Directors present at the General Meeting shall appoint a chair from their midst.

The chair of the General Meeting will have all powers necessary to ensure the proper and orderly functioning of the General Meeting. Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The external auditor of the Company is also authorized to attend the General Meeting. The chair of the General Meeting may decide at its discretion to admit other persons to the General Meeting.

Each shareholder (as well as other persons with voting rights or meeting rights) may attend the General Meeting, address the General Meeting and, in so far as they have such right, exercise voting rights in accordance with the terms of the relevant Company Shares, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Company Shares on the registration date, which is, at the date of this Prospectus, the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the meeting in writing at the address and by the date specified in the notice of the meeting.

The Board of Directors may decide that persons entitled to attend and vote at General Meetings may, or to the extent allowed under Dutch law must, cast their vote electronically or by post in a manner to be decided by the Board of Directors. Votes validly cast electronically or by post rank as equal to votes validly cast at the General Meeting.

#### 13.12.2.3 *Voting rights*

At General Meetings, each Company Share confers a right to cast one vote. Shareholders may instruct the VPS Registrar to vote for the Depositary Receipts in the underlying Company Share, subject to any applicable provisions of Dutch law. The Company will furnish voting materials to the VPS Registrar and the VPS Registrar will notify the shareholders of the upcoming vote and arrange to deliver the Company's voting materials to the shareholder.

Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Company Shares which are held by the Company. Resolutions of the General Meeting are passed by an absolute majority of the votes cast at the General Meeting, except where Dutch law or the Articles of Association prescribe a greater majority. The voting rights attached to the Company Shares may only be amended by amendment to the Articles of Association.

#### 13.12.2.4 *Additional issuances and pre-emptive rights*

Resolutions to issue Company Shares shall be adopted by the General Meeting or, if the General Meeting authorizes the Board of Directors to do so, by the Board of Directors. A resolution of the General Meeting to issue Company Shares or to designate the Board of Directors, as the competent body to issue Company Shares, can only be adopted with an absolute majority. The foregoing also applies to the granting of rights to subscribe for Company Shares, such as options, but does not apply to the issue of Company Shares to a person exercising a previously acquired right to subscribe for Company Shares. The resolution authorizing the Board of Directors must specify the number of Company Shares which may be issued (which may be expressed as a percentage of the issued capital). An authorization by the General Meeting to issue Company Shares must state the term for which it is valid, which term may not be longer than five years. The authorization may be renewed in each case for another maximum period of five years. Unless provided otherwise in the authorization, it may not be withdrawn. The Company may not subscribe for its own Company Shares on issue.

Pursuant to a resolution adopted by the General Meeting, the Board of Directors has been granted the authority for a period of 18 months following 30 June 2021, to resolve to issue Company Shares (either in the form of stock dividend or otherwise) and/or grant rights to acquire Company Shares up to (a) a maximum of 10% of the issued Company Shares on 30 June 2021 for general corporate purposes and (b) a maximum of 10% of the issued Company Shares on 30 June 2021 for M&A transactions.

Upon the issue of Company Shares or the granting of rights to subscribe for Company Shares, each holder of Company Shares shall have a pre-emptive right in respect of the Company Shares to be issued, in proportion to the number of Company Shares held by it. Exceptions to these pre-emptive rights include: (i) the issue of Company Shares against a contribution in kind, (ii) the issue of Company Shares to employees of the Company or of a group company (*groepsmaatschappij*) pursuant to an employee share scheme or as an employee benefit, and (iii) the issue of Company Shares to persons exercising a previously granted right to subscribe for Company Shares.

Pursuant to the Articles of Association, the pre-emptive rights may be restricted or excluded pursuant to a resolution of the General Meeting. The proposal to this effect must explain in writing the reasons for the proposal and the intended issue price. The pre-emptive right may also be restricted or excluded by the Board of Directors if the Board of Directors has been authorized by a resolution of the General Meeting for a limited period of time of no longer than five years to restrict or exclude the pre-emptive right. Unless provided otherwise in the authorization, it may not be withdrawn. A resolution of the General Meeting to restrict or exclude the pre-emptive right to Company Shares or to issue an authorization to restrict or exclude the pre-emptive right requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued share capital is represented at the General Meeting.

Pursuant to a resolution adopted by the General Meeting, the Board of Directors has been granted the authority for a period of 18 months following 30 June 2021, to resolve to restrict or exclude the pre-emptive rights of shareholders in relation to the issue of, or the grant of rights to subscribe for, Company Shares for which the Board of Directors has been authorized by the General Meeting to resolve to issue, as described above.

##### 13.12.2.5 *Acquisition of own shares*

The Board of Directors is authorized to resolve that the Company shall acquire its own fully paid-up Company Shares either gratuitously (*om niet*), under universal succession of title or if: (i) the Company's equity, less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves; (ii) the aggregate par value of the Company Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Board of Directors has been authorized by the General Meeting to repurchase Company Shares. The Company may, without authorization by the General Meeting, acquire its own Company Shares for the purpose of transferring such Company Shares to employees of the Company or of a Group company under a scheme applicable to such employees, provided such Company Shares are quoted on the price list of a stock exchange.

The General Meeting's authorization is valid for a maximum of 18 months. As part of the authorization, the General Meeting must determine the number of Company Shares that may be acquired, the manner in which the Company Shares may be acquired and the limits within which the price must be set.

Pursuant to a resolution adopted by the General Meeting, the Board of Directors has been granted the authority for a period of 18 months following 30 June 2021, to resolve that the Company shall acquire its own Company Shares, up to a maximum of 10% of the total issued capital as of 30 June 2021, provided that the Company will hold no more Company Shares in treasury than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the par value of the Company Shares and not higher than an amount equal to 10% above the opening price of Depositary Receipts on Euronext Growth Oslo or Oslo Børs on the day of the day of the repurchase.

The Company may not cast votes on Company Shares held by it or by its subsidiaries nor will such Company Shares be counted for the purpose of calculating a voting quorum. Votes may be cast on Company Shares held by the Company if the Company Shares are encumbered with a right of usufruct that benefits a party other than the Company or its subsidiaries, the voting right attached to those Company Shares accrues to another party and the right of usufruct was established by a party other than the Company or a subsidiary before the Company Shares belonged to the Company or its subsidiaries.

No dividend shall be paid on the Company Shares held by the Company in its own capital, unless such Company Shares are subject to a right of usufruct or pledge. For the purpose of determining the profit distribution, the Company Shares held by the Company in its own capital shall not be included. The Board of Directors is authorized to dispose of the Company's own Company Shares held by it.

#### 13.12.2.6 *Reduction of share capital*

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Board of Directors, and in compliance with Article 2:99 of the Dutch Civil Code, adopt resolutions to reduce the issued share capital by (i) cancelling Company Shares or (ii) reducing the par value of the Company Shares by amendment of the Articles of Association. A resolution to cancel Company Shares may only relate to Company Shares held by the Company itself or of which the Company holds depositary receipts. A reduction of the par value of Company Shares, whether without redemption or against partial repayment on the Company Shares or upon release from the obligation to pay up the Company Shares, must be made *pro rata* on all Company Shares. This *pro rata* requirement may be waived if all shareholders concerned so agree. A resolution of the General Meeting to reduce the share capital requires a qualified majority of at least two-thirds of the votes cast if less than 50% of the issued and outstanding share capital is represented at the General Meeting. In addition, a resolution to reduce the share capital shall require the prior or simultaneous approval of each group of holders of shares of a similar class (if any) whose rights are prejudiced.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

#### 13.12.2.7 *Shareholder vote on certain reorganizations*

In accordance with Dutch law and article 15.22 of the Articles of Association, the prior approval of the General Meeting will be required for resolutions of the Board of Directors on a major change of the identity or the character of the Company or the business, including in any case:

- transfer of the business or substantially all of the business to a third party;
- entry into or termination of a long-term cooperation of the Company or a subsidiary of the Company with another legal entity or company or as fully liable partner in a general partnership, in the event the entry into or termination of such cooperation will or is likely to be of material importance to the Company; and
- acquiring or disposing by the Company or a subsidiary of the Company of a participation in the capital of a company worth at least one-third of the value of the assets of the Company in accordance with the balance sheet with explanatory notes or, in the event the Company will draw up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory notes as laid down in the most recently adopted annual accounts.

The absence of the approval shall not affect the powers of the Board of Directors and the Executive Directors to represent the Company.

#### 13.12.2.8 *Amendment of Articles of Association*

The General Meeting may adopt a resolution to amend the Articles of Association, but only on a proposal of the Board of Directors that has been stated in the notice of the General Meeting.

A resolution by the General Meeting to amend the Articles of Association requires an absolute majority of the votes cast.

In the event of a proposal to the General Meeting to amend Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons with meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons with meeting rights from the day it was deposited until the day of the meeting.

#### 13.12.2.9 *Dissolution and liquidation*

The Company may be dissolved by a resolution of the General Meeting upon proposal by the Board of Directors. When a proposal to dissolve the Company is to be made to the General Meeting, such proposal must be stated in the notice convening the General Meeting. In the event of the dissolution of the Company by resolution of the General Meeting, the Directors will be charged with effecting the liquidation of the Company's affairs, without prejudice to the provisions of Article 2:23 paragraph 2 of the Dutch Civil Code. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible.

The balance of the Company's assets remaining after all liabilities have been paid shall, if possible, be transferred to the holders of Company Shares in proportion to the par value of each shareholder's holding in Company Shares. Once the liquidation has been completed, the books, records and other data carriers of the dissolved company will be held by the person or legal person appointed for that purpose by the General Meeting for the period prescribed by law (which as of the date of this Prospectus is seven years).

In the event of an insolvency, the Bankruptcy Act (*Faillissementswet*) applies. A trustee will be appointed who will collect all the assets and will distribute these to the creditors, all in accordance with the Bankruptcy Act.

## 13.13 The Registrar Agreement

Pursuant to the Registrar Agreement and in accordance with market practice in Norway and system requirements of the VPS, the VPS Registrar has registered the beneficial interests in the Depositary Receipts in the VPS. The shareholders must look solely to the VPS Registrar for the exercise of voting rights attaching to the Depositary Receipts and all other rights arising in respect of the Depositary Receipts and the VPS Registrar shall carry out the instructions of the shareholders with regards to voting rights attaching to the Depositary Receipts. In accordance with the Registrar Agreement, the VPS Registrar is registered as the legal owner of the Company Shares for which the Depositary Receipts are issued. The VPS Registrar will not hold any right to share in profits and any liquidations surplus which are not passed on to the shareholders.

The VPS Registrar may terminate the Registrar Agreement by not giving less than three months' prior written notice. Further, the VPS Registrar may terminate the Registrar Agreement if the Company does not perform its payment obligations to the VPS Registrar (and such non-payment has not been remedied by the Company within ten business days following receipt of notice regarding this from the VPS Registrar) or commit any other material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the relevant Company Shares in the VPS.

The VPS Registrar's liability for loss has been restricted under the Registrar Agreement. The VPS Registrar has also disclaimed any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of events within the VPS.

The Depositary Receipts are registered with the VPS under the ISIN NL00150003D3.

## 13.14 Shareholder agreements

The Company is not aware of any shareholders' agreements related to the Shares which will be in force upon Listing.

## 14 TRANSFER RESTRICTIONS

### 14.1 General

The Depositary Receipts may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or sold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of the investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus shall not constitute an offer for Depositary Receipts and this Prospectus is for information only and should not be copied or redistributed. Accordingly, if an existing shareholder receives a copy of this Prospectus, the existing shareholder should not distribute or send the same, or transfer the Depositary Receipts to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an existing shareholder forwards this Prospectus into any such territories (whether under a contractual or obligation or otherwise), the existing shareholder should direct the recipient's attention to the contents of this Section 14 "Transfer Restrictions".

The Depositary Receipts may not be transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to transfer the Depositary Receipts and this Prospectus shall not be accessed by any person in any jurisdiction it would not be permissible to transfer the Depositary Receipts.

The information in this Section 14 "Transfer Restrictions" is intended as a general guide only. If any recipient are in any doubt of any of the contents of these restrictions, or whether any of these restrictions apply to that recipient, the recipient should obtain independent professional advice without delay.

### 14.2 United States

The Depositary Receipts have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Depositary Receipts outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Depositary Receipts in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Depositary Receipts have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Depositary Receipts, was located outside the United States at the time the buy order for the Depositary Receipts was originated and continues to be located outside the United States and has not purchased the Depositary Receipts for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Depositary Receipts or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Depositary Receipts from the Company or an affiliate thereof in the initial distribution of such Depositary Receipts.
- The purchaser is aware of the restrictions on the offer and sale of the Depositary Receipts pursuant to Regulation S described in this Prospectus.
- The Depositary Receipts have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Depositary Receipts made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Depositary Receipts as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such

account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company and its advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Depositary Receipts in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Depositary Receipts have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Depositary Receipts for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Depositary Receipts, as the case may be.
- The purchaser is aware that the Depositary Receipts are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Depositary Receipts, or any economic interest therein, as the case may be, such Depositary Receipts or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Depositary Receipts from the Company or an affiliate thereof in the initial distribution of such Depositary Receipts.
- The purchaser will not deposit or cause to be deposited such Depositary Receipts into any depositary receipt facility established or maintained by a Depositary bank other than a Rule 144A restricted Depositary receipt facility, so long as such Depositary Receipts are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Depositary Receipts are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Depositary Receipts, as the case may be.
- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Depositary Receipts made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Depositary Receipts as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company and its advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### 14.3 European Economic Area

In relation to each member state of the EEA (each a "**Member State**"), no Depositary Receipts have been offered or will be offered in that Member State prior to the publication of a prospectus in relation to the Depositary Receipts which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the EU Prospectus Regulation, except that the Depositary Receipts may be offered in that Member State to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation.

Each person in a Member State who receives any communication in respect of, or who acquires any Depositary Receipts will be deemed to have represented, warranted and agreed to and with the Company that:

- it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- in the case of any Depositary Receipts acquired by it as a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation, (i) the Depositary Receipts acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Depositary Receipts have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Depositary Receipts to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Depositary Receipts in any Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Depositary Receipts to be offered, so as to enable an investor to decide to acquire any Depositary Receipts.

## 15 SECURITIES TRADING IN NORWAY AND REPORTING AND DISCLOSURE OBLIGATIONS

*Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway and, to the extent relevant, the Netherlands, as at the date of this Prospectus, and which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### 15.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway through five different marketplaces; Oslo Børs, Euronext Expand, Euronext Growth, Nordic ABM and Oslo Connect. Oslo Børs ASA is 100% owned by Oslo Børs VPS Holding ASA, which in 2019 was acquired by Euronext N.V., a European stock exchange with registered office in Amsterdam and corporate headquarters at La Défense in Greater Paris which operates markets in Amsterdam, Brussels, London, Lisbon, Dublin, Oslo and Paris. Oslo Børs ASA owns 97% of the shares in Fish Pool ASA. Oslo Børs ASA complies with the European code of conduct commitments on service unbundling and accounting separation. Oslo Børs VPS Holding ASA also wholly-owns the Norwegian Central Securities Depositary (VPS).

### 15.2 Market value of shares on Oslo Børs

The market value of all shares on Oslo Børs, including the Depositary Receipts following the Listing, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value of listed shares could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, future issuances of Depositary Receipts or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on Oslo Børs will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

### 15.3 Trading and settlement

As of the date of this Prospectus, trading of equities on Oslo Børs is carried out in the electronic trading system Optiq, which is the the electronic trading system of Euronext.

Official regular trading for equities on Oslo Børs takes place between 09:00 hours (Oslo time) and 16:20 hours (Oslo time) each trading day, with pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), closing auction from 16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a Member Satate or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in a Member State may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in a Member

State, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

### 15.4 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

### 15.5 The VPS and transfer of Depositary Receipts

The Company's share register for the Depositary Receipts is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and OSE are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the Company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

### 15.6 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting of shareholders. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that holders of Depositary Receipts will receive notices of any General Meetings in time to instruct their nominees to either effect a re-registration of their Depositary Receipts or otherwise vote for their Depositary Receipts in the manner desired by such beneficial owners. For more information on nominee accounts, see Section 13.12.2 "Certain aspects of Dutch corporate law" under the subheading "Voting rights – amendments to the articles of association".

### 15.7 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign. Foreign investors are, however, to note that the rights of holders of listed shares of companies incorporated in Norway are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a listed company in respect of wrongful acts committed against such company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against such company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. For more information, see Section 13.12.2 "Certain aspects of Dutch corporate law".

### 15.8 Financial reporting

*Dutch Financial Reporting Supervision Act*

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the "**Dutch FRSA**)", the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the Dutch FRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend the Company to make available further explanations on (a) the elements of the financial reporting that do not comply with the applicable financial reporting standards and the consequences thereof for the financial reporting or (b) how these applicable financial reporting standards will be met in the future and the consequences thereof for the financial reporting. If the Company does not comply with such a request or recommendation, the AFM may request the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the "**Enterprise Chamber"**) to order the Company to (i) make available further explanations on the subjects set out under (ii)(a) and (ii)(b) above (as recommended by the AFM), (ii) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (iii) prepare or restate its financial reports in accordance with the Enterprise Chamber's instructions.

### 15.9 Disclosure obligations

*Shareholders*

Holders of the Shares may be subject to notification obligations under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**Dutch FSA"**). Shareholders are advised to seek professional advice on these obligations.

Pursuant to the Dutch FSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a Dutch public listed company, must immediately notify the AFM through a designated portal, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the company reaches, exceeds or falls below thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% or 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital.

The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing one of the thresholds mentioned above as a consequence of the interest being differently composed due to having acquired shares or voting rights through the exercise of a right to acquire such shares or voting rights, must notify the AFM of the changes within four trading days after the date on which the holder knows or should have known that their interest reaches, exceeds or falls below a relevant threshold.

Controlled entities, within the meaning of the Dutch FSA, do not have notification obligations under the Dutch FSA, as their direct and indirect interests are attributed to their (ultimate) controlling parent. Any person may qualify as a controlling parent for purposes of the Dutch FSA, including a natural person. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch FSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash-settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as shares: (i) shares; (ii) depositary receipts for shares (*certificaten van aandelen*) (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (a) or (b) (such as convertible bonds); and (iv) options for acquiring the instruments under (a) or (b).

*Notification of short positions*

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10 %, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately notify the AFM through the designated portal. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch company listed on Oslo Børs is required to notify such position to Finanstilsynet. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the Finantilsynet's short sale register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification shall be made no later than 15:30 CET on the following trading day. On 27 September 2021, the European Commission published a delegated regulation amending the Short Selling Regulation to lower the notification threshold for net short positions from 0.2% to 0.1% of the issued share capital of the listed company. The delegated regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

*Directors and PDMRs*

Pursuant to the Dutch FSA, each Director must notify the AFM: (i) immediately following the initial admission to trading and listing of the number of Shares and options he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital; and (ii) subsequently of each change in the number of Shares or options he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Director has notified a transaction to the AFM under the Dutch FSA as described under "*Shareholders*" above, such notification is sufficient for purposes of the Dutch FSA as described in this paragraph.

Furthermore, pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (including any relevant delegated regulations, the "**Market Abuse Regulation**"), which entered into force on 3 July 2016 and which is directly applicable in the Netherlands and implemented under Norwegian law, persons discharging managerial responsibilities (each a "**PDMR**") must notify the AFM and the Company of any transactions conducted for their own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

PDMRs within the meaning of the Market Abuse Regulation include: (i) Directors, or (ii) members of the senior management who are not Directors, who have regular access to inside information relating directly or indirectly to the Company and have the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with PDMRs, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). The transactions carried out by a PDMR and by a closely associated person should not be aggregated. The first transaction reaching or exceeding the threshold must be notified as set out above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date. Notwithstanding the foregoing, Directors need to notify the AFM of each change in the number of Shares that they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

The Company is required to draw up a list of all PDMRs and persons closely associated with them and notify PDMRs of their obligations in writing. PDMRs are required to notify the persons closely associated with them of their obligations in writing.

*Public registry*

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch FSA on its website (www.afm.nl/en/professionals/registers). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

*Sanctions*

Non-compliance with the notification obligations under the Market Abuse Regulation and the Dutch FSA, set out in the paragraphs above, is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified.

A claim requiring that such measures be imposed must be instituted by the Company and/or one or more shareholders who alone or together with others represent(s) at least 3% or the Company's issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose, include: (i) an order requiring the person violating the disclosure obligations to make appropriate disclosure, (ii) suspension of the voting rights in respect of such person's shares for a period of up to three years as determined by the court, (iii) voiding of a resolution adopted by the General Meeting, if the court determines that the resolution would not be have adopted if the voting rights of the person who is obliged to notify had not been exercised, or suspension of a resolution until the court makes a decision about such voiding, and (iv) an order to the person violating the disclosure obligations under the Dutch FSA to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

Pursuant to the continuing obligations of Oslo Børs, a Dutch company with shares admitted to trading and official listing on Oslo Børs shall also on certain conditions promptly publish received large shareholder notifications. A similar duty, as set forth above, also applies to a company's holding of treasury shares. Pursuant to the continuing obligations of the Oslo Stock Exchange, a Dutch company with shares admitted to trading and official listing on Oslo Børs shall also on certain conditions promptly publish an announcement of any trade by such company in its own shares.

*Identity of shareholders and distribution of information*

Dutch listed companies may, in accordance with Chapter 3A of the Dutch Securities Giro Act, request Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*), admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of their shareholders. Such requests may only be made during a period of 60 days up to the day on which the general meeting of shareholders will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the general meeting will be held.

Shareholders who, individually or with other shareholders, hold shares that represent at least 1% of the issued and outstanding share capital or a market value of at least EUR 250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, provided that the Company has done a so-called 'identification round' in accordance with the provisions of the Dutch Securities Giro Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the day of the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

### 15.10 Insider trading

Subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has access to inside information, as defined in Article 7 of the Market Abuse Regulation (EU) 596/2014. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### 15.11 Mandatory offer requirement

***Supervisory authority and applicable law***

Matters relating to takeover bids in regard to the Company will be under shared jurisdiction between Dutch and Norwegian authorities. Additionally, any takeover relating to the Company will be subject to both the Dutch FSA and the Norwegian Securities Trading Act (and related regulations) in accordance with the principles set out in the Directive 2004/25/EC of the European Parliament and of the council of 21 April 2004 on takeover bids (the "Directive on Takeover Bids") article 4 (2) (b) and (e). Accordingly, if a company is not admitted to trading on a regulated market in the Member State in which the company has its registered office, the authority competent to supervise the bid shall be that of the Member State on the regulated market of which the company's securities are admitted to trading i.e. Oslo Børs in case of the Company.

In addition hereto, the Directive on Takeover Bids, article 4 (2) (e) determines that:

- matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of the Member State of the competent authority, i.e. the Norwegian Securities Trading Act and related regulations in case of the Company; and

- matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the offeree company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority shall be those of the Member State in which the offeree company has its registered office, i.e. Dutch rules in case of the Company.

***Dutch law on mandatory tender offers***

*Obligations of shareholders to make a public offer*

Pursuant to the Dutch FSA, and in accordance with the Directive on Takeover Bids, any shareholder who (individually or jointly with others) directly or indirectly obtains control (*overwegende zeggenschap*) of a Dutch listed company (on a regulated market within the meaning of the Dutch FSA) is required to make a public offer for all issued and outstanding shares or depositary receipts for shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of the company's initial public offering).

The Dutch FSA contains specific exemptions from the obligation to submit a mandatory takeover offer, including transfers of shares by inheritance or transfer within the same group and as a result of a creditor's debt enforcement proceedings. Exemptions from the mandatory tender offer rules may be granted under special circumstances by the AFM.

In addition, no person may launch a public offer to acquire the Shares, unless an offer document has been approved by the AFM. Such a public offer may only be launched by way of publication of an approved offer document. The Dutch public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information is made available to the holders of the shares, the holders of the shares are treated equally, that there is no abuse of inside information and that there is a proper and timely offer period.

***Norwegian law***

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs, in its capacity as Take-over Authority of Norway, before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duties according to the Norwegian Securities Trading Act chapter 6, Oslo Børs may impose a cumulative daily fine that accrues until the circumstance has been rectified.

### Squeeze-out proceedings

Pursuant to Article 2:92a of the Dutch Civil Code, a shareholder who for his own account, alone or together with a group of companies, contributes at least 95% of the issued share capital of a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to such shareholder. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, it is required to publish the same in a Dutch daily newspaper with nationwide circulation.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch Civil Code also entitles those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the issued outstanding share capital and represents at least 95% of the total voting rights. With regard to the price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

There are no other specific statutory squeeze-out proceedings at a lower level of control, however, it is not uncommon for the offeror under a public offer and the target to agree on a post-offer restructuring transaction pursuant to which the offeror may require the target to sell its assets to the offeror against payment of a consideration equal to the offering price. Such a transaction is subject to the approval of the general meeting of shareholders of the target. The remaining minority shareholders will receive their relative portion of the purchase price of this sale through a liquidation distribution in cash as part of the liquidation process of the target. Such a transaction can usually be implemented if the offeror has acquired less than 95% of the issued and outstanding share capital.

### 15.12 Norwegian Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

### 15.13 Related Party Transactions Regime

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the "**Shareholder Rights Directive II**"), establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies which have their registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member

State. The Dutch Act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*) (the "**Dutch SRD Act**") entered into force on 1 December 2019. The Dutch SRD Act, among other things, adds new rules on related party transactions to the Dutch Civil Code and provides that *material transactions* with *related parties* not entered into within the Company's ordinary course of business or not concluded on normal market terms, will need to be approved by the Board and be publicly announced at the time that the transaction is entered into. In addition, certain items in respect of any such related party transaction not concluded on normal market terms must be disclosed in the explanatory notes to the company's annual accounts. If information is required to be published at an earlier stage under the Market Abuse Regulation, that requirement prevails. The Board will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Any Director that has a direct or indirect personal interest in the transaction cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. In this context: a *related party* is interpreted in accordance with IFRS (IAS 24 – Related Party Disclosures) and includes a party that has *control, joint control* or *significant influence* over the Company or is a member of the Company's key management personnel; and a transaction is considered *material* if it would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the Company and a related party (which for this purpose, in any event includes one or more shareholders representing at least 10% of the issued share capital, a Director). Not all transactions with a *related party* are subject to the approval and disclosure provisions of the Dutch SRD Act (for example, transactions concluded between a company and its subsidiary).

### 15.14 EU Market Abuse Regime

The regulatory framework on market abuse is laid down in the Market Abuse Regulation and the Market Abuse Directive (2014/57/EU).

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Shares; (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information relating to the Shares or the Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

The Company is required to inform the public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Pursuant to the Market Abuse Regulation, inside information is information, of a precise nature, directly or indirectly relating to an issuer or one or more of its financial instruments, which has not yet been made public, and if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

A PDMR is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or an annual report of the Company.

*Non-compliance*

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense (*economisch delict)* and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and *vice versa*.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

### 15.15 Transparency Directive

The Netherlands will be the Company's home Member State for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU), as a consequence of which the Company will be subject to the Dutch FSA in respect of certain ongoing transparency and disclosure obligations.

## 16 TAXATION

### 16.1 Tax warning

Potential investors and sellers of Shares should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where Shares are transferred or other jurisdictions. In addition, dividends distributed on Shares, or income derived from Shares, may be subject to taxation, including withholding taxes, in the jurisdiction of the Company, in the jurisdiction of the holder of Shares, or in other jurisdictions in which the holder of Shares is required to pay taxes. Any such tax consequences may have an impact on the net income received from Shares.

**Prospective investors should carefully consider the tax consequences of investing in Shares and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time*.***

### 16.2 Dutch taxation

*The following is a brief summary of certain Dutch tax considerations relevant to the acquisition, ownership and disposal of Shares in the Company by holders that are both (i) tax residents of the Netherlands under the laws of the Netherlands, and holders that are (ii) not residents of the Netherlands under such laws.*

*Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Company is organized, and that its business will be conducted, in the manner outlined in this Prospectus. A change to such organizational structure or to the manner in which the Company conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.*

*The summary is based on applicable Dutch laws, rules and regulations as at the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. Any changes in Dutch tax law, regulations and administrative interpretations, including those changes that could have retroactive effect may affect the validity of this summary. Please note that this document shall not be updated to cater for such changes in Dutch tax law.*

*This summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant, and does not address taxation in any other jurisdiction than the Netherlands.*

*The summary does not concern tax issues for the Company. The summary only focuses on the specific shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered 'tax transparent' for tax purposes, for shareholders holding Shares through a permanent establishment in the Netherlands and for shareholders that have ceased or cease to be resident in the Netherlands for tax purposes.*

*Each shareholder, and especially non-resident shareholders, should explicitly consult with- and rely upon advice of their own individual tax counsels to determine their particular tax consequences of acquiring, owning and disposing of Shares.*

#### *16.2.1 Taxation of dividends*

##### 16.2.1.1 *Dutch resident corporate shareholders*

Dividends distributed by the Company to a (tax-opaque) corporate shareholder residing in the Netherlands are generally taxable in the Netherlands under the provisions of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) at a statutory rate of 25% (2021) (a step-up rate of 15% applies for the first EUR 245,000 in 2021) (the "**Regular Dutch CIT rates**").

The Dutch participation exemption (*deelnemingsvrijstelling*) may provide for an exemption from Dutch corporate income tax on income (including dividends received) derived from so-called qualifying shareholding (also referred to as 'participations' or '*deelnemingen*').

In summary, the specific requirements that need to be met for the application of the Dutch participation exemption are as follows:

- The Company has a capital divided into shares;

- The Dutch corporate tax resident(s) holding these Shares hold(s) an interest of at least 5% of the total nominal paid-up share capital in the Company; and
- The participation is (a) not (deemed to be) held as portfolio investment (the so-called *'Motive Test'*, or *'oogmerktoets'*) or alternatively the (deemed) portfolio investment meets either the so-called (b) *'Subject-to-Tax Test'* (*reële heffingstoets*) or (c) *'Asset Test'* (*bezittingentoets*).

The abovementioned 'Subject-to-Tax-Test' is met if the Company is subject to a profit tax that results in a 'realistic levy' based on Dutch tax principles.

The Asset Test is met if less than 50% of the assets of the Company (both at the direct level of the Company, as well as all underlying subsidiaries on a consolidated basis) generally consist of (i) low-taxed (ii) free portfolio investments. This test is to be applied using the fair market value of the relevant assets and is a continuous test.

In case the requirements for application of the participation exemption have been met, application of the participation exemption shall be mandatory i.e. corporate taxpayers residing in the Netherlands shall have to apply these rules in case they are within scope.

In addition to the aforementioned Dutch corporate income tax, the Company is, in principle, also required to withhold 15% Dutch dividend withholding tax in respect of the dividends paid. Dutch resident corporate shareholders may often be able to (i) set off dividend withholding taxes withheld on such dividend distributions against Dutch corporate income tax levied, provided that the recipient is the beneficial owner to the dividends, or may be able to (ii) claim a refund for such dividend withholding taxes levied on distributed dividends in case these withholding taxes exceed the corporate income tax due. If, however, a Dutch resident entity receives a dividend which is exempt in the Netherlands (e.g. by virtue of the participation exemption – see above) and Dutch dividend withholding tax has been withheld, such dividend withholding tax cannot be credited against the corporate income tax due, but may be refunded to the entity receiving the dividend. An entity resident in the Netherlands which is not subject to Dutch corporate income tax can, under certain conditions, also request a refund of the dividend withholding tax withheld.

#### 16.2.1.2 *Non-resident corporate shareholders*

In case Shares held in the Company are attributable to a permanent establishment or permanent representative in the Netherlands of a non-resident corporate shareholder, dividends distributed to that shareholder by the Company will, in principle, be subject to Dutch corporate income tax at the Regular Dutch CIT Rates, unless the participation exemption is applicable (reference is made to Section 16.2.1.1 "Dutch resident corporate shareholders" for a more detailed overview of these rules). Dividend withholding taxes withheld, if any (see below), can generally be set off against the Dutch corporate income tax on this income, provided that the recipient is the beneficial owner to the dividends.

If Shares are not attributable to a Dutch permanent establishment or permanent representative in the Netherlands, dividends paid by the Company to non-resident entities are in principle not subject to Dutch corporate income tax, subject to the following exception.

Dutch non-resident corporate income tax (levied at the Regular Dutch CIT Rates) may, in some cases, be levied from investors:

- that hold a substantial interest (reference is made to Section 16.2.1.3 "Dutch resident individual shareholders") in the share capital of the Company; and
- for which certain anti-abuse tests cannot be met.

The latter requirement signifies that such taxation will only be due if the structuring of the ownership in the Company by the individual investor is regarded 'abusive'. Both a *'subjective test'* and an *'objective test'* are to be applied. Conducting these tests requires a detailed understanding and analysis of the ownership structure of the relevant individual investor.

Additionally, on a case-by-case basis investors may be able to invoke tax treaty protection in relation to taxation on dividends, depending on whether they are eligible for tax treaty benefits under a tax treaty concluded by the Netherlands on an individual basis.

Similar to Dutch resident corporate shareholders, distributions to non-resident corporate shareholders are generally also subject to Dutch dividend withholding tax at the statutory rate of 15% (2021). Under specific circumstances, an exemption from, reduction of, or refund of Dutch dividend withholding tax may be available pursuant to (i) Dutch domestic law or (ii) tax treaties for the avoidance of double taxation. Availability and applicability should be analyzed by each investor on an individual basis.

#### 16.2.1.3 *Dutch resident individual shareholders*

Under the Dutch Personal Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), income of an individual residing in the Netherlands for tax purposes is divided up into three separate so-called 'boxes', each of which is governed by its own rules:

- *Box 1: (work and private residence)* includes business and employment income, income from receivables and assets made available to a company in which such individual holds a so-called 'substantial shareholding' (*aanmerkelijk belang*), and income from their main private residence;
- *Box 2: (substantial interest)* includes dividend income and capital gains from 'substantial shareholdings'; and
- *Box 3: (savings and investments)* covers passive income.

Losses from one box can, in principle, not be offset against income from another box (several specific exceptions to this general rule may apply).

*Box 1:*

An individual residing in the Netherlands, who holds Shares in the Company that can be attributed to the business assets of an enterprise which is, in whole or in part, carried on for the account of such shareholder, is liable for income tax on the dividends received from these Shares at progressive rates (the maximum rate in 2021 being 49,50%) (the "**Box 1 Rate**"). Income derived that qualifies as 'income from miscellaneous activities' (*resultaat uit overige werkzaamheden*), which includes activities pertaining to Shares held in the Company that exceed 'regular portfolio management' (*normal vermogensbeheer*), are also taxable at the aforementioned progressive rates. Furthermore, income derived from employment (as well as shares granted under an employment agreement) is also progressively taxed against the Box 1 Rate.

*Box 2:*

Income from a substantial interest held in the Company (which includes dividends) is generally taxable with Dutch personal income tax at a rate of 26.90% (2021) (the "**Box 2 Rate**"). The definition of a substantial interest under Dutch tax law is a very detailed one. In summary, a taxpayer is considered to have a substantial interest if they, either individually or together with their 'fiscal partner', directly or indirectly (i) own at least 5% of the subscribed capital of the Company or a specific class of shares of the Company, (ii) when they have the right to acquire at least 5% of the share capital of the Company, or (iii) hold certain profit sharing rights in the Company that relate to 5% or more of the Company's annual profits or to 5% or more of the Company's liquidation proceeds.

*Box 3:*

An individual residing in the Netherlands that does not fall within the first two boxes in respect of its investment in Shares of the Company must determine taxable income with regard to Shares held in the Company on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realized. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on income from savings and investments is taxed at a rate of 31% (2021).

For 2021, the deemed return ranges from 1.898 % to 5.69 % of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Shares in the Company). The applicable rates are updated annually on the basis of historic market yields.

#### 16.2.1.4 *Non-resident individual shareholders*

Individual holders of Shares in the Company who do not reside in the Netherlands will be taxable in the Netherlands in respect of income realized on their Shares if these Shares:

1. are attributable to the business assets of a permanent establishment or permanent representative in the Netherlands (box 1);
2. generate income or gains that qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in the Netherlands, which include activities in the Netherlands with respect to these Shares that exceed "regular portfolio management" (*normaal vermogensbeheer*) (box 1); or
3. form a substantial interest in the Company and this substantial interest does not form part of the business assets of an enterprise of the shareholder.

The right of the Netherlands to levy Dutch personal income tax on dividends received by non-resident individuals may be restricted under specific provisions of applicable tax treaties.

*16.2.2 Taxation upon realization of Shares*

16.2.2.1 *Dutch resident corporate shareholders*

Similarly to dividend distributions, capital gains realized by Dutch (tax-opaque) corporate shareholders on Shares in the Company are generally taxable in the Netherlands at the Regular Dutch CIT Rates under the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). The Dutch participation exemption regime (*deelnemingsvrijstelling*) may provide for an exemption for income derived from qualifying shareholdings (i.e. 'participations') (*deelnemingen*) in case all requirements are met (reference is made to Section 16.2.1.1 "Dutch resident corporate shareholders").

16.2.2.2 *Non-resident corporate shareholders*

In case capital gains are realized by non-resident corporate shareholders on Shares held in the Company, where such gains are attributable to a permanent establishment or permanent representative in the Netherlands, these capital gains will, in principle, be subject to regular Dutch corporate income tax at the Regular Dutch CIT Rates, unless the participation exemption is applicable (reference is made to Section 16.2.1.1 "Dutch resident corporate shareholders"). This also applies to capital gains realized by non-resident corporate shareholders on shares held through a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than a security, and to which enterprise the shares are attributable.

If Shares in the Company are not attributable to a Dutch permanent establishment or permanent representative in the Netherlands, capital gains should in principle not be subject to Dutch corporate income tax, unless the following exception applies.

Dutch non-resident corporate income tax on capital gains realized may, however, in some cases be levied at the Regular Dutch CIT Rates from investors:

- that hold a substantial interest in the share capital of the Company; and
- for which certain anti-abuse tests cannot be met.

The latter requirement signifies that taxation will only be due if the structuring of the ownership in the Company by the individual investor is regarded 'abusive'. Both a *'subjective test'* and an *'objective test'* are to be applied. Conducting these tests requires a detailed understanding and analysis of the ownership structure of the relevant individual investor.

Additionally, on a case-by-case basis investors may be able to invoke tax treaty protection in relation to taxation on dividends, depending on whether they are eligible for tax treaty benefits under a tax treaty concluded by the Netherlands on an individual basis.

16.2.2.3 *Dutch resident individual shareholders*

In principle, capital gains which are derived from the sale of Shares in the Company by an individual residing in the Netherlands are not subject to personal income tax in the Netherlands, provided that (i) the Shares do not form part of a 'substantial interest', (ii) cannot be attributed to the enterprise of that individual, and (iii) the capital gains realized do not qualify as so-called 'income from miscellaneous activities' (*resultaat uit overige werkzaamheden*) which includes activities pertaining to Shares that exceeds 'regular portfolio management'.

Capital gains realized on the disposal of Shares in the Company that form part of a 'substantial interest' (*aanmerkelijk belang*) are subject to taxation in the Netherlands in Box 2, at the Box 2 Rate. Capital gains realized on shares held by individual shareholders in Box 3 are not subject to tax, as Box 3 only taxes deemed income reference is made to Section 16.2.1.3 "Dutch resident individual shareholders").

Capital gains are subject to personal income tax at the Box 1 Rate if (i) the capital gains qualify as 'income from miscellaneous activities' (*resultaat uit overige werkzaamheden*) or (ii) if Shares can be attributed to the business assets of an enterprise carried on, in whole or in part, for the account of the relevant individual.

#### 16.2.2.4 *Non-resident individual shareholders*

Capital gains realized by non-resident individuals who hold Shares in the Company, are in principle only subject to Dutch personal income tax if such Shares:

1. are attributable to the business assets of a permanent establishment or permanent representative in the Netherlands (box 1);
2. generate income or gains that qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in the Netherlands, which include activities in the Netherlands with respect to Shares that exceed "regular portfolio management" (*normaal vermogensbeheer*) (box 1); or
4. form a substantial interest in the Company and this substantial interest does not form part of the business assets of an enterprise of the shareholder.
5. Are held through a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than a security, and to which enterprise the shares are attributable.

The right of the Netherlands to levy Dutch personal income tax on capital gains may be restricted under specific provisions of applicable tax treaties.

### *16.2.3 Registration and transfer taxes*

The Netherlands does not levy registration tax, capital tax, stamp duty or any other similar documentary tax or duty in respect of or in connection with the issuance, ownership or the transfer of Shares in the Company.

### *16.2.4 Gift and inheritance tax*

Generally, gift or inheritance tax will be due in the Netherlands with respect to the gift or inheritance of the Shares if the donor deceased who owned such Shares is or was a resident or was deemed to be a resident of the Netherlands. A number of exemptions may reduce the gift or inheritance tax due, provided that certain conditions are met.

No gift or inheritance tax will arise in the Netherlands in respect of a gift of Shares by, or on the passing away of, a holder of such Shares who at the moment the gift is made is neither a resident nor deemed to be a resident of the Netherlands for purposes of Dutch gift and inheritance tax, provided that such holder does not die within 180 days after having made a gift, while being at the moment of his passing away a resident, or a deemed resident, of the Netherlands.

If the donor or the deceased is an individual who holds the Dutch nationality, they will be deemed to be a resident of the Netherlands for purposes of Dutch gift and inheritance tax if he has been a resident in the Netherlands at any time during the 10 years preceding the date of the gift or their passing. If the donor is an individual who does not hold the Dutch nationality, they will be deemed to be resident in the Netherlands for purposes of Dutch gift tax if he has been resident of the Netherlands at any time during the 12 months preceding the date of the gift. The same so-called *"twelve-month rule"* may apply to entities that have transferred their seat of residence out of the Netherlands.

### *16.2.5 The Company's responsibility for withholding taxes*

The Company is responsible for, and shall deduct, report and pay any applicable withholding tax to the Dutch tax authorities in respect of proceeds from Shares in the Company. These proceeds include:

- direct or indirect distributions of profit, regardless of their name or form;
- liquidation proceeds, proceeds on redemption of Shares and, as a rule, the consideration for the repurchase of Shares in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes, unless a particular statutory exemption applies;
- the nominal value of Shares issued or an increase of the nominal value of Shares, insofar as the (increase in the) nominal value of Shares is not paid up by the shareholder or not funded out of the Company's paid-in capital as recognized for Dutch dividend withholding tax purposes; and

- partial repayments of paid-in capital recognized for Dutch dividend withholding tax purposes, if and to the extent that there are so-called 'qualifying profits' (*zuivere winst*), unless the general meeting of shareholders of the Company has resolved in advance to make such repayment and provided that the nominal value of Shares has been reduced by an equal amount by way of an amendment of the articles of association and the paid-in capital is recognized as capital for Dutch dividend withholding tax purposes. The term 'qualifying profits' includes anticipated profits that have yet to be realized.

*16.2.6 VAT*

No value added tax will arise in respect of payments in consideration for the issue of Shares or in respect of a cash payment made under Shares or in respect of a transfer of Shares in the Company.

## 16.3 Norwegian taxation

*The following is a brief summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of Shares by holders that are residents of Norway for purposes of Norwegian taxation ("**resident or Norwegian shareholders**") and holders that are not residents of Norway for such purposes ("**non-resident or foreign shareholders**").*

*The summary is based on applicable Norwegian laws, rules and regulations as at the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant and does not address taxation in any other jurisdiction than Norway.*

*This summary assumes that the Company is tax resident in the Netherlands (i.e. not tax resident in Norway), and that the Company/the Shares fulfils the Norwegian Tax Act's criteria to be object under the Norwegian Participation Exemption Method.*

*The summary does not concern tax issues for the Company and the summary only focuses on the shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered transparent entities for tax purposes, for shareholders holding shares through a Norwegian permanent establishment and for shareholders that have ceased or cease to be resident in Norway for tax purposes.*

*Each shareholder, and specifically non-resident shareholders, should consult with and rely upon their own tax advisers to determine their particular tax consequences.*

*16.3.1 Taxation of dividends*

16.3.1.1 *Norwegian resident corporate shareholders*

Dividends distributed from the Company to Norwegian corporate shareholders (i.e. limited liability companies and certain similar entities) are generally exempt from tax on dividends pursuant to the participation exemption method (Norwegian: "*Fritaksmetoden*"). However, 3% of such dividends are taxable as general income at a current rate of 22%, implying that dividends distributed from the Company to resident corporate shareholders are effectively taxed at a rate of 0.66%.

16.3.1.2 *Norwegian resident individual shareholders*

Dividends distributed from the Company to Norwegian personal shareholders are taxed as ordinary income at a current rate of 22% to the extent the dividends exceed a statutory tax-exempt allowance (Norwegian: "*Skjermingsfradrag*"). The tax basis is upward adjusted with a factor of (currently) 1.44 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 31.68%.

The tax-exempt allowance is calculated and applied on a share-by-share basis. The allowance for each share equals the cost price of the share multiplied by a risk-free interest rate determined based on the interest rate on Norwegian treasury bills with three months maturity plus 0.5 percentage point, and adjusted downwards with the tax rate. The allowance one year is allocated to the shareholder owning the share on 31 December. Norwegian personal shareholders who transfer Shares during an income year will thus not be entitled to deduct any calculated allowance related to the transaction year. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year.

Any part of the calculated allowance one year exceeding distributed dividend on a Share (excess allowance) can be carried forward and set off against future dividends (or capital gains) on the same Share (but may not be set off against taxable dividends / capital gains on other Shares). Furthermore, for the purpose of calculating the allowance the following years, any excess allowance is added to the cost price of the share and thereby included in the basis for the calculation of allowance the following years.

*16.3.2 Taxation upon realization of shares*

16.3.2.1 *Norwegian resident corporate shareholders*

For Norwegian corporate shareholders capital gains upon realization of Shares are generally exempt from tax. Losses are not deductible.

16.3.2.2 *Norwegian resident individual shareholders*

For Norwegian individual shareholders capital gains upon realization of Shares are taxable as general income in the year of realization, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of Shares realized. The tax rate for general income is currently 22%. The tax basis is adjusted upward with a factor of (currently) 1.44 before taxation/deduction, implying an effective taxation at a rate of 31.68%.

The taxable gain or loss is calculated per Share as the difference between the consideration received and the cost price of the Share, including any costs incurred upon acquisition or realization of the Share. Any unused allowance on a Share (see above) may be set off against capital gains on the same Share, but will not lead to or increase a deductible loss. I.e. any unused allowance exceeding the capital gain upon realization of the Share will be annulled. Any unused allowance on one Share may not be set of against gains on other Shares.

If a shareholder disposes of Shares acquired at different times, the Shares that were first acquired will be deemed as first disposed (the FIFO-principle) when calculating a taxable gain or loss.

Special exit tax rules apply for resident individual shareholders that cease to be tax resident in Norway.

*16.3.3 Net wealth tax*

Norwegian corporate shareholders are not subject to net wealth tax.

Norwegian individual shareholders are generally subject to net wealth taxation at a current rate of 0.85% on net wealth exceeding NOK 1,500,000. The general tax rate for 2021 is that the Shares will be included in the net wealth with a discount which for 2021 is 45 %, i.e. the shares are included in the tax base with 55% of the listed value as of 1 January in the assessment year (the year following the income year). Deduction for debt in the net wealth calculation is for Norwegian wealth tax purposes reduced correspondingly. It should be noted that the tax rate and the discount rate often varies from one year to another.

Non-resident shareholders are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

*16.3.4 Registration and transfer taxes*

Norway does not impose any stamp duty or transfer tax on the transfer or issuance of Shares.

*16.3.5 Gift and inheritance tax*

Norway does not impose any inheritance tax. The heir continues the giver's/deceased's tax positions, including the input values, based on principles of continuity.

*16.3.6 VAT*

No value added tax will arise in respect of payments in consideration for the issue of shares or in respect of a cash payment made under shares or in respect of a transfer of shares of the Company.

## 17 ADDITIONAL INFORMATION

### 17.1 Independent auditor

The Annual Financial Statements have been audited by PwC, whose principal place of business is at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. PricewaterhouseCoopers Accountants N.V. is registered with the Dutch trade register under number 34180285. The auditor signing the auditor's reports on behalf of PwC is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*) ("**NBA**"). The NBA is the professional body for accountants in the Netherlands.

PwC has issued an unqualified independent auditor's reports on the Annual Financial Statements.

### 17.2 Advisors

Advokatfirmaet Schjødt AS (business address: Ruseløkkveien 14-16, 0250 Oslo, Norway) acts as Norwegian legal counsel to the Company. Houthoff Coöperatief U.A. (business address: Gustav Mahlerplein 50, 1082 MA Amsterdam, the Netherlands) acts as Dutch legal counsel to the Company.

DNB Markets, part of DNB Bank ASA (business address: Dronning Eufemias gate 30, 0191 Oslo, Norway) and Pareto Securities AS (business address: Dronning Mauds gate 3, 0250 Oslo, Norway) are acting as advisors to the Company in connection with the Listing.

### 17.3 Incorporation by reference

The Articles of Association (the official Dutch version and an English translation thereof) are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The Articles of Association can be obtained free of charge from the Company's website through the following hyperlink: https://meltwater-site.cdn.prismic.io/meltwater-site/50f75209-5483-42f8-bfc1-8f279c799228_Statuten+Meltwater+N.V.+%28NL%29+-+6+december+2021.PDF for the official Dutch version and https://meltwater-site.cdn.prismic.io/meltwater-site/c77faeae-7d51-4824-b335-9e044ac8488e_Articles+of+association+Meltwater+N.V.+%28ENG%29+-+6+December+2021.PDF for the English translation.

### 17.4 No incorporation of website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (www.meltwater.com), or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference, into this Prospectus. Other than this Prospectus and the Articles of Association, the contents of the Company's website (www.meltwater.com), or of websites accessible from hyperlinks on that website, have not been scrutinized or approved by the AFM.

### 17.5 External documents of interest

The table below shows a list of external documents that may be of interest to the reader of this Prospectus.

**Table 37 – Overview of external documents of interest**

| Document | Hyperlink |
|---|---|
| Website | www.meltwater.com |
| Euronext Growth Information Document | Information Document |

## 18 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

**Table 38 – Definitions and glossary**

| Defined terms | Meanings |
|---|---|
| **2019 Related Party Note Receivable** | Non-convertible promissory note agreement with the Executive Chair |
| **2020 Annual Financial Statements** | The Company's audited consolidated financial statements for the financial year ended 31 December 2020, attached hereto as Appendix I |
| **Administrator** | The EIP 2011 and each award agreement are administrated by the Company's board or other committee appointed to administrate the EIP 2011 and the award agreements. |
| **AFM** | The Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) |
| **AI** | Artificial Intelligence |
| **Altor** | Big Data Holding, owned fully by Altor Fund III |
| **Annual Financial Statements** | The Company's audited consolidated financial statements for the years ended 31 December 2020, 2019 and 2018 |
| **APM** | Alternative Performance Measures |
| **ARR** | Annual Recurring Revenue |
| **Articles of Association** | The articles of association of the Company |
| **Board of Directors** | The board of directors of the Company |
| **Box 1 Rate** | An individual residing in the Netherlands, who holds Shares in the Company that can be attributed to the business assets of an enterprise which is, in whole or in part, carried on for the account of such shareholder, is liable for income tax on the dividends received from these Shares at progressive rates (the maximum rate in 2020 being 49,50%). |
| **Box 2 Rate** | Income from a substantial interest held in the Company (which includes dividends) are generally taxable with Netherlands personal income tax at a rate of 26.25% (2020) |
| **CAD** | Canadian dollars, the lawful currency of Canada |
| **CAGR** | Compound annual growth rate |
| **CEO** | The Company's chief executive officer |
| **CFO** | Chief Financial Officer |
| **CTO** | Chief Technology Officer |
| **Code** | Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 |
| **Company** | Meltwater N.V. a public company with limited liability (*naamloze vennootschap*), registered with the Dutch trade register under number 32109376. |
| **Company Shares** | All outstanding shares of the Company with a par value of EUR 0.01 per share |
| **Credit Agreement** | A USD 175 million credit agreement dated 28 February 2019 (as amended, restated, supplemented or otherwise modified from time to time), made between, inter alios, the Company (as holdings), Meltwater Holdings Inc. (as borrower), certain lenders from time to time party thereto and VCP Capital Markets, LLC (as administrative agent and collateral agent for the lenders) |
| **Depositary Receipts** | The depositary receipts over Company Shares, i.e. the beneficial interests over the Company Shares, registered in the VPS. Each depositary receipt has a par value of EUR 0.01 |
| **Directors** | An Executive Director or a Non-Executive Director |
| **DNB Loan** | A USD 150 million loan agreement made between DNB Bank ASA (as borrower), completed in December 2020 in connection with the admission to trading on Euronext Growth |
| **Dutch FSA** | The Dutch Financial Supervision Act (*Wet op het financieel toezicht)* and the rules promulgated thereunder |
| **Dutch FRSA** | The Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) |
| **Dutch GAAP** | The accounting principles generally accepted in the Netherlands |
| **Dutch SRD Act** | The Dutch Act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*) |
| **EEA** | The European Economic Area |
| **EIP 2011** | The Company's equity incentive plan 2011 |
| **EMEA** | Europe, Middle East, Africa |
| **Enterprise Chamber** | The Dutch Enterprise Chamber of the Amsterdam Court of Appeals (*Ondernemingskamer van het Gerechtshof te Amsterdam*) |
| **ESMA** | European Securities and Markets Authority |
| **Executive Chair** | The executive chair of the Board of Directors |
| **Executive Director** | A member of the Board of Directors appointed as executive director |

| | |
|---|---|
| **EU** | The European Union |
| **EU Prospectus Regulation** | Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and includes any relevant delegated regulations |
| **EUR** | Euro; the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency |
| **Euronext Growth Oslo** | A multilateral trading facility operated by Oslo Børs ASA |
| **E&O** | Errors and omissions |
| **Financial Statements** | The Annual Financial Statements and the Interim Financial Statements. |
| **Founder** | Jørn Lyseggen, the Executive Chair |
| **Forward-looking statements** | All statements other than historic facts or present facts, typically indicated by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar |
| **GDPR** | Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data |
| **General Meeting** | The general meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the meeting of Shareholders |
| **Group or Meltwater** | The Company together with its consolidated subsidiaries |
| **IAS 34** | International Accounting Standard 34 "Interim Financial Reporting", as adopted by the EU |
| **IFRS** | The International Financial Reporting Standards as adopted by the EU |
| **Interim Financial Statements** | The Company's unaudited consolidated financial statements for the nine-month period ended 30 September 2021 |
| **ISIN** | International Securities Identification Number |
| **IT** | Information technology |
| **Listing** | The listing of the Shares on Oslo Børs |
| **Listing Advisors** | DNB Markets, part of DNB Bank ASA and Pareto Securities AS |
| **LTI Plan 2022** | The Company's new long-term incentive plan as from January 2022 |
| **Management** | The Company's senior executive management team |
| **Market Abuse Regulation** | Regulation (EU) No 596/2014 of the European Parliament and of the council of 16 April 2014 on market abuse (market abuse regulation) and repealing directive 2003/6/EC of the European Parliament and of the council and Commission Directives 2003/124/EC and 2004/72/EC |
| **Material weakness** | A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's financial statements will not be prevented, or detected and corrected, on a timely basis. |
| **Member State** | A member state of the EEA |
| **MEST** | Meltwater Entrepreneurial School of Technology |
| **MWTR** | Meltwaters' ticker code on Oslo Børs |
| **NBA** | Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*) |
| **NOK** | Norwegian kroner, the lawful currency of Norway |
| **Non-Executive Director** | A member of the Board appointed as non-executive directors |
| **Non-resident or foreign shareholders** | Shareholders who are not resident in Norway for tax purposes |
| **Norwegian Code** | The Norwegian Code of Practice for Corporate Governance of October 2018 |
| **Order** | The United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended |
| **Oslo Børs** or **Oslo Stock Exchange** | A regulated market operated by Oslo Børs ASA |
| **PDMR** | Person discharging managerial responsibilities within the meaning of the Market Abuse Regulation |
| **Private Placement** | The private placement completed by the Company on 2 December 2020 |
| **Prospectus** | This Prospectus dated 16 December 2021 |
| **PSU** | Performance share units |
| **PwC** | PricewaterhouseCoopers Accountants N.V., a public company with limited liability incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 34180285 |
| **QIBs** | Qualified institutional buyers as defined in Rule 144A. |
| **Qualified Investors** | Qualified investors within the meaning of the EU Prospectus Regulation |
| **R&D** | Research and development |
| **Registrar Agreement** | The agreement for registrar services in the VPS which the Company has entered into with the VPS Registrar |

| | |
|---|---|
| **Regular Dutch CIT rates** | Tax rate for dividends under the provisions of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) at a statutory rate of 25% (2020) (a step-up rate of 16.5% applies for the first EUR 200,000 in 2020) |
| **Relevant Persons** | Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order. |
| **Resident or Norwegian shareholders** | Shareholders who are resident in Norway for tax purposes |
| **RSU** | Restricted stock unit |
| **SaaS** | Software-as-a-Service |
| **Schrems II** | EU Court of Justice in July 2020 in the case Data Protection Commissioner v. Facebook Ireland Limited, Maximillian Schrems (C-311/18) |
| **Securities Trading Act** | Securities Trading Act of 29 June 2007 no. 75 (*Norwegian*: "Verdipapirhandelloven") |
| **Shares** | Means both the Company Shares and the Depositary Receipts |
| **Shareholder Rights Directive II** | Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long term shareholder engagement |
| **SPP** | The Company's stock purchase plan |
| **STAK** | Stichting Administratiekantoor Meltwater Holding, a foundation incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 34317328 |
| **STAK DRs** | The Dutch depositary receipts issued by STAK for each Company Share held by it |
| **U.S. or United States** | The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia |
| **U.S. Securities Act** | U.S. Securities Act of 1933, as amended |
| **USD** | United States dollar, the lawful currency of United States |
| **VPS** | The Norwegian Central Securities Depositary (Norwegian: "*Verdipapirsentralen*") |
| **VPS Registrar** | DNB Bank ASA, DNB Markets Registrars department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway. |
| **2019 Note Payable** | A USD 175 million non-convertible note payable agreement |
| **2020 Credit Facility** | A USD 150 million multi-currency revolving credit facility |

## APPENDIX 1: AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR 2020 (IFRS)

2020

# Meltwater N.V. (formerly Meltwater B.V.)

# Special purpose consolidated financial statements 2020

## In accordance with IFRS as adopted in the EU

**Meltwater N.V.**

Singel 250

Amsterdam

1016 AB

# Contents

## Special purpose consolidated financial statements for the year ended 31 December 2020

2020

# Meltwater N.V.

# Special purpose consolidated financial statements

# Consolidated statement of financial position as at 31 December 2020

| | Notes | 31 December 2020 $'000 | 31 December 2019 $'000 | 1 January 2019 $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 5/6 | 16 285 | 15 526 | 15 004 |
| Other intangible assets | 5 | 42 469 | 51 867 | 54 706 |
| Property, plant and equipment | 4 | 3 373 | 4 464 | 5 503 |
| Right-of-use assets | 4 | 29 959 | 22 748 | 30 190 |
| Other non-current financial assets | 8 | 5 267 | 5 154 | 5 069 |
| Financial assets at fair value through profit and loss | 8 | 2 036 | 2 535 | 2 173 |
| Contract costs | 11 | 20 980 | 19 695 | 19 191 |
| Deferred tax asset | 26 | 4 289 | 256 | 2 749 |
| **Total non-current assets** | | **124 658** | **122 245** | **134 585** |
| | | | | |
| **Current assets** | | | | |
| Trade receivables | 9 | 75 749 | 110 283 | 67 406 |
| Other current assets | 10 | 15 828 | 17 015 | 12 645 |
| Contract costs | 11 | 25 470 | 24 867 | 25 194 |
| Cash and cash equivalents | 12 | 99 927 | 15 364 | 11 780 |
| **Total current assets** | | **216 974** | **167 529** | **117 025** |
| | | | | |
| **Total assets** | | **341 632** | **289 774** | **251 610** |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 18 | - | 175 516 | 87 486 |
| Lease liabilities | 7 | 23 254 | 15 894 | 31 210 |

| | | | | |
|---|---|---|---|---|
| Contract liabilities | 21 | 11 168 | 9 983 | 7 787 |
| Deferred tax liability | 26 | 7 005 | 6 298 | 6 893 |
| Employee benefit obligation | 15 | 334 | 312 | 144 |
| **Total non-current liabilities** | | **41 761** | **208 003** | **133 520** |
| | | | | |
| **Current liabilities** | | | | |
| Borrowings | 18 | - | - | 56 708 |
| Trade and other payables | 17 | 114 674 | 70 340 | 68 858 |
| Contract liabilities | 21 | 206 097 | 206 453 | 174 103 |
| Lease liabilities | 7 | 10 258 | 9 898 | - |
| Current tax liabilities | 26 | 3 424 | 1 905 | 365 |
| Employee benefit obligation | 15 | 127 | 124 | 99 |
| **Total current liabilities** | | **334 580** | **288 720** | **300 133** |
| **Total liabilities** | | **376 341** | **496 723** | **433 653** |
| | | | | |
| **Equity** | | | | |
| Share capital | 13 | 29 | 24 | 19 |
| Share premium | 13 | 351 657 | 105 179 | 76 053 |
| Accumulated deficit | | (386 295) | (310 241) | (256 691) |
| Other reserves | 14 | (100) | (1 911) | (1 424) |
| **Total equity** | | **(34 709)** | **(206 949)** | **(182 043)** |
| **Total equity and liabilities** | | **341 632** | **289 774** | **251 610** |

## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

| | Notes | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| Revenue from contracts with customers | 21 | 359 791 | 345 830 |
| Cost of sales | | (105 504) | (101 246) |
| **Gross profit** | | **254 287** | **244 584** |

| | | | |
|---|---|---|---|
| Sales and marketing expenses | | (177 813) | (166 889) |
| General and administrative expenses | | (51 580) | (51 930) |
| Research and development expenses | | (37 952) | (43 187) |
| Other income | | 42 | 28 |
| **Operating profit/(loss)** | | **(13 016)** | **(17 394)** |
| | | | |
| Finance costs | 24 | (60 791) | (35 472) |
| Foreign exchange gain/(loss) | | (5 479) | 769 |
| Finance income | 25 | 3 919 | 2 847 |
| **Profit/(loss) before tax** | | **(75 367)** | **(49 250)** |
| | | | |
| Income tax expense | 26 | (624) | (4 300) |
| **Profit/(loss) for the year** | | **(75 991)** | **(53 550)** |
| | | | |
| **Profit/(loss) attributable to:** | | | |
| Shareholders | | (75 991) | (53 550) |
| | | | |
| **Earnings/(loss) per share for profit attributable to the ordinary equity holders of the company** | | | |
| Basic earnings/(loss) per share | 27 | (0,31) | (0,23) |
| Diluted earnings/(loss) per share | 27 | (0,31) | (0,23) |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit and loss, net of tax* | | | |

| | | | |
|---|---|---|---|
| Exchange difference on translation of foreign operations | | 1 688 | (383) |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements of defined benefit obligation | 14 | 60 | (104) |
| **Total other comprehensive income/(loss)** | | **1 748** | **(487)** |
| | | | |
| **Total comprehensive income/(loss)** | | **(74 243)** | **(54 037)** |
| **Attributable to:** | | | |
| Shareholders | | (74 243) | (54 037) |

## Consolidated statement of changes in equity for the year ended 31 December 2020

| | Share capital $'000 | Share premium $'000 | Other reserves $'000 | Accumulated deficit $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **Notes** | **13** | **13** | **14** | | |
| **Balance as of 1 January 2019** | 19 | 72 660 | (1 424) | (252 482) | (181 227) |
| Effect of transition to IFRS (Note 34) | - | 3 393 | - | (4 209) | (816) |
| **Adjusted balance on 1 January 2019** | 19 | 76 053 | (1 424) | (256 691) | (182 043) |
| Loss for the period | - | - | - | (53 550) | (53 550) |
| Foreign currency translation adjustments | - | - | (383) | - | (383) |
| Remeasurements of defined benefit obligation | - | - | (104) | - | (104) |
| **Total comprehensive income / (loss)** | - | - | (487) | (53 550) | (54 037) |
| Share-based compensation expense | - | 4 155 | - | - | 4 155 |
| Share-based compensation tax | - | (1 166) | - | - | (1 166) |
| Issuance of Series A common shares upon exercise of option | - | 13 | - | - | 13 |
| Issuance of Series A common shares upon exercise of warrant | 4 | 24 996 | - | - | 25 000 |
| Issuance of Series A common shares in consideration for acquisition | 1 | 1 128 | - | - | 1 129 |

| | | | | | |
|---|---|---|---|---|---|
| **Total other movements** | 5 | 29 126 | - | - | 29 131 |
| **Balance as of 31 December 2019** | **24** | **105 179** | **(1 911)** | **(310 241)** | **(206 949)** |
| Loss for the period | - | - | - | (75 991) | (75 991) |
| Foreign currency translation adjustment | | | 1 751 | (63) | 1 688 |
| Remeasurements of defined benefit obligation | - | - | 60 | - | 60 |
| **Total comprehensive income** | **-** | **-** | **1 811** | **(76 054)** | **(74 243)** |
| Share-based compensation expense | - | 5 769 | - | - | 5 769 |
| Share-based compensation tax | - | 1 681 | - | - | 1 681 |
| Issuance of common shares in connection with Euronext Growth (Merkur) Oslo Børs offering, net of issuance cost | 5 | 237 536 | - | - | 237 541 |
| Issuance of Series A common shares upon exercise of option | - | 1 088 | - | - | 1 088 |
| Issuance of Series A common shares upon exercise of warrant | - | - | - | - | - |
| Issuance of Series A common shares in consideration for acquisition | - | 404 | - | - | 404 |
| **Total other movements** | 5 | 246 478 | - | - | 246 483 |

| | | | | | |
|---|---|---|---|---|---|
| **Balance as of 31 December 2020** | **29** | **351 657** | **(100)** | **(386 295)** | **(34 709)** |

## Consolidated statement of cash flows for the year ended 31 December 2020

| | Notes | 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit / (loss) before tax | | (75 367) | (49 250) |
| **Adjustments for:** | | | |
| Depreciation of right-of-use-assets | 4 | 11 196 | 11 628 |
| Depreciation of property, plant and equipment | 4 | 2 769 | 3 457 |
| Amortization of other intangible assets | 5 | 10 600 | 11 146 |
| Amortization of capitalized software costs | 5 | 10 323 | 8 918 |
| Impairment on other intangible assets | 5 | 1 100 | 500 |
| Share-based compensation expense | 16 | 5 769 | 4 155 |
| Loss on loan extinguishment | 24 | 34 346 | 6 100 |
| Interest Paid | | (32 206) | (45 061) |
| Interest Expense Accrued | 24 | 27 262 | 25 164 |
| Interest Received | | 6 951 | - |
| Unrealized FX gains/losses relating to Working Capital items | | 6 617 | (1 864) |
| Tax Paid | | (1 315) | (2 248) |
| **Changes in working capital items:** | | | |
| Decrease/ (increase) in trade receivables | 9 | 5 619 | (13 904) |
| Decrease/ (increase) in other current assets | 10 | 1 281 | (4 348) |
| (Decrease)/increase in contract liabilities | 21 | 832 | 34 547 |
| Decrease/(increase) in contract costs | 11 | (1 888) | (177) |
| (Decrease)/increase in trade and other | | 20 700 | 2 316 |
| (Decrease)/increase in employee benefit obligation | | 25 | 192 |
| **Cash generated from / (used in) operating** | | **34 614** | **(8 729)** |
| **Cash flows from investing activities** | | | |
| Payments for acquisitions of property and equipment | 4 | (2 276) | (3 705) |
| Related party loans | | 28 100 | (28 100) |
| Proceeds from sale of property and equipment | | 50 | - |
| Capitalized software development costs and other | 5 | (10 590) | (15 767) |
| **Net cash inflow /(outflow) from** | | **15 284** | **(47 572)** |

| | | | |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 18 | 25 000 | 168 483 |
| Repayment of non-convertible borrowings | 18 | (200 000) | (95 053) |
| Payment of loss on loan extinguishment | | (30 587) | (3 444) |
| Proceeds from issuance of common shares | | 1 088 | 1 129 |
| Proceeds from Euronext Growth (Merkur) Oslo Børs | | 248 404 | - |
| Payment of principal portion on lease liability | 7 | (10 648) | (11 280) |
| **Net cash inflows from financing activities** | | **33 257** | **59 835** |
| | | | |
| **Net increase in cash and cash equivalents** | | **83 155** | **3 534** |
| Effects of foreign exchange rates | | 1 408 | 50 |
| Cash and cash equivalents at the beginning of the | 12 | 15 364 | 11 780 |
| **Cash and cash equivalents at the end of the** | **12** | **99 927** | **15 364** |

# Notes to the special purpose consolidated financial statements

## 1. General information

### 1.1. Operations

Meltwater N.V. and its subsidiaries (hereafter referred to as the "Group", "Company", "Meltwater") is a group of companies founded in Norway, having its statutory seat in Amsterdam, The Netherlands. The Company is listed on the Euronext Growth market in Oslo, Norway. The address of the Company's registered office is Singel 250, 1016 AB, Amsterdam. The registration number of the Company at the Chamber of Commerce is 32109376.

The operations of Meltwater N.V. and its group companies ("the Group") are mainly comprised of providing cloud-based news, social media monitoring and related services.

In 2020 the company changed its name from Meltwater Holding B.V. to Meltwater B.V.

On 3 December the general meeting of Meltwater B.V. approved the conversion of the company to a public limited company in the Netherlands (*naamloze vennootschap*) (N.V.). This conversion was effected on 6 December 2021 through a change in the articles of association. Additionally the shares were converted from USD 0.001 per share to EUR 0.01 per share resulting in an increase of the paid share capital to EUR 15 million , the increase being funded from share premium. As of 6 December 2021 the name of the entity changed to Meltwater N.V.

These special purpose consolidated financial statements are to be included in the prospectus prepared for the uplisting to the regulated Euronext Oslo Børs and do not comprise the Company's statutory financial statements. The statutory financial statements of the Company for the year ended 31 December 2020 that have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code are available at the chamber of Commerce in Amsterdam, The Netherlands.

### 1.2. Going concern

The special purpose consolidated financial statements have been prepared on a going concern basis. For 2020, the Company ended with total revenues of $359.8 million (2019: $345.8 million) with a net loss of $76.0 million (2019: net loss of $53.6 million). As a result of the losses in 2020 and previous years, the Company has a negative equity of $34.7 million. Due to the additional paid-in capital of $351.7 million, the company mostly restored its solvability.

As of 31 December 2020 current liabilities exceeded current assets by $117.6 million, of which $206.1 million of current liabilities consists of the current portion of contract liabilities, most of which will not be settled in cash. Cash provided by operating activities was $34.6 million positive and $8.7 million negative during the years ended 31 December 2020 and 2019, respectively.

The Company' s cash and cash equivalents balance as of 31 December 2020 was $99.9 million (Note 12).

In February 2019, the Company entered into a $175.0 million non-convertible note payable agreement ("2019 Note Payable").

In August 2020, the Company entered into amendments to the 2019 Note Payable, which resulted in, among other effects (i) certain amendments to non-financial covenants, (ii) amendments to all of the financial covenants, including eliminating the consolidated senior leverage ratio through 31 December 2020 and raising the ratio from 31 December 2020 through the maturity date, and (iii) $25.0 million of additional liquidity.

In December 2020, the Company completed the Euronext Growth (Merkur) Oslo Børs offerings. Upon completion, the Company repaid the 2019 Note Payable balance. The repayment of the 2019 Note Payable resulted in the application of extinguishment accounting, whereby, the difference between the reacquisition price of the debt and its net carrying amount was recognized in the period of extinguishment. For the year ended 31 December 2020, the Company recorded a loss on loan extinguishment totaling $34.3 million.

In December 2020, the Company entered into a multi-currency revolving credit facility (the "2020 Credit Facility") of $150.0 million. The maturity date of the 2020 Credit Facility is three years from when the first utilization occurs with an option to extend an additional one to two years. Interest accrues on amounts outstanding under the 2020 Credit Facility at IBOR plus a margin range of 1.50% to 2.00% per annum. The Company is required to meet certain covenants in relation to the 2020 Credit Facility. The covenants mainly related to the achievement of a financial leverage ratio. As of 31 December 2020, the Company had not drawn any borrowings under the 2020 Credit Facility and had the ability to borrow $150.0 million under the 2020 Credit Facility.

Management believes that the cash balances and the credit facility available as of 31 December 2020 and the funds generated from future operations will enable the Company to meet its cash requirements for the foreseeable future (at least twelve months from the date of these financial statements).

COVID-19 pandemic

As a result of the COVID-19 pandemic and in compliance with the government orders and for the health and wellbeing of everyone, the Company temporarily closed its headquarters and other offices, required its employees and contractors to work remotely, and implemented travel restrictions, all of which represent a significant disruption in how the Company operates its business. The operations of its partners, vendors and customers have likewise been disrupted.

The negative global economic impact from the COVID-19 pandemic could have a material impact on the Company's ability to realize its assets at their recognized values, in particular accounts receivable.

The adverse global business outlook could also affect the rate of spending on media intelligence and analytics, which could severely affect demand for the Company's product offering, lengthen the sales cycles, reduce the value or duration of subscriptions, and/or affect contraction or attrition rates of the Company's paying customers, all of which could adversely affect the Company's business, its results of operations, and financial condition during fiscal 2021 and potentially future periods. As of 31 December 2020 and to the date that these financial statements have been issued, there has been no significant impact from COVID-19 on the Company's operating results or financial position.

## 2. Basis of preparation

### 2.1. Accounting basis

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), hereafter IFRS-EU or IFRS.

This is the first set of the Group's annual financial statements in which IFRS have been applied. Adoption of IFRS for the first time is described in Note 35.

The special purpose consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

The significant entities that are part of the Group are disclosed in Note 29.

The special purpose consolidated financial statements were authorized for issue by the Board of Directors on 10 December 2021.

### 2.2. Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These special purpose consolidated financial statements are presented in US Dollar ($), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand ($'000), unless otherwise indicated. The Basic and Diluted earnings (loss) per share as presented in the Consolidated statement of profit or loss and other comprehensive income have been presented in cents.

### 2.3. Use of estimates and judgements

The preparation of these special purpose consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts in these special purpose consolidated financial statements. Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. The Group evaluates its estimates on an ongoing basis. These estimates are inherently subject to judgement and actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively.

Information about significant judgements and estimates used are included in the relevant notes to the financial statements.

The areas involving significant estimates and judgements are:

Significant judgement

- Determining the lease term of contracts with renewal and termination options (Note 7);
- Capitalization of development costs (Note 3.6.1)
- Estimated useful life of intangible assets (Note 3.6.3)

Significant estimate

- Estimation of the incremental borrowing rate ('IBR') applied to lease accounting (Note 7);
- Estimation of the loss allowance for expected credit losses (Note 31)
- Estimation of the recoverable amounts of cash generating units for impairment of goodwill (Note 6)
- Valuation of share-based payments (Note 16)
- Valuation of deferred tax assets and liabilities (Note 26);

## 3. Significant accounting policies

### 3.1. Basis of consolidation

The special purpose consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Subsidiaries are entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated as soon as control ceases.

All intercompany balances, transactions, income and expenses and profits and losses resulting from transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### 3.2. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred if the costs do not relate to the issuance of debt or equity instruments. The Company's estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill.

At the acquisition date, the identifiable assets acquired, the liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

### 3.3. Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Cash-generating units to which goodwill has been allocated are tested for impairment 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. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.4. Foreign currency

#### 3.4.1. Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate at the reporting date. Foreign currency differences are recognized in profit or loss and presented within the foreign exchange gain/(loss) line item. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

#### 3.4.2. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities of foreign operations are translated to US Dollar at closing rates at the reporting date.
- The income and expenses of foreign operations are translated into US Dollar at the average exchange rates.
- Foreign currency differences are recognized in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve in equity. When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

### 3.5. Financial instruments

#### 3.5.1. Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset with substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

#### 3.5.2. Classification and initial measurement of financial assets

Except for the trade receivables that are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs where applicable. Financial assets are classified as either:

- amortized cost (including cash and cash equivalents, deposits, trade and most of other receivables); or
- fair value through profit or loss (FVTPL) (including equity investments).

The classification is determined by considering both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs and finance income. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account- which is also presented within Trade and other receivables (note 9).

### 3.5.3. Subsequent measurement of financial assets

Financial assets at amortized cost

After initial recognition, the assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial assets through Profit and Loss

Assets in this category are measured at fair value with gains or losses, including any interest and dividend income, recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### 3.5.4. Recoverability of financial assets

The Group uses the simplified approach in accounting for its financial assets (trade- and lease receivables and deposits) and records the loss allowance as lifetime expected credit losses ('ECL'). The ECL are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group makes use of the practical expedient by which they can use a provision matrix as the basis to determine the expected loss for its trade accounts receivable. The expected credit loss is based on the historical observed default rates per trade accounts receivable ageing category over the expected life of the trade account receivables. Forward-looking adjustment is considered to have very limited impact due to very short maturity of financial assets exposed to credit risk.

The Group recognizes, within general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. When a trade receivable is uncollectable (in severe financial difficulty and there is no realistic prospect of recovery), it is written off against the allowance account.

### 3.5.5. Classification and measurement of financial liabilities

The Group's financial liabilities include debt to shareholders, related parties and third parties as well as accounts payable to suppliers and trade creditors and lease liabilities. Financial liabilities are initially measured at fair value and are adjusted for transaction costs where applicable. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. All interest-related charges are recognized within finance costs in the consolidated statement of profit or loss and other comprehensive income.

### 3.5.6. Offsetting

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 3.6. Intangible assets

### 3.6.1. Recognition and measurement

| | |
|---|---|
| **Goodwill** | Refer to note 3.3 |
| **Research and development cost** | Expenditure on research activities is recognized in the statement of profit or loss and other comprehensive income as incurred. These costs consist primarily of research and development employee-related expenses, third-party contractor fees and allocated overhead associated with developing new services.<br><br>Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Subsequent to initial recognition, development expenditure is measured at cost less |

| | |
|---|---|
| | accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually. |
| **Other intangible assets** | Other intangible assets, including developed technology, customer relationships, content supplier relationships, tradenames and others, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The cost of a separately acquired intangible asset comprises:<br>(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and<br>(b) any directly attributable cost of preparing the asset for its intended use. |

Initial capitalized development cost is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the impairment considerations as well as the useful life, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

### 3.6.2. *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### 3.6.3. *Amortization*

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

| Assets | Years |
|---|---|
| Capitalized software | 3 years |
| Other intangibles | 3 – 4 years |

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

### 3.7. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Company capitalized $1.4 million and $0.9 million interest in 2020 and 2019, respectively to software.

The rate used to capitalize interest was based on consideration of the following:

- The 2016 Note Payable accrued interest on a quarterly basis, which was payable on a quarterly basis. The loan agreement provided for the Company to elect the interest rate from alternatives that include Prime Rate plus a margin range of 7.75% to 8.50% per annum for 2019 based on the senior leverage ratio and LIBOR plus a margin range of 9.00% to 9.75% per annum for 2019 based on the senior leverage ratio.

- The 2019 Note Payable accrues interest on a quarterly basis, of which 4.00% is payable either at the loan's maturity or upon prepayment of the note and the remainder is payable on a quarterly basis. The loan agreement provides for the Company to elect the interest rate from alternatives that include Prime Rate plus 8.50% per annum (2019: Prime rate plus 10.50% per annum) and LIBOR plus 9.50% per annum (2019: LIBOR plus 11.50% per annum). During the year ended December 31, 2020, the interest rates used to accrue and pay interest ranged from 11.10% to 13.10% (2019: 11.40% to 12.10%).

### 3.8. Property, plant and equipment

#### 3.8.1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

#### 3.8.2. *Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be reliably measured.

#### 3.8.3. *Depreciation*

Depreciation is calculated using the straight-line method over the estimated useful lives of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| **Assets** | **Years** |
|---|---|
| Right-of-Use Buildings | 4 years |
| Right-of-Use Equipment | 4 years |
| Computer equipment | 3 years |
| Office equipment and furniture | 3-5 years |

Leasehold improvements are amortized over the lesser of their useful life or the term of the applicable lease.

Leased assets (refer to note 3.10) are depreciated over the shorter of the asset useful life or the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.9. Impairment of assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Where an impairment indicator has been identified on an individual asset level, the impairment is assessed for that individual asset. Goodwill is reviewed for possible impairment at the end of each reporting period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 3.10. Leases

### 3.10.1. As a lessee

The lease portfolio of the Group consists of corporate office spaces. The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use assets are presented separately from property, plant and equipment in the financial statements but are disclosed together with property, plant and equipment in note 4. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the incremental borrowing rate ('IBR'), being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The Group applies a single IBR to a portfolio of leases with reasonably similar characteristics. The total lease payments include fixed payments, rent-free periods as well as variable lease payments that depend on an index or rate as at the commencement date. The Group determined the lease term of each lease as the non-cancellable period of a lease, together with periods covered by an option to extend and terminate the lease if the lessee is reasonably certain to exercise those options. If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group accounts for lease modifications as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For modifications that are not accounted for as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The remeasurement is recognized as an adjustment to the right-of-use asset.

The Group has elected to account for the lease and non-lease components as a single lease component. The fixed payments therefore include fixed payments for lease and non-lease components.

The Group has also elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets. The lease payments associated with these leases are recognized as an expense within the statement of profit and loss and other comprehensive income on a straight-line basis over the lease term.

#### 3.10.2. *As a lessor*

The Company enters into lease agreements as a lessor with respect to some of its right of use assets. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

### 3.11. Prepayments

Prepayments are carried at cost. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down and the corresponding impairment loss is recognized in profit or loss within other expenses.

### 3.12. Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed a year. Collateral is not normally obtained.

### 3.13. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and deposits held at call with financial institutions.

### 3.14. Equity

#### 3.14.1. *Share capital*

Share capital represents the nominal (par) value of issued shares.

#### 3.14.2. *Share premium*

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. The share premium is also used to recognize the value of equity-settled share-based payments provided to employees, including management personnel, as part of their remuneration.

#### 3.14.3. *Foreign currency translation reserve*

Foreign currency translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign operations.

#### 3.14.4. *Accumulated deficit*

Accumulated deficit includes all current and prior period retained profits and losses.

### 3.15. Employee benefits obligations

#### 3.15.1. *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 3.15.2. *Other long-term employee benefits*

Other long-term employee benefits relates to the long-service leave benefit. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

The group has liabilities for long-service leave benefit that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### 3.15.3. *Post-employment obligations*

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment or legal obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 3.15.4. *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 3.15.5. *Share-based payments*

The cost of equity-settled share-based payments to employees and others providing similar services is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period which is the period over which all of the specified vesting conditions are to be satisfied.

For the restricted share units, a liquidity condition needs to be satisfied in addition to the service condition. The liquidity event condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) one hundred and eighty days after the effective date of the Company filing a registration statement on Form S-1 (or equivalent filing) with the Securities and Exchange Commission for the initial public offering of its shares. No compensation expense is recognized for restricted share units until the liquidity condition is deemed probable. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

The fair value excludes the effect of non-market-based vesting conditions. The fair value of share-based awards to employees is estimated using the Black-Scholes option-pricing model. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option pricing model. The impact of the revision of the forfeitures, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

### 3.15.6. *Defined benefit plan*

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the finance costs and finance income in the statement of profit or loss and other comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in accumulated deficit in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

### 3.16. Provisions

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

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

### 3.17. Contingent liabilities

Contingent liabilities are disclosed when the Group has:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not disclosed if the possibility of any outflow in settlement is remote.

### 3.18. Contingent assets

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

### 3.19. Revenue from contracts with customers

The Company derives its revenue primarily from subscription fees for its cloud-based news and social media monitoring services.

Revenue is recognized when a customer obtains control of promised services, consisting of subscriptions of our software platform. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company applies the following five steps to recognize revenue:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

Revenue is generally recognized on a gross basis as a principal versus on a net basis as an agent, as the Company is primarily responsible for fulfilling the contract and has discretion in establishing the price when selling to the customer. To the extent the Company does not meet the criteria for recognizing revenue on a gross basis, the Company records the revenue on a net basis.

**Subscription revenue**

The Company derives its revenue primarily from subscription fees for its cloud-based news and social media monitoring services. The Company hosts software applications over subscription periods generally up to 12 months or may extend to longer periods. The Company provides customers with access to training and support that help them use the cloud-based news and social media monitoring services over the subscription periods. The subscription agreements are noncancelable and do not contain provisions for refunds. Customers do not have any contractual rights to take possession of the Company's software applications. The services the Company provides each day are substantially the same and have the same pattern of transfer to the customer, thus, meeting the definition of a series of distinct services that form a single performance obligation.

The Company satisfies the subscription and related services evenly over the contract period as customers simultaneously receive and consume the services provided. Revenue is recognized ratably over the subscription period from the contract effective date which is also the date the Company makes its services available to customers. Payment is typically due up-front in its entirety or throughout the contract period, usually monthly. Fees for services are generally fixed, however certain contracts include variable charges based on usage that occurs in a given month. Those variable fees are recognized as revenue in the month the usage occurs and typically are billed in the subsequent month.

The Company does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

Recorded revenue excludes any sales, use or other similar taxes that the Company is required to collect from customers for remittance to governmental authorities.

### Costs capitalized to obtain revenue contracts

The Company capitalizes incremental costs of obtaining a revenue contract. The capitalized amounts consist primarily of sales commissions and fringe benefit costs associated with the Company's direct sales force. Costs capitalized related to new revenue contracts are amortized on a straight-line basis over four years, which although longer than the typical initial contract period, reflects the average period of benefit, including expected contract renewals. Additionally, the Company amortizes capitalized costs for renewal over the renewal period.

In the year ended 31 December 2020, the Company capitalized $33.8 million of incremental contract costs and recorded amortization of $32.9 million related to amounts capitalized in the current and prior years. In the year ended 31 December 2019, the Company capitalized $33.1 million of incremental contract costs and recorded amortization of $32.7 million related to amounts capitalized in the current and prior years.

### Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with major financial institutions in countries where it and its subsidiaries are located. For banks located in the United States, the Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance.

There were no customers whose balance represented 10% or more of the accounts receivable balance as of 31 December 2020 and 2019, or whose revenue represented 10% or more of revenue during the years ended 31 December 2020 and 2019.

### Contract Liabilities

Contract liabilities consist of billings or payments received in advance of recognition of revenue from the Company's services described above and is only recognized as revenue when the revenue recognition criteria are met. The portion of contract liabilities that the Company will recognize during the twelve-month period from the balance sheet date is recorded within current liabilities and the remaining portion is recorded as non-current.

### Cost of revenue

Cost of revenue consists of hosting costs, content royalties, data communications expenses, employee-related expenses, allocated overhead costs based on headcount, software license fees, costs associated with website development activities, depreciation expense associated with computer equipment, and amortization expense associated with capitalized software related to the Company's cloud-based customer services and acquired developed technologies.

The accounting policies for the Group's revenue from contracts with customers are explained further in Note 21 (Revenue from contracts with customers) and Note 11 (Contract costs).

### 3.20. Operating result

Operating profit/loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit/loss excludes net finance costs, foreign exchange gain or loss and income taxes.

### 3.21. Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- net interest expense on defined benefit obligation;
- Gains/losses on loan extinguishment; and
- Foreign exchange gains/losses

Interest income or expense is recognized using the effective interest method.

The difference between the reacquisition price of debt and its net carrying amount is recognized in the period of extinguishment as a gain/loss on loan extinguishment.

### 3.22. Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI).

#### 3.22.1. *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

#### 3.22.2. *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Group elected to apply the Initial-Recognition-Exemption on initial recognition as well as for subsequent measurement, therefore the right-of-use asset and the lease liability are considered separately for deferred tax purposes.

### 3.22.3. *Uncertainty over income taxes*

The Group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the Tax Authorities. Uncertain tax items relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ.

The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

## 3.23. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

### 3.24. Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included as a deduction in arriving at the asset's carrying amount and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

### 3.25. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to owners of the company (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 4. Property, plant and equipment and right-of-use assets

**Property, plant and equipment**

| | Leasehold improvements $'000 | Computer Equipment $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 1 January 2019** | | | | |
| Acquisition costs | 4 633 | 5 529 | 4 784 | 14 946 |
| Accumulated depreciation | (3 114) | (3 260) | (3 069) | (9 443) |
| **Net book amount** | **1 519** | **2 269** | **1 715** | **5 503** |
| **Movements for the year ended 31 December 2019** | | | | |
| Additions | 672 | 1 155 | 552 | 2 379 |
| Depreciation | (909) | (1 698) | (850) | (3 457) |
| Disposals | (455) | (120) | (323) | (898) |
| Accumulated depreciation on disposals | 427 | 115 | 320 | 862 |

| | | | | |
|---|---|---|---|---|
| Foreign exchange differences | (1) | 58 | 18 | 75 |
| **As at 31 December 2019** | | | | |
| Acquisition costs | 4 853 | 6 686 | 5 045 | 16 584 |
| Accumulated depreciation | (3 600) | (4 907) | (3 613) | (12 120) |
| **Net book amount** | **1 253** | **1 779** | **1 432** | **4 464** |
| **Movements for the year ended 31 December 2020** | | | | |
| Additions | 1 734 | 292 | 263 | 2 289 |
| Depreciation | (1 171) | (989) | (609) | (2 769) |
| Disposals | (3 505) | (1 457) | (2 069) | (7 031) |
| Accumulated depreciation on disposals | 3 069 | 1 405 | 1 804 | 6 278 |
| Foreign exchange differences | 42 | 46 | 55 | 143 |
| **As at 31 December 2020** | | | | |
| Acquisition costs | 3 155 | 5 685 | 3 394 | 12 234 |
| Accumulated depreciation | (1 733) | (4 609) | (2 519) | (8 861) |
| **Net book amount** | **1 422** | **1 076** | **875** | **3 373** |

**Right-of-use asset**

| | Buildings $'000 |
|---|---|
| **As at 1 January 2019** | |
| Acquisition costs | 30 190 |
| Accumulated depreciation | - |
| **Net book amount** | **30 190** |
| | |
| **Movements for the year ended 31 December 2019** | |
| Additions | 4 276 |
| Depreciation | (11 628) |
| Modifications | - |
| Foreign exchange differences | (90) |
| | |
| **As at 31 December 2019** | |
| Net book amount | **22 748** |
| | |
| **Movements for the year ended 31 December 2020** | |
| Additions | 19 401 |
| Depreciation | (11 196) |
| Modifications | (1 130) |
| Foreign exchange differences | 136 |
| | |
| **As at 31 December 2020** | |
| Net book amount | **29 959** |

## 5. Intangible assets (including goodwill)

| | Goodwill | Capitalized software | Other intangibles | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **As at 1 January 2019** | | | | |
| Acquisition cost | 15 004 | 39 943 | 49 868 | 104 815 |
| Accumulated amortization and impairments | (-) | (15 186) | (19 919) | (35 102) |
| **Net book amount** | **15 004** | **24 757** | **29 949** | **69 710** |
| **Movements for the year ended 31 December 2019** | | | | |
| Additions | - | 16 700 | 1 557 | 18 257 |
| Amortization | - | (8 918) | (11 146) | (20 064) |
| Impairments | - | (500) | - | (500) |
| Foreign exchange differences | 522 | 90 | (625) | (13) |
| **As at 31 December 2019** | | | | |
| Acquisition cost | 15 526 | 54 915 | 49 231 | 119 672 |
| Accumulated amortization and impairments | - | (22 786) | (29 493) | (52 279) |
| **Net book amount** | **15 526** | **32 129** | **19 738** | **67 393** |
| **Movements for the year ended** | | | | |

| | | | | |
|---|---|---|---|---|
| **31 December 2020** | | | | |
| Additions | - | 12 000 | - | 12 000 |
| Amortization | - | (10 323) | (10 600) | (20 923) |
| Impairments | | (1 100) | - | (1 100) |
| Foreign exchange differences | 759 | 334 | 291 | 1 384 |
| **As at 31 December 2020** | | | | |
| Acquisition cost | 16 285 | 61 290 | 50 839 | 128 414 |
| Accumulated amortization and impairments | - | (28 250) | (41 410) | (69 660) |
| **Net book amount** | **16 285** | **33 040** | **9 429** | **58 754** |

Goodwill consists of the acquisitions as disclosed under Note 6.

Included in the other intangible assets are the following items:

| | **Cost at 31 December 2020** | **Accumulated amortization at 31 December 2020** | **Net book value 31 December 2020** |
|---|---|---|---|
| | **$'000** | **$'000** | **$'000** |
| Customer relationships | 13 851 | (11 017) | 2 834 |
| Developed technologies | 25 933 | (21 072) | 4 861 |
| Non-compete agreements | 30 | (30) | - |
| Trademarks | 2 098 | (1 758) | 340 |
| Content supplier relations | 8 925 | (7 531) | 1 394 |
| **Total** | **50 837** | **(41 408)** | **9 429** |

The Company capitalized $12.0 million and $16.7 million of development costs related to software during the years ended 31 December 2020 and 2019, respectively. Of the amount capitalized, $1.4 million and $0.9 million was related to interest in 2020 and 2019, respectively. Additionally, during the years ended 31 December 2020 and 2019, the Company recognized impairment losses on capitalized software amounting to $1.1 million and $0.5 million related to abandoned projects.

## 6. Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, assigned to the Group's cash-generating unit (CGU). Goodwill is tested for impairment, annually or more frequently if there are indications that goodwill might be impaired.

Goodwill is allocated to the cash-generating unit as indicated below:

| | **Media intelligence $'000** | **Total $'000** |
|---|---|---|
| Carrying value 31 December 2020 | 16 285 | 16 285 |
| Carrying value 31 December 2019 | 15 526 | 15 526 |

Meltwater consists of one CGU. The CGU is tested for impairment by comparing the carrying amount of the CGU to its recoverable amount. Recoverable amount is based on value in use and is determined using a discounted cash flow model with a three-year forecast period that is approved by management. The forecast period has been extended by two years in order to linearly decrease revenue growth from the growth rate in the third year of each forecast to the long-term growth rate in the terminal year. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. EBITDA margins are forecasted to remain stable in the third year of each forecast.

The key assumptions used by management in setting the financial budgets for the five-year period were as follows:

*Note: The 2020 and 2021 forecasted values are based on a five-year average. The 2020 forecast uses 2020-2024 forecasted figures and the 2021 forecast uses 2021-2025 forecasted figures.*

**Impairment analysis as per 31 December 2020:**

| | 2020 Actual | 2021 Forecast (Average 2021-2025) |
|---|---|---|
| Sales growth rate (%) | 4% | 11.5% |
| Gross margin ($'000) | 285 000 | 389 800 |
| Other operating costs ($'000) | 256 000 | 308 600 |
| Annual capital expenditure (Property, plant and equipment and capitalized software) ($'000) | 60 000 | 19 200 |
| Long-term growth rate (%) | - | 1.7 |
| Pre-tax discount rate (%) | - | 13.4 |

**Impairment analysis as per 31 December 2019:**

| | 2019 Actual | 2020 Forecast (Average 2020-2024) |
|---|---|---|
| Sales growth rate (%) | 15.3% | 15.68% |
| Gross margin ($'000) | 287 000 | 465 000 |
| Other operating costs ($'000) | 273 000 | 424 000 |
| Annual capital expenditure (Property, plant & equipment and capitalized software) ($'000) | 71 000 | 20 800 |
| Long-term growth rate (%) | - | 2.4 |
| Pre-tax discount rate (%) | - | 13.4 |

*Sales 31 December*

Revenues mainly consist of recurring revenue due to the subscription-based SaaS model which the company has in place.

Sales are projected to grow between 8.4% and 19.2% (2019:12.50% and 23.10%) in the first three years due to the expectations that acquisition related synergies will materialize. The forecast was extended by two years in order to linearly decrease the revenue growth rate in the third year of each forecast to 1.70% (2019: 2.40%) in the terminal year.

*Budgeted gross margin*

Based on past performance and management's expectations for the future.

*Other operating costs*

Operational expenses mainly relate to general and administrative expenses, sales and marketing expenses and research and development expenses. It is expected to increase from $261 million in 2021 to $302 million in 2023 (2019: from $312 million in 2020 to $421 million in 2022 and to $489 million in 2023).

*Annual capital expenditure*

Capital expenditures relate to maintenance CAPEX of fixed assets and capitalized software. Capex and amortization as a percentage of revenues are forecasted to be stable after the third year, and depreciation is assumed to converge to Capex in the terminal period.

*Long-term growth rate*

This is the growth rate used to extrapolate cash flows beyond the budget period. It is line with the 30-year US risk-free rate.

*Pre-tax discount rate*

The discount rate is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt reflects the (pre-tax) borrowing costs at current market rates as if the company were to be refinanced at Valuation Date. Segment-specific risk is incorporated by applying individual beta factors. Beta is driven by the sensitivity of a firm's earnings to market conditions its operational leverage and its financial leverage.

For the impairment valuation analysis, a post-tax discount rate of 11.4% (2019) and 10.6% (2020) was calculated. For disclosure purposes a pre-tax WACC of 13.4% (2019 and 2020) is applied.

(ii) Recoverable amount and impairment estimate

It was concluded that the recoverable amount of $826 million (2019: $535 million) exceeded the CGU carrying amount of -$121 million (2019: -$68 million). As a result of this analysis no impairment loss was recognized in both 2020 and 2019. The recoverable amount disclosed is based on the mid-point range.

(iii) Impact of possible changes in key assumptions:

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the CGU. Specifically, the WACC and terminal growth rate:

*2020 financial year*

If the post-tax WACC were to decrease to 8.40% or increase to up 12.70% the estimated enterprise value ranges from $671 million to $1.077 million.

If the terminal growth rate would decrease to 0.70% or increase up to 2.70% the estimated enterprise value ranges from $736 million to $939 million.

*2019 financial year*

If the post-tax WACC were to decrease to 9.10% or increase to up 13.70% the estimated enterprise value ranges from $446 million to $681 million.

If the terminal growth rate would decrease to 1.40% or increase up to 3.40% the estimated enterprise value ranges from $474 million to $611 million.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

## 7. Leases

### Right-of-use asset

The carrying amount of right-of-use assets related to leased buildings are included in property, plant and equipment (Note 4).

### Lease liabilities

The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied to lease liabilities was 13.00% (2019: 13.20%).

The carrying amount of lease liabilities and the related movements during the period are as follows:

| | **2020**<br>**$'000** | **2019**<br>**$'000** |
|---|---|---|
| As at 1 January (adoption date) | 25 792 | 31 210 |
| Additions | 19 548 | 5 698 |
| Modifications | (909) | - |
| Interest | 3 608 | 3 627 |
| Payments of lease invoices | (14 894) | (14 709) |
| Exchange rate differences | 367 | (34) |
| As at 31 December | 33 512 | 25 792 |
| **Non-current** | 23 254 | 15 894 |
| **Current** | 10 258 | 9 898 |

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

| | 31 December 2020 $'000 | 31 December 2019 $'000 |
|---|---|---|
| Less than 1 year | 13 999 | 12 342 |
| 1 to 2 years | 10 879 | 8 069 |
| 2 to 3 years | 8 757 | 5 518 |
| 3 to 4 years | 6 639 | 3 800 |
| 4 to 5 years | 3 968 | 1 288 |
| More than 5 years | 765 | 414 |
| **Total undiscounted lease liability** | 45 007 | 31 431 |
| Unpaid finance expense | (11 495) | (5 639) |
| **Total lease liability** | 33 512 | 25 792 |

Amounts recognized in the statement of profit and loss:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Depreciation on right-of-use asset | 11 196 | 11 628 |
| Interest expense (included in finance cost in note 24) | 3 805 | 3 597 |
| Expense related to short-term leases | 172 | 290 |
| Variable lease payments | 1 939 | 729 |
| Income from subleasing right-of-use asset | 222 | 422 |

The total cash outflows recognized in the statement of cash flows is as follows:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Payments of lease invoices (principal portion) | 10 648 | 11 280 |
| Interest on lease liabilities | 3 523 | 3 366 |
| Expenses related to short-term leases | 172 | 290 |

| | | |
|---|---|---|
| Variable lease payments | 1 939 | 729 |

## 8. Other non-current financial assets and financial assets at fair value through profit and loss

The Group holds the following financial assets:

| | **Other non-current financial assets** | **Financial assets measured at fair value through profit and loss** | **Total** |
|---|---|---|---|
| | **$'000** | **$'000** | **$'000** |
| **As at 1 January 2019** | 5 069 | 2 173 | 7 242 |
| Additions | 85 | 363 | 448 |
| Other (exchange rate effects and other) | - | (1) | (1) |
| **As at 31 December 2019** | **5 154** | **2 535** | **7 689** |
| Additions | 113 | - | 113 |
| Other (exchange rate effects and other) | - | 1 | 1 |
| Disposals | - | (500) | (500) |
| **As at 31 December 2020** | **5 267** | **2 036** | **7 303** |

### Other non-current financial assets

The other non-current financial assets include deposits and restricted cash held in as collateral in the event of default of our operating lease agreements. As of each of 31 December 2020 and 2019, restricted cash comprise $2.37 million and $2.34 million respectively. The balance of restricted cash on 1 January 2019 was $2.26 million.

### Financial assets at fair value through profit and loss

The Financial assets at fair value through profit and loss are purchased equity investments in privately held technology companies and limited partnerships, in total $2.0 million. For these investments, the Company does not have ability to exercise significant influence over the investees. Furthermore, the fair value of these investees has not materially changed year on year.

## 9. Trade receivables

**Trade receivables**

| | 31 December 2020 $'000 | 31 December 2019 $'000 | 1 January 2019 $'000 |
|---|---|---|---|
| Trade receivables | 83 417 | 86 775 | 71 906 |
| Loss allowance (see note (26 (d)) | (7 735) | (7 498) | (4 563) |
| Receivables from related parties | 67 | 31 006 | 63 |
| | **75 749** | **110 283** | **67 406** |

Trade receivables are non-interest bearing and in principle payable on demand.

Movement in loss allowance:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **As at 1 January** | (7 498) | (4 563) |
| Provision for loss allowance | (12 187) | (13 002) |
| Write-off | 11 950 | 10 067 |
| **As at 31 December** | **(7 735)** | **(7 498)** |

See note 31.4 (credit risk management disclosures) for further information regarding the loss allowance.

There are no trade receivables that are written off but still subject to enforcement activity.

## 10. Other current assets

| | 31 December 2020 $'000 | 31 December 2019 $'000 | 1 January 2019 $'000 |
|---|---|---|---|
| Prepayments | 11 696 | 11 641 | 10 423 |
| Lease deposits | 1 058 | 2 096 | 1 054 |

| | | | |
|---|---|---|---|
| Other receivables | 3 074 | 3 278 | 1 168 |
| | **15 828** | **17 015** | **12 645** |

## 11. Contract costs

| | 31 December 2020<br>$'000 | 31 December 2019<br>$'000 |
|---|---|---|
| **As at 1 January** | 44 562 | 44 385 |
| | | |
| **Movements** | | |
| Investment in contract costs | 33 815 | 33 115 |
| Amortization | (32 856) | (32 675) |
| Other (foreign exchange rate effects) | 929 | (263) |
| | | |
| **As at 31 December** | **46 450** | **44 562** |
| | | |
| **Non-current** | 20 980 | 19 695 |
| **Current** | 25 470 | 24 867 |
| | 46 450 | 44 562 |

The Company capitalized incremental costs of obtaining a revenue contract. The capitalized amounts consist primarily of sales commissions and fringe benefit costs associated with the Company's direct sales force. Costs capitalized related to new revenue contracts are amortized on a straight-line basis over four years, which although longer than the typical initial contract period, reflects the average period of benefit, including expected contract renewals. Additionally, the Company amortizes capitalized costs for renewal over the renewal period.

## 12. Cash and cash equivalents

| | 31 December 2020<br>$'000 | 31 December 2019<br>$'000 | 1 January 2019<br>$'000 |
|---|---|---|---|
| Cash at bank | 99 927 | 15 364 | 11 780 |

## 13. Share capital

The Company's Articles of Association, as amended, authorized the Company to issue an unlimited number of shares of Series A common shares with a par value of $ 0.0001 per share and zero preference shares with no par value.

The issued shares of Meltwater N.V. was as follows:

| | Total ordinary shares | |
|---|---|---|
| | **Total Shares** | **Total amount** |
| | | **$'000** |
| Opening balance 1 January 2019 | 193 799 701 | 19 |
| Issuance of Series A common shares | 43 556 300 | 5 |
| 31 December 2019 | 237 356 001 | 24 |
| Issuance of Series A common shares | 54 430 699 | 5 |
| 31 December 2020 | 291 786 700 | 29 |

The share premium of Meltwater N.V. was as follow:

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| **As at 1 January** | 105 179 | 76 053 |
| Premium arising on issue of shares | 239 028 | 26 137 |
| Share-based compensation expense | 5 769 | 4 155 |
| Share-based compensation tax | 1 681 | (1 166) |
| **As at 31 December** | **351 657** | **105 179** |

The total amount of transaction costs paid by the Company relating to the issue of shares and recorded as a deduction from equity in the 2020 financial year was $22.39 million (2019: 0).

On 2 December 2020, the Company effected a one hundred-for-one share split to shareholders of record as of the same day. All share, par value, options, restricted stock unit ("RSU") and per share information has been retroactively adjusted to reflect the share split.

## 14.Other reserves

The other reserves comprise of the following:

| | **Foreign currency translation reserve** | **Remeasurement on employee benefit obligation reserve** | **Total** |
|---|---|---|---|
| | | **$'000** | |
| **Balance as of 1 January 2019** | **(1 424)** | **-** | **(1 424)** |

| | | | |
|---|---|---|---|
| Foreign currency translation adjustments | (383) | - | (383) |
| Remeasurement on employee benefit obligation | - | (104) | (104) |
| **Total comprehensive income/(loss)** | **(383)** | **(104)** | **(487)** |
| **Balance as of 31 December 2019** | **(1 807)** | **(104)** | **(1 911)** |

| | | | |
|---|---|---|---|
| **Balance as of 1 January 2020** | (1 807) | (104) | (1 911) |
| Foreign currency translation adjustments | 1 751 | - | 1 751 |
| Remeasurement on employee benefit obligation | - | 60 | 60 |
| **Total comprehensive income/(loss)** | 1 751 | 60 | 1 811 |
| **Balance as of 31 December 2020** | **(56)** | **(44)** | **(100)** |

## 15. Employee benefit obligations

Employee benefit obligations as per statement of financial position comprise of:

| **31 December 2020** | **Current $'000** | **Non-current $'000** | **Total $'000** |
|---|---|---|---|
| Long service leave obligation (i) | 127 | 114 | 241 |
| Defined pension benefits (ii) | - | 220 | 220 |
| Total employee benefit obligations | 127 | 334 | 461 |

| **31 December 2019** | **Current $'000** | **Non-current $'000** | **Total $'000** |
|---|---|---|---|
| Long service leave obligation (i) | 124 | 92 | 216 |
| Defined pension benefits (ii) | - | 220 | 220 |
| Total employee benefit obligations | 124 | 312 | 436 |

**1 January 2019**

| | **Current $'000** | **Non-current $'000** | **Total $'000** |
|---|---|---|---|
| Leave obligation | 99 | 56 | 155 |
| Defined pension benefits | - | 88 | 88 |
| Total employee benefit obligations | 99 | 144 | 243 |

### i) Long service leave obligation

Meltwater Australia employees earn additional leave days after a certain number of service years under this plan, which is comparable to a jubilee plan which utilizes leave days instead of jubilee benefits (e.g. monthly salary).

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| | **Present value of obligation** | **Total** |
|---|---|---|
| | **$'000** | **$'000** |
| **1 January 2019** | **(155)** | **(155)** |
| Current service cost | (32) | (32) |
| Interest (expense)/income | (5) | (5) |
| Gains/(losses) on other long term benefits | (23) | (23) |
| **Total amount recognized in profit or loss** | **(60)** | **(60)** |
| Exchange differences | (1) | (1) |
| **Total other comprehensive income/(losses)** | **(1)** | **(1)** |
| **31 December 2019** | **(216)** | **(216)** |

| | **Present value of obligation** | **Total** |
|---|---|---|
| | **$'000** | **$'000** |
| **1 January 2020** | **(216)** | **(216)** |
| Current service cost | (40) | (40) |
| Interest (expense)/income | (4) | (4) |
| Gains/(losses) on other long term benefits | 8 | 8 |
| **Total amount recognized in profit or loss** | **(36)** | **(36)** |

| | | |
|---|---|---|
| Exchange differences | 11 | 11 |
| **Total other comprehensive income/(losses** | 11 | 11 |
| **31 December 2020** | **(241)** | **(241)** |

The net liability disclosed above is unfunded.

**The significant actuarial assumptions were as follows:**

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Discount rate | 2.23% | 3.38% |
| Inflation rate | 2.00% | 2.00% |
| Annual salary increase (including inflation) | 10.00% | 10.00% |
| Leave taken in service | 3.00% | 3.00% |

*Superannuation and On-cost assumption*

The entity has advised the amount of on-costs to apply. These include workers' compensation, payroll tax and superannuation as well as annual leave and LSL that accrues on leave taken in service. An allowance has been made for an increase in the minimum Superannuation Guarantee rate which is progressively increasing from 10.00% currently to 12.00% by 1 July 2025.

Payroll tax, workers compensation and the accrual of additional long service leave are state-based assumptions.

Note that only workers compensation and payroll tax are payable on benefits paid on termination. All on-costs apply to payments for leave taken in service.

The following table summarizes the on-cost assumptions adopted:

| Item | Assumption |
|---|---|
| Superannuation On-cost | 10.00% - 12.00% |
| Workers' compensation | 0.25% to 0.59% (varies by state) |
| Payroll taxes* | 4.85% to 5.45% (varies by state) |
| Annual leave (working days p.a.) | 20 |
| Long service leave (working days p.a.) | 4.33 – 6.5 |

*NSW (New South Wales, Australia) payroll taxes are temporarily reduced from 5.45% to 4.85% (1 July 2020 to 30 June 2022)

*Exit rate assumption*

The exit rate assumptions are shown below for various years of service. In addition, we have assumed that all employees retire at age 65 if they have not exited earlier.

These assumptions were set after considering the actual exit experience over the two years ended 31 December 2020, and applying smoothing given the small numbers of employees in Meltwater Australia and hence some volatility in exit experience. As relatively high rates of employee turnover have been observed, we have also developed an alternative set of exit rate assumptions (lower turnover rates) for sensitivity purposes.

Given that Victorian employees are entitled to receive long service leave payments upon termination at 7 years' service or more, whereas NSW and Queensland employees are only entitled to long service leave payments upon termination from 10 years' service onwards, we have set a different assumption for expected exit experience based on State (as employees are less likely to leave service as they approach the minimum service for entitlement).

*Experience analysis*

| | Actual exit rate p.a | | |
|---|---|---|---|
| **Years of service** | **2019** | **2020** | **Average** |
| 0-1 year | 42.4% | 34.3% | 38.4% |
| 1-2 years | 34.6% | 26.3% | 30.5% |
| 2-3 years | 16.7% | 37.5% | 27.1% |
| 3-4 years | 33.3% | 50.0% | 41.7% |
| 4-5 years | 33.3% | 33.3% | 33.3% |
| 5+ years | 25.0% | 33.3% | 29.2% |

*Exit rate assumptions*

| | **Base assumptions** | | **Sensitivity assumptions** | |
|---|---|---|---|---|
| **Years of service** | **Probability of termination (Victoria)** | **Probability of termination (other states)** | **Probability of termination (Victoria)** | **Probability of termination (other states)** |
| 0-1 year | 40% | 40% | 35% | 35% |
| 1-2 years | 30% | 30% | 25% | 25% |
| 2-3 years | 30% | 30% | 25% | 25% |
| 3-4 years | 30% | 30% | 25% | 25% |
| 4-5 years | 30% | 30% | 25% | 25% |
| 5-6 years | 15% | 30% | 8% | 25% |
| 6-7 years | 15% | 30% | 8% | 15% |
| 7-8 years | 30% | 30% | 15% | 15% |
| 8-9 years | 30% | 15% | 15% | 0% |
| 9-10 years | 30% | 15% | 15% | 0% |
| Greater than 10 years | 30% | 30% | 15% | 15% |

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Liability value | 31 December 2020 | Impact | Percentage |
|---|---|---|---|
| **Base cost** | **242** | | |
| **Sensitivities** | | | |
| Discount rate + 25 bps | 239 | (3) | -1% |
| Discount rate - 25 bps | 245 | 3 | 1% |
| Salary increase +50 bps | 248 | 6 | 2% |
| Salary increase - 50 bps | 237 | (6) | -3% |
| Lower exit rate assumptions | 421 | 179 | 43% |

| Liability value | 31 December 2019 | Impact | Percentage |
|---|---|---|---|
| **Base cost** | **217** | | |
| **Sensitivities** | | | |
| Discount rate + 25 bps | 214 | (3) | -1% |
| Discount rate - 25 bps | 220 | 3 | 1% |
| Salary increase +50 bps | 222 | 5 | 2% |
| Salary increase - 50 bps | 212 | (5) | -2% |
| Lower exit rate assumptions | 394 | 178 | 45% |

***ii) Defined benefit pension plan***

Meltwater Switzerland employees are entitled to a pension plan valid from 01 December 2010 including old-age pension, spouse and orphan pension, disability pension and death benefit. It is a funded pension plan and compulsory for employees. The pension plan is financed by both employees and employers via a pension fund (*Pensionskasse*). The old-age pension benefit is calculated by multiplying the contribution with a conversion rate (according to pension scheme plans). Spouse pension benefit is 60% of the old-age benefit or 20% for orphan.

Disability pension benefit amounts to 6.80% of the projected regulatory retirement assets without interest. In addition, the child of the disabled employee will also receive 20% of the employee's disability pension benefit. In case of death of an employee, spouse or orphan will receive 60% or 20% of disability pension benefit.

The insured salary multiplied by an age-depending percentage defines the employee's contribution. The risk premium is 0.80% of the employee's annual salary.

The plan's entry age is 17. The earliest retirement age is 58. The normal retirement age is 65 for men and 64 for women.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| | Present value of obligation $'000 | Fair value of plan assets $'000 | Total $'000 |
|---|---|---|---|
| **1 January 2019** | **(519)** | **431** | **(88)** |
| Current service cost | (51) | - | (51) |
| Interest (expense)/income | (4) | 3 | (1) |
| **Total amount recognized in profit or loss** | **(55)** | **3** | **(52)** |
| Return on plan assets, excluding amounts included in interest income | - | 43 | 43 |
| Loss from change in financial assumptions | (94) | - | (94) |
| Experience losses | (53) | - | (53) |
| **Total amount recognized in other comprehensive income** | **(147)** | **43** | **(104)** |
| Exchange differences | (15) | 11 | (4) |
| Contributions: | | | |
| Employer | - | 28 | 28 |
| Plan participants | (28) | 28 | - |
| **31 December 2019** | **(764)** | **544** | **(220)** |

| | Present value of obligation<br><br>$'000 | Fair value of plan assets<br><br>$'000 | Total<br><br>$'000 |
|---|---|---|---|
| **1 January 2020** | **(764)** | **544** | **(220)** |
| Current service cost | (85) | - | (85) |
| Interest (expense)/income | (2) | 10 | 8 |
| **Total amount recognized in profit or loss** | **(87)** | **10** | **(77)** |
| Return on plan assets, excluding amounts included in interest income | - | 50 | 50 |
| Loss from change in financial assumptions | (29) | - | (29) |
| Experience losses | 39 | - | 39 |
| Change in asset ceiling, excluding amounts included in interest expense | | | |
| **Total amount recognized in other comprehensive income** | **10** | **50** | **60** |
| Exchange differences | (80) | 63 | (17) |
| Contributions: | | | |
| Employer | - | 34 | 34 |
| Plan participants | (34) | 34 | - |
| Benefit payments | | | |
| **31 December 2020** | **(955)** | **735** | **(220)** |

The total net liability relates to funded plans.

The significant actuarial assumptions were as follows:

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Discount rate beginning of year | 0.25% | 0.85% |
| Discount rate end of year | 0.10% | 0.25% |
| Inflation rate | 1.00% | 1.00% |
| Salary increase | 1.00% | 1.00% |
| Social security increase rate | 1.00% | 1.00% |
| Pension increase rate (in payment) | 0.00% | 0.00% |

Assumptions regarding future mortality are set based on the BVG 2015 generational mortality tables that were published on December 2015 and are based on the experience during period 2010 to 2014 of the largest autonomous Swiss pension plans. The normal retirement age for men is 65 and for women it is 64.

*Sensitivity analysis:*

The sensitivity of the defined benefit obligation to changes in the actuarial principal assumptions is:

| Liability value | 31 December 2019 | Impact | Percentage |
|---|---|---|---|
| **Base cost** | **764** | | |
| **Sensitivities** | | | |
| Discount rate + 25 bps | 721 | (43) | -6% |
| Discount rate - 25 bps | 812 | 48 | 6% |
| Inflation +50 bps | 784 | 19 | 2% |
| Inflation –50 bps | 747 | (18) | -2% |
| Salary increases +50 bps | 784 | 19 | 2% |
| Salary increases - 50 bps | 747 | (18) | -2% |
| Social security increase rate +50bps | 784 | 19 | 2% |
| Social security increase rate -50bps | 747 | (18) | -2% |
| Lower exit rate assumptions | 1 240 | 476 | 38% |

| Liability value | 31 December 2020 | Impact | Percentage |
|---|---|---|---|
| **Base cost** | **955** | | |
| **Sensitivities** | | | |
| Discount rate + 25 bps | 904 | (51) | -6% |
| Discount rate - 25 bps | 1 011 | 56 | 6% |
| Inflation +50 bps | 976 | 21 | 2% |
| Inflation –50 bps | 936 | (19) | -2% |
| Salary increases +50 bps | 976 | 21 | 2% |
| Salary increases - 50 bps | 936 | (19) | -2% |
| Social security increase rate +50bps | 976 | 21 | 2% |
| Social security increase rate -50bps | 936 | (19) | -2% |
| Lower exit rate assumptions | 1 436 | 481 | 33% |

## 16. Share-Based Payments

Stock Purchase Plan

In December 2008, the Company adopted the Stock Purchase Plan ("SPP"), as amended in 2010 and 2011. Under the SPP, the Company grants share purchase rights to all eligible employees and contractors who provide significant services to the Company. Since the Company is incorporated in the Netherlands, any transfer of shares to employees requires prior notarization. Thus, rather than directly issuing Company shares to the employee, the Company issues depository receipts to its employees as evidence of their beneficial and economic ownership of the Company. The depository receipts are issued through Stichting Administratie Kantoor Meltwater Holding ("STAK"), a Dutch entity that was created by the Company for the purpose of facilitating the issuance of depository receipts. The Company issues or transfers the relevant number of Company shares to STAK for the benefit of the relevant participants and STAK, in due observance of its articles of association and in accordance with its terms and conditions of administration, issues one depositary receipt to the relevant eligible participant for each Company share issued.

Employees are invited to participate in the SPP, when the Company's Board of Directors approves an offering, typically once a year or once every two years. The Board of Directors determines the terms of the purchase, including employee eligibility, acquisition price, and maximum number of depository receipts that participants may purchase according to eligibility levels. The purchase price is due and payable upon the purchase of the shares; however, participants may elect to submit payment in whole or in part via payroll deductions. Deferred payments, plus interest (annualized rate of 4.50%), are deducted in equal instalments from the employee's salary over a six-month period, commencing at the issuance of the depositary receipts. The Company has a full recourse provision in instances where an employee leaves the Company.

SPP participants with fully-paid depository receipts have full entitlement to all the economic benefits and risks of the shares as shareholders. The depository receipts vest in two to three tranches over one to three years.

Generally, depository receipts are transferable once they are vested. In the event of termination of employment services, the shares can be repurchased by the Company at a repurchase price

determined in accordance with the provisions of the SPP, which depends on the original sale price of the shares, the fair market of the shares at the time of repurchase, and the reason for the employee's departure from the Company.

As of 31 December 2020, and 2019, STAK owned 4 731 200 shares of Series A common shares, against which 4 366 000 depository receipts had been issued to employees pursuant to the program, and 365 200 shares remained unissued.

During each of the years ended 31 December 2020 and 2019, the Company recorded no compensation expense related to the SPP.

2011 Equity Incentive Plan

In June 2011, the Company adopted the 2011 Equity Incentive Plan ("2011 EIP"), with

30 000 000 shares of Series A common shares reserved for issuance under the 2011 EIP. Equity awards granted under this plan may be incentive share options, non-statutory share options, restricted shares or restricted share units. Non-statutory share options, restricted shares and restricted share units may be granted to employees, directors, and consultants. Incentive share options may only be granted to employees. The exercise price of incentive share options and non-statutory share options may be no less than fair market value per share on the date of grant.

Options granted under the 2011 EIP have a term of up to ten years from the date of grant. The vesting for options granted under the plan vary, generally monthly over a period of three to four years and are subject to certain liquidity and other conditional events that the Company did not deem probable as of 31 December 2020. The liquidity event condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) one hundred and eighty days after the effective date of the Company filing a registration statement on Form S-1 (or equivalent filing) with the Securities and Exchange Commission for the initial public offering of its shares. Vested but unexercised options generally expire within ninety days after termination of services with the Company.

In April 2021, the Company modified RSU Agreements to change the vesting terms so that 50% of RSUs vest on 4 December 2021 and the remaining 50% vest on 31 March 2022 with no Liquidity Event condition. In addition, the Company modified the termination date of these RSUs to 31 December 2022. The modification is effective only upon the execution of Amendment Letter by the awardee.

During September 2021 certain awards (selected option awards) were also modified to change the vesting conditions. These modified awards included a liquidity event (exit event) and accompanying vesting period as a requisite to vest. During the third quarter the conditions were modified to remove the liquidity event since that was deemed improbable of being met. The corresponding vesting period was also removed that resulted in all options deemed vested on the grant date. The expiration date of these options was extended by 5 years to enable the holders of these modified awards to still exercise them after the modification. Modification accounting was applied to these awards.

On 2 December 2020, the Company effected a one hundred-for-one share split to shareholders of record as of the same day. All share, par value, options, restricted stock unit ("RSU") and per share information has been retroactively adjusted to reflect the share split. These tables below reflect the shares after share split.

The following table summarizes the Company's share option activity related to the 2011 EIP for the two years ended 31 December 2020 and 2019:

| | **Number of share options outstanding** | **Weighted-average exercise price** | **Weighted-average remaining contractual term** |
|---|---|---|---|
| | | | *(in years)* |
| **Balance as of 1 January 2019** | 32 798 600 | $ 1,18 | 7,15 |
| Granted | 8 415 500 | 1,82 | |
| Exercised | (10 100) | 1,25 | |
| Forfeited or cancelled | (3 963 200) | 1,36 | |
| **Balance as of 31 December 2019** | 37 240 800 | 1,31 | 6,71 |

| | | | |
|---|---|---|---|
| Granted | 3 520 000 | 2,00 | |
| Exercised | (865 400) | 1,26 | |
| Forfeited or cancelled | (4 056 500) | 1,45 | |
| **Balances as of 31 December 2020** | 35 838 900 | 1,36 | 5,94 |
| **Options exercisable as of 31 December 2020** | 23 507 700 | 1,29 | 5,94 |

Restricted share units granted under 2011 EIP are valued at their fair market value on the date of grant and have a term of up to ten years from the date of grant.

RSUs Modification

The following table summarizes the Company's RSU activity related to the 2011 EIP for the two years ended 31 December 2020 and 2019:

| | **Number of RSU's outstanding** | **Weighted-average exercise price** | **Weighted-average remaining contractual term** |
|---|---|---|---|
| | | | *(in years)* |
| **Balance as of 1 January 2019** | 11 360 300 | $ 1,14 | 3,46 |
| Forfeited or cancelled | (422 200) | 1,20 | |
| **Balance as of 31 December 2019** | 10 938 100 | 1,13 | 2,45 |
| Forfeited or cancelled | (675 100) | 1,23 | |
| **Balances as of 31 December 2020** | 10 263 000 | 1,13 | 2,57 |

In April 2020, the Company extended the expiration date by 5 years for 2 516 200 RSUs that were initially scheduled to expire during 2020. This extension did not result in an additional accounting impact since the corresponding vesting condition (liquidity event) did not change as a result of the modification. The liquidity event was deemed improbable before and after the extended expiration date.

The following table summarizes the Company's activity of available share-based awards related to the 2011 EIP for the two years ended 31 December 2020 and 2019:

| | Number of available awards |
|---|---|
| **Balance as of 1 January 2019** | 4 691 300 |
| Granted | (8 415 500) |
| Forfeited or cancelled | 4 385 400 |
| **Balance as of 31 December 2019** | 661 200 |
| Granted | (3 520 000) |
| Forfeited or cancelled | 4 731 600 |
| **Balances as of 31 December 2020** | 1 872 800 |

The Company recognized share-based compensation expense as follows:

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| Cost of sales | 24 | 65 |
| General and administrative | 655 | 970 |
| Sales and marketing | 3 501 | 2 390 |
| Research and development | 1 589 | 730 |
| **Total share-based compensation** | 5 769 | 4 155 |

Determining Fair Value of Share Options

The assessed fair value at grant date of options granted during the year ended 31 December 2020 was $1,33 per option (2019 – $1,26). The estimated grant date fair value of all the Company's equity-based awards was calculated by applying the Black-Scholes option-pricing model to the Employee Incentive Plan options using the following input factors for the years ended 31 December 2020 and 2019:

| | **2020** | **2019** |
|---|---|---|
| Expected term (years) | 5,81 | 5,65 |
| Weighted-average volatility | 49.4% | 44.6% |
| Risk-free interest rate | 0.5% | 1.9% |
| Expected dividend yield | - | - |

Dividend Yield

To date, the Company has not declared or paid any cash dividends and has no plans to do so in the future. Therefore, the Company used an expected dividend yield of zero.

Risk-Free Interest Rate

The risk-free interest rate assumption is based on the zero-coupon U.S. Treasury instruments on the date of grant with a maturity date consistent with the expected term of share options granted to the Company's employees.

Volatility

Since the Company was private at the time of the offer and did not have any trading history for its common shares, the expected share price volatility was calculated based on the average volatility for comparable publicly traded companies for time horizons equal to the expected term of the share option grants. As of today, the Company does not have sufficient historical share price to utilize Meltwater historical data for volatility, as such, the Company utilizes peer-group historical share prices to calculate volatility.

Expected Term

There is no historical information available to the Company to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for the share option grants to the Company's employees. As such, the expected term was estimated using data from comparable publicly traded companies.

## 17. Trade and other payables

| 17.1 Trade and other payables | **31 December 2020 $'000** | **31 December 2019 $'000** | **1 January 2019 $'000** |
|---|---|---|---|
| Trade payables | 6 931 | 13 589 | 9 745 |
| Wage taxes and social securities | 16 803 | 5 332 | 4 350 |
| VAT | 11 821 | 8 224 | 6 330 |
| Other liabilities, accruals and deferred purchase considerations (17.2) | 79 119 | 43 195 | 48 433 |
| | **114 674** | **70 340** | **68 858** |

| | **31** | **31** | **1** |
|---|---|---|---|

| 17.2 Other liabilities, accruals and deferred purchase considerations | **December 2020 $'000** | **December 2019 $'000** | **January 2019 $'000** |
|---|---|---|---|
| Accrued expenses | 35 387 | 19 690 | 23 020 |
| Audit fees | 2 177 | 1 103 | 1 653 |
| Net salaries | 36 990 | 19 204 | 17 053 |
| Deferred purchase considerations | - | - | 1 547 |
| Other payables | 4 565 | 3 198 | 5 160 |
| | 79 119 | 43 195 | 48 433 |

The carrying values of trade and other payables are a reasonable approximation of fair value due to their short-term nature.

The net salaries accrual consists out of salaries $17 882 (2019: $3 559); bonuses $12 087 (2019: $9 708); commissions $5 390 (2019:$4 624) and social charges $1 630 (2019: $1 312).

## 18. Borrowings

| | **Convertible loans $'000** | **Non-convertible loans $'000** | **Total $'000** |
|---|---|---|---|
| **Balance at 1 January 2019** | 51 796 | 92 398 | 144 194 |
| Additions | - | 175 000 | 175 000 |
| Accrued interest | 1 325 | 18 967 | 20 292 |
| Repayment | (28 121) | (105 322) | (133 443) |
| Converted to shares | (25 000) | - | (25 000) |
| Debt issuance cost | - | (6 517) | (6 517) |
| Other movements | - | 990 | 990 |
| **Balance at 31 December 2019** | - | 175 516 | 175 516 |

| | | | |
|---|---|---|---|
| Additions | - | 25 000 | 25 000 |
| Accrued interest | - | 22 640 | 22 640 |
| Repayment | - | (228 683) | (228 683) |
| Debt issuance cost | - | 5 527 | 5 527 |
| **Balance at 31 December 2020** | - | - | - |

| | | | |
|---|---|---|---|
| **Balance at 1 January 2019** | 51 796 | 92 398 | 144 194 |
| of which (duration) | | | |
| < 1 Year | 51 796 | 4 912 | 56 708 |
| ≥1 year ≤ 5 years | - | 87 486 | 87 486 |
| > 5 Years | - | - | - |
| | | | |
| **Balance at 31 December 2019** | - | 175 516 | 175 516 |
| of which (duration) | | | |
| < 1 Year | - | - | - |
| ≥1 year ≤ 5 years | - | 175 516 | 175 516 |
| > 5 Years | - | - | - |
| | | | |
| **Balance at 31 December 2020** | - | - | - |
| of which (duration) | - | - | - |
| < 1 Year | - | - | - |
| ≥1 year ≤ 5 years | - | - | - |
| > 5 Years | | | |

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

November 2013 Note Payable

In November 2013, as part of a debt refinancing, the Company issued a $25 million non-convertible note, which had a stated and effective interest rate of 15% per annum and a four-year term. Interest accrues and is payable either at the loan's maturity or upon prepayment of the note. The accrual interest compounds at a rate of 15% per annum on an annual basis. The note contains a prepayment option whereby the Company may prepay any outstanding principal and interest "at will" subject to a 10% prepayment fee.

For the year ended 31 December 2019, the Company recorded interest expense related to the November 2013 Note Payable of approximately $1.2 million. As of 31 December 2019, the outstanding principal balance remaining on the 2013 Note Payable, including accrued interest, was nil.

Amendment to the November 2013 Note Payable

In July 2014, contemporaneously with the Company entering into the July 2014 Note Payable, the Company amended the November 2013 Note Payable by (i) extending its term from October 2017 to July 2019; and (ii) subordinating the rights of the creditor, making such rights secondary to those of the creditor of the 2014 Loan Facility.

In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable"). Upon drawing the $175 million, the Company repaid the 2013 Notes Payable payment-in- kind interest balance of $28.1 million. The debt holder exercised the November 2013 Warrant and received 428 950 shares of the Company's Series A common shares in lieu of the outstanding principal payment on the note of $25 million.

In connection with the November 2013 Note Payable, the Company issued a warrant to purchase 508 272 shares of the Company's Series A common shares for an exercise price of $25 million (the "November 2013 Warrant"). The warrant was exercisable at any time prior to October 2017 and had to be exercised in whole, and not in part, per the warrant agreement. Upon exercise of the warrant, the warrant holder was required to offset the subscription amount against any outstanding principal of the 2013 Note. The warrant was a freestanding instrument and the fair value of the warrant of $38.3 million was recorded in additional paid-in capital upon issuance. The Company determined the fair value of the warrant based on allocation of the estimated enterprise value of the Company using generally accepted valuation methodologies including discounted cash flow analysis, comparable public company analysis and comparable acquisitions analysis.

In July 2014, in connection with extending the term of the November 2013 Note Payable, the Company amended the warrant agreement whereby the expiry date was extended from October 2017 to July 2019. In addition, the parties agreed that the number of shares underlying the agreement would be amended to 428 950 shares of the Company's Series A common shares. As the warrant is classified within share premium, this amendment had no impact to the Company's consolidated financial statements.

In February 2019, the debt holder exercised the November 2013 Warrant and received 428 950 shares of the Company's Series A common shares in lieu of the outstanding principal payment on the note of $25 million. There were no transactions under the November 2013 Warrant during the year ended 31 December 2020.

2016 Note Payable

In December 2016, the Company entered into a $60 million non-convertible note payable agreement ("2016 Note Payable") which was due to mature in December 2021. In August 2017, the Company modified its existing credit facility by borrowing an additional $28.5 million. In January 2018, the Company modified its existing credit facility by borrowing an additional $9.8 million. The 2016 Note Payable accrued interest on a quarterly basis, which was payable on a quarterly basis. The loan agreement provided for the Company to elect the interest rate from alternatives that include Prime Rate plus a margin range of 7.75% to 8.50% per annum based on the senior leverage ratio and LIBOR plus a margin range of 9.00% to 9.75% per annum based on the senior leverage ratio. During the year ended 31 December 2019, the interest rates used to accrue and pay interest was 14.30%. Principal was due to be paid on quarterly installments through maturity.

The note contained a prepayment option whereby the Company may prepay the entire outstanding principal balance and accrued interest through eighteen months after the closing date, subject to a prepayment fee of the greater of 3% of the prepaid amount or the excess of present value over 103% of prepaid amount. There was no prepayment penalty if the note is prepaid after eighteen months from the closing date.

For the year ended 31 December 2019, the Company recorded interest expense related to the 2016 Note Payable of $2.5 million. As of 31 December 2019 and 1 January 2019, unamortized debt discount and debt issuance costs amounted to nil and $2.7 million, respectively, which were classified as a reduction of notes payable on the Company's consolidated balance sheets.

Accordingly, as of 31 December 2019 and 1 January 2019, the carrying amount of the 2016 Note Payable was nil and $92.4 million, respectively. The associated accrued interest is classified in trade and other payables. The Company was required to meet certain financial covenants in relation to the 2016 Note Payable.

In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable"). Upon drawing the $175 million, the Company repaid the 2016 Note Payable balance. The repayment of the 2016 Note Payable resulted in the application of extinguishment accounting, whereby, the difference between the reacquisition price of the debt and its net carrying amount is recognized in the period of extinguishment. For the years ended 31 December 2019, the Company recorded a loss on loan extinguishment totaling $6.1 million.

2019 Bridge Loan

In February 2019, the Company entered into a $103 million non-convertible bridge loan agreement ("2019 Bridge Loan"). The loan was due to mature on the earlier of a refinancing of current debt or 90 days after the date of the agreement. The stated interest rate was 20% and interest was to be capitalized and added to the outstanding principal on a monthly basis.

Interest accrued and was payable either at the loan's maturity or upon prepayment of the note. The Company also incurred debt issuance costs of $3 million. In February 2019, the Company entered into the 2019 Note Payable agreement and terminated the 2019 Bridge Loan. The Company did not receive any funds under the 2019 Bridge Loan prior to termination. For the year ended 31 December 2019, the Company recorded interest expense related to the 2019 Bridge Loan of $3 million.

2019 Note Payable

In February 2019, the Company entered into a $175 million non-convertible note payable agreement with a consortium of private lenders ("2019 Note Payable") which was due to mature in February 2024. The 2019 Note Payable accrues interest on a quarterly basis, of which 4.00% is payable either at the loan's maturity or upon prepayment of the note and the remainder is payable on a quarterly basis. The loan agreement provides for the Company to elect the interest rate from alternatives that include Prime Rate plus 8.50% per annum and LIBOR plus 9.50% per annum. During the year ended 31 December 2019, the interest rates used to accrue and pay interest ranged from 11.40% to 12.10%. Principal is payable either at the loan's maturity or upon prepayment of the note.

The note contains a prepayment option whereby the Company may prepay the entire outstanding principal balance and accrued interest through twenty-four months after the closing date, subject to a prepayment fee of 5% of the prepaid amount through the first anniversary of the closing date and 3% of the prepaid amount after the one year anniversary of the closing date through the second anniversary of the closing date. There is no prepayment penalty if the note is prepaid after twenty-four months from the closing date. The note contains restrictions, inter alia, on the ability of the Company to declare or pay any dividend.

For the years ended 31 December 2019, the Company recorded interest expense related to the 2019 Note Payable of $18.9 million. As of 31 December 2019, unamortized debt discount and debt issuance costs amounted to $5.5 million, which were classified as a reduction of notes payable on the Company's consolidated balance sheets. Accordingly, as of 31 December 2019, the carrying amount of the 2019 Note Payable was $175.5 million. The associated accrued interest is classified in trade and other payables.

The Company is required to meet certain financial covenants in relation to the 2019 Note Payable, which it was in compliance with as of 31 December 2019. The financial covenants are related to the achievement of a minimum revenue threshold, a minimum liquidity threshold and a maximum senior leverage ratio.

## 19.Contingent asset

**Copyright agency limited (CAL) matter in Australia**

Copyright Agency Limited ("CAL") is an Australian not-for-profit company incorporated for the purposes of providing the use of copyright material, in print or electronic form. On 1 December 2017, an application was filed by the Company in the Copyright Tribunal of Australia ("CTA") against CAL's proposed fee increases. The Company took this step following the unsuccessful attempt to renegotiate the terms of the existing Scraping License Agreement and Press Clipping Service Agreement. In the application, Meltwater rejected the proposed terms on the basis that it was unreasonable in respect of fees and other terms. The Company also believes the proposed terms are against CAL's mission to provide simple ways to reproduce, store and share words, images and other creative content, in return for fair payment to creators offering innovative products and services. Since Meltwater commenced its proceedings before CTA, other media monitoring organizations in Australia also commenced CTA proceedings. In October 2021, the CTA ruled favorably for the Company but the case is pending appeal by CAL. Given the nature of this case, we are unable to estimate the reasonably possible loss or range of loss, if any, arising from this matter.

## 20.Contingent liabilities

The Company is subject to litigation arising in the ordinary course of business as described below.

**Canadian News Publishers Civil Action**

In June 2011, a consortium of Canadian newspaper publishers (Postmedia Networks, Inc., The Globe and Mail Inc., Toronto Star Newspapers Limited, Metroland Media Group Ltd., Sun Media Corporation, The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc.) commenced an action in the Ontario Superior Court against Meltwater News Canada, Meltwater US Holding Inc., Meltwater News US Inc., and Meltwater N.V. (collectively "Meltwater"), seeking declaratory relief in respect of their alleged copyright in news articles, headlines, compilations of articles in their newspapers and websites, and claiming damages in excess of $100 million CAD for alleged copyright infringement, breach of contract, intentional interference with economic relations and trespass to chattels, punitive damages of $10 million, plus unspecified damages and an accounting of profits under the Copyright Act, pre- and post-judgment interest and legal costs.

In January 2012, the Company filed a motion to have this claim struck in its entirety on the basis that the Plaintiffs failed to plead a proper cause of action and was without merit. Since serving the strike motion, three of the plaintiffs (The Globe and Mail Inc., Toronto Star Newspapers Limited and Metroland Media Group Ltd.) changed their legal representation and delivered a Notice of Discontinuance, thus abandoning their claims. The remaining Plaintiffs have agreed that their claim is limited to content published on news websites and that no recovery is sought with respect to newspapers per se.

Currently, the remaining Claimants are The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc. Although next steps are for the parties to negotiate a Discovery Plan to guide documentary discovery, settlement discussions are at an advanced stage. Based on the current stage of the legal proceeding, the Company is unable to reasonably estimate the loss or range of possible losses, if any, arising from this matter.

**Claim Under Labor and Employment Laws by Certain Former Employees**

The Company was party to a claim under Labor and Employment laws brought by certain former U.S. employees for unpaid wages for meal breaks and overtime. In December 2020, the Company entered into a settlement agreement with the former U.S. employees, which the Company agreed to pay $14.5 million plus employer payroll taxes. The Company recognized expense of $14.9 million for the settlement agreement during the year ended 31 December 2020. In October 2021, the Court approved the settlement agreement, which allowed the Company to make instalment payments, with 67% payable during the 2021 financial year and 33% being payable during the 2022 financial year.

## 21. Revenue from contracts with customers

### 21.1. Revenue streams

The Company derives its revenue primarily from subscription fees for its cloud-based news and social media monitoring services. The Company hosts software applications that it makes available to its customers over subscription periods generally up to 12 months or may extend to longer periods. The Company provides customers with access to training and support (included as part of the subscription fees) that help them use the cloud-based news and social media monitoring services over the subscription periods. All revenues are recognized over a period of time.

### 21.2. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geographical market:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Primary geographical markets | | |
| **United States** | 144,174 | 138,776 |
| **Europe, Middle East, Africa, India** | | |
| Germany | 31,645 | 27,598 |
| United Kingdom | 21,549 | 24,207 |
| Finland | 14,829 | 12,835 |
| Netherlands | 12,493 | 9,979 |
| Sweden | 11,948 | 11,938 |
| Middle East | 7,994 | 8,444 |
| Rest Of EMEA | 13,710 | 14,925 |
| **Asia Pacific** | | |
| Australia | 29,145 | 26,763 |
| Japan | 13,889 | 12,296 |
| Hong Kong | 9,853 | 8,638 |
| China | 9,612 | 10,258 |
| Singapore | 7,690 | 7,215 |
| Rest of APAC | 1,727 | 1,563 |

| | | |
|---|---|---|
| **America's, excluding United States** | | |
| Canada | 28,651 | 29,300 |
| Rest of Americas | 882 | 1,095 |
| **Total** | **359,791** | **345,830** |

### 21.3. Contract balances

The following table shows the current period contract liability balance as well as how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities:

| | 31 December 2020 $'000 | 31 December 2019 $'000 | 1 January 2019 $'000 |
|---|---|---|---|
| - Contract liabilities | (217 265) | (216 436) | (181 890) |
| - Revenue recognized that was included in the contract liability balance at the beginning of the period | 205 661 | 173 832 | |

The revenue recognized from performance obligations satisfied in prior periods is zero.

### 21.4. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to the customer.

The following table provides information about the nature, timing and satisfaction of performance obligations in contracts with customers:

| Type of product/service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|---|---|---|

| | | |
|---|---|---|
| Subscription Revenue | The subscription agreements are non-cancellable and do not contain provisions for refunds.<br><br>Customers do not have any contractual rights to take possession of the Company's software applications.<br><br>The services the Company provides each day are substantially the same and have the same pattern of transfer to the customer, thus, meeting the definition of a series of distinct services that form a single performance obligation. | The Company satisfies the subscription and related services evenly over the contract period as customers simultaneously receive and consume the services provided.<br><br>Revenue is recognized ratably over the subscription period from the contract effective date which is also the date the Company makes its services available to customers. Payment is typically due up-front in its entirety or throughout the contract period, usually monthly.<br><br>Fees for services are generally fixed, however certain contracts include variable charges based on usage that occurs in a given month. Those variable fees are recognized as revenue in the month the usage occurs and typically are billed in the subsequent month.<br><br>Recorded revenue excludes any sales, use or other similar taxes that the Company is required to collect from customers for remittance to governmental authorities. |

## 22. Personnel costs

| | **2020** | **2019** |
|---|---:|---:|
| | **$'000** | **$'000** |
| Wages and salaries | 172 878 | 159 963 |
| Social charges | 15 913 | 15 662 |
| Pension costs | 4 106 | 3 963 |
| Other | 5 968 | 7 196 |
| | 198 865 | 186 784 |

The average number of employees of the Group during the 2020 year, converted to full-time equivalents was as follows: 1 785 of which 50 in the Netherlands (2019: 1 886 of which 48 in the Netherlands).

The average headcount, representing full-time employees per department is presented below:

| Employees by department | 31 December 2020 | 31 December 2019 | 1 January 2019 |
|---|---|---|---|
| Cost of sales | 177 | 196 | 147 |
| Sales and marketing | 1 202 | 1 261 | 1 224 |
| General and administrative | 135 | 145 | 133 |
| Research and development | 271 | 284 | 252 |
| | 1 785 | 1 886 | 1 756 |

## 23. Material profit and loss items

Included in profit and loss are the following material items:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| IT hosting | 23 745 | 21 771 |
| Content licensing and partnership | 49 117 | 45 955 |
| Professional fees | 18 114 | 17 472 |
| Amortization of intangible assets | 20 923 | 20 064 |
| Depreciation expense | 13 885 | 14 592 |
| Training and recruitment | 4 269 | 15 094 |
| Licenses, leases and equipment | 12 205 | 15 490 |

### Independent Auditor's fee

Other costs include, among others, independent auditor's fees. PricewaterhouseCoopers Accountants N.V. served as the independent public accountants for the fiscal year ended 31 December 2020 and 31 December 2019. The following table presents the aggregate fees rendered by PricewaterhouseCoopers Accountants N.V. and other professional firms:

| | Pricewaterhouse Coopers Accountants N.V. $'000 | Pricewaterhouse Coopers Accountants N.V. member firms $'000 | Total 2020 $'000 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Audit of the financial statements | 108 | 2 392 | 2 500 |
| Tax service | - | 172 | 172 |
| Other non-audit services | - | 7 | 7 |
| | 108 | 2 571 | 2 679 |

| | Pricewaterhouse Coopers Accountants N.V. $'000 | Pricewaterhouse Coopers Accountants N.V. member firms $'000 | Total 2019 $'000 |
|---|---|---|---|
| Audit of the financial statements | 108 | 1 892 | 2 000 |
| Other audit services | - | - | - |
| Tax service | - | 140 | 140 |
| Other non-audit services | | 31 | 31 |
| | 108 | 2 063 | 2 171 |

## 24. Finance costs

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Interest expense on third party loans | 22 351 | 24 874 |
| Related party interest expense | - | 650 |
| Interest on taxation | 283 | 242 |
| Interest on leases | 3 805 | 3 597 |
| Loss on extinguishment of loan | 34 346 | 6 100 |
| Interest on employee benefit obligation | 6 | 9 |
| **Finance costs** | **60 791** | **35 472** |

## 25. Finance income

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Related party interest income | 3 909 | 2 844 |

| | | |
|---|---|---|
| Interest on defined benefit plan assets | 10 | 3 |
| **Interest income** | **3 919** | **2 847** |

## 26. Income tax

Major components of income tax expense are as follows:

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| **Current tax expense** | | |
| Current year | 2 910 | 4 907 |
| | | |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (2 540) | (615) |
| Prior period true up | 254 | 8 |
| Total deferred tax expense/(benefit) | (2 286) | (607) |
| | | |
| **Income tax expense reported in the Statement of profit or loss** | **624** | **4 300** |

### a. Reconciliation of income tax expenses

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| **Loss before tax** | **(75 367)** | **(49 250)** |
| US Federal taxes | (15 652) | (10 517) |
| US State taxes | (6) | (2 564) |
| Permanent non-deductible transactions | (129) | 124 |
| Research & Development credit | (731) | (857) |
| Tax reserves | (10 385) | 28 569 |
| Others | 3 | (190) |
| Non-US Operations | 1 132 | (10 163) |
| Tax attributes (including losses) not recognized | 2 634 | 14 051 |

| | | |
|---|---|---|
| Use of unrecognized tax attributes | 5 957 | (14 753) |
| Debt settlement | 9 003 | 600 |
| Tax return adjustments | 8 798 | - |
| **Income tax expense at effective tax rate** | **624** | **4 300** |
| Effective tax rate | (0.8)% | (8.7)% |

The US federal tax rate is used to reconcile to the effective tax rate as this is the Company's highest level of operational activity as well as being jurisdiction with the largest revenue generation. The difference between the Company's effective tax rate and the Netherlands statutory rate of 25% is primarily due to net operating losses for which the related deferred tax assets have not been valued due to uncertainty of realization thereof. Additionally, there have been some significant non-deductible debt settlement expenses which contributes to the difference.

Deferred taxes reconciliation per the statement of financial position:

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| Deferred tax asset | 4 289 | 256 |
| Deferred tax and other tax liability | (2 662) | (2 635) |
| - Deferred tax liabilities | (7 005) | (6 298) |
| - Other long term tax liabilities | 4 343 | 3 663 |
| **Net deferred tax asset/(liability)** | **1 627** | **(2 379)** |

### b. Movement in Deferred tax balances

Movement in deferred tax balances 2020:

| | **Net balance at 31 December 2019** | **Recognized in profit or loss** | **Recognized in OCI** | **Recognized directly in equity** | **Net balance at 31 December 2020** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| *Deferred tax asset* | | | | | |
| Operating leases | 392 | 827 | - | - | 1 219 |

| | | | | | |
|---|---|---|---|---|---|
| Net operating losses | - | 616 | - | - | 616 |
| Accrued liabilities | 159 | 335 | - | - | 494 |
| Share based compensation | - | 247 | - | 1 681 | 1 928 |
| Other | 894 | 2 139 | - | 44 | 3 077 |
| *Deferred tax liability* | | | | | |
| Others | (1 318) | 58 | - | - | (1 260) |
| Operating leases | (271) | (637) | - | - | (908) |
| Contract costs | (2 235) | (1 300) | - | (4) | (3 539) |
| **Net deferred tax asset / (liabilities)** | **(2 379)** | **2 285** | **-** | **1 721** | **1 627** |

Movement in deferred tax balances 2019:

| | Net balance at 1 January 2019 $'000 | Recognized in profit or loss $'000 | Recognized in OCI $'000 | Recognized directly in equity $'000 | Net balance at 31 December 2019 $'000 |
|---|---|---|---|---|---|
| *Deferred tax asset* | | | | | |
| Operating leases | - | 392 | - | - | 392 |
| Net operating losses | 2 123 | (2 123) | - | - | - |
| Accrued liabilities | 1 248 | (1 089) | - | - | 159 |
| Credit | 3 694 | (3 694) | - | - | - |
| Share based compensation | 1 766 | (600) | - | (1 166) | - |
| Other | 1 860 | (959) | - | (7) | 894 |
| *Deferred tax liability* | | | | | |
| Operating leases | - | (271) | - | - | (271) |
| Contract costs | (5 523) | 3 347 | - | (59) | (2 235) |
| Others | (6 924) | 5 606 | - | - | (1 318) |
| **Net deferred tax asset / (liabilities)** | **(1 756)** | **690** | **-** | **(1 232)** | **(2 379)** |

Included in the line item Others is the recognition of deferred tax liabilities on intangible assets, as well as the distinction between jurisdictional revenue accounted for differently based on local taxation regulations.

### c. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, as it is not probable that future taxable profit will be available against which the Group can use the benefits there from:

| | 31 December 2020 $'000 | 31 December 2019 $'000 |
|---|---|---|
| Loss carried forward | 29 372 | 52 146 |
| Credit carried forward | 5 845 | 6 165 |
| Interest | 6 499 | 2 151 |
| Share based compensation | 7 598 | 2 694 |
| Others | 17 417 | 10 002 |
| **Unrecognized deferred tax assets** | 66 731 | 73 158 |
| Expire | 32 059 | 55 302 |
| Never expire | 34 672 | 17 856 |

Approximately $ 18 million of unrecognized deferred tax losses that have expiration date will expire from 2021 until 2024 followed by $ 7 million which will expire between 2021 and 2027 while $ 3 million will start expiring only after 2030.

### d. Uncertain tax positions

Meltwater takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information, the Company believes that the ultimate resolution of such matters will not have a material effect on the Company's financial position, statements of operations or cash flows.

## 27. Earnings/(loss) per share

### 27.1. Basic earnings/(loss) per share

| | 2020<br>Cents | 2019<br>Cents |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the company | (31) | (23) |
| Total basic earnings/(loss) per share attributable to the ordinary equity holders of the company | (31) | (23) |

### 27.2. Diluted earnings/(loss) per share

| | 2020<br>Cents | 2019<br>Cents |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the company | (31) | (23) |
| Total diluted earnings/(loss) per share attributable to the ordinary equity holders of the company | (31) | (23) |

### 27.3. Reconciliations of earnings/(loss) used in calculating earnings/(loss) per share

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Basic earnings/(loss) per share | | |
| Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share: | | |
| From continuing operations | (75 991) | (53 550) |
| | (75 991) | (53 550) |
| Diluted earnings/(loss) per share | | |
| Loss from continuing operations attributable to the ordinary equity holders of the company: | | |
| Used in calculating basic earnings/(loss) per share | (75 991) | (53 550) |
| Used in calculating diluted earnings/(loss) per share | (75 991) | (53 550) |
| Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings/(loss) per share | (75 991) | (53 550) |

### 27.4. Weighted average number of shares used as the denominator

| | 2020<br>Number | 2019<br>Number |
|---|---|---|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share | 241 773 599 | 230 237 815 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share | 241 773 599 | 230 237 815 |

### 27.5. Information concerning the classification of securities

Details relating to the share options are set out in note 16.

## 28. Related parties

### 28.1. Key management personnel ('KMP') remuneration

KMP consists of 6 directors (31 December 2019: 5) and 2 (2019: 0) employees that form the management and leadership teams. The total remuneration of key management personnel was as follows:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Short-term employee benefits | 1 327 | 1 479 |
| Share-based payment benefits | 245 | 143 |
| **Remuneration of key management personnel** | **1 572** | **1 622** |

### 28.2. Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

**Related party receivables**

| | 1 January 2019<br>$'000 | Cash payments/ (receipts)<br>$'000 | Foreign currency movements<br>$'000 | Interest<br>$'000 | 31 December 2019<br>$'000 |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Chief executive officer | - | 28 100 | - | 2 844 | 30 944 |
| STAK | 63 | - | (1) | - | 62 |
| Other | 61 | - | - | - | 61 |
| Total before allowance for doubtful collection | 124 | 28 100 | (1) | 2 844 | 31 067 |
| Allowance for doubtful collection | (61) | - | - | - | (61) |
| **Total related party receivables** | **63** | **28 100** | **(1)** | **2 844** | **31 006** |

| | 1 January 2020 $'000 | Cash payments/ (receipts) $'000 | Foreign currency movements $'000 | Interest $'000 | 31 December 2020 $'000 |
|---|---|---|---|---|---|
| Chief executive officer | 30 944 | (35 051) | - | 4 107 | - |
| STAK | 62 | - | 5 | - | 67 |
| Other | 61 | - | 2 | - | 63 |
| Total before allowance for doubtful collection | 31 067 | (35 051) | 7 | 4 107 | 130 |
| Allowance for doubtful collection | (61) | - | (2) | - | (63) |
| **Total related party receivables** | **31 006** | **(35 051)** | **5** | **4 107** | **67** |

## 29. List of subsidiaries

The Group's subsidiaries at 31 December 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The registered office is also their principal place of business.

| Entity name | Location | 31 December 2020 % | 31 December 2019 % | 1 January 2019 % |
|---|---|---|---|---|
| Meltwater N.V.* | Amsterdam, Netherlands | | | * |
| Meltwater Search Center of Excellence AB | Gothenburg, Sweden | - | - | 100 |
| Meltwater Emerald Ltd | Dublin, Ireland | 100 | 100 | 100 |
| Wrapidity Ltd. | London, United Kingdom | - | - | 100 |
| Meltwater (UK) Ltd | London, United Kingdom | 100 | 100 | 100 |

| | | | | |
|---|---|---|---|---|
| Uberlabs Software Technologies Private Ltd | London, United Kingdom | 0,03 | - | - |
| Meltwater Argentina BV | Amsterdam, Netherlands | 100 | 100 | 100 |
| Meltwater News Software Brasil Ltda. | São Paulo, Brazil | 0,01 | 0,01 | 0,01 |
| Meltwater News AR S.R.L. | Amsterdam, Netherlands | 90 | 90 | 90 |
| Meltwater News AR1 S.R.L | Amsterdam, Netherlands | 90 | 90 | 90 |
| Meltwater India Pvt. Ltd. | New Delhi, India | 1 | 1 | 1 |
| Meltwater Middle East1 FZ LLC | Dubai, United Arab Emirates | 100 | 100 | 100 |
| Meltwater Middle East2 FZ LLC | Dubai, United Arab Emirates | 100 | 100 | 100 |
| Meltwater News Shanghai Co., Ltd. | Shanghai, China | 100 | 100 | 100 |
| Meltwater Australia Pty Ltd | Sydney, Australia | 100 | 100 | 100 |
| Meltwater News Australia 1 Pty Ltd. | Sydney, Australia | - | - | 100 |
| Meltwater Danmark ApS | Copenhagen, Denmark | 100 | 100 | 100 |
| Meltwater Finland OY | Helsinki, Finland | 100 | 100 | 100 |
| Meltwater India Pvt. Ltd. | New Delhi, India | 99 | 99 | 99 |
| Meltwater Japan K.K. | Tokyo, Japan | 100 | 100 | 100 |
| Meltwater KFT | Budapest, Hungary | 100 | 100 | 100 |
| Meltwater News AR S.R.L | Buenos Aires, Argentina | 10 | 10 | 10 |
| Meltwater News AR1 S.R.L | Buenos Aires, Argentina | 10 | 10 | 10 |
| Meltwater News AS | Oslo, Norway | 100 | 100 | 100 |
| Meltwater News AT1 GmbH | Vienna, Austria | 100 | 100 | 100 |
| Meltwater News Canada Inc (British Columbia Registered) | Toronto, Canada | 100 | 100 | 100 |
| Meltwater News Canada 2 Inc | Toronto, Canada | - | 100 | 100 |

| | | | | |
|---|---|---|---|---|
| Sysomos Inc (Ontario) | Toronto, Canada | - | - | 100 |
| Sysomos US Inc | San Francisco, US | - | - | 100 |
| Sysomos Uk Ltd. | London, United Kingdom | - | - | 100 |
| Expion, LLC | San Francisco, US | - | - | 100 |
| Expion Shanghai Co., Ltd | Shanghai, China | 100 | - | 100 |
| Uberlabs Software Technologies Private Ltd | London, United Kingdom | - | - | 100 |
| Meltwater News Deutschland GmbH | Berlin, Germany | 100 | 100 | 100 |
| Meltwater News FR1 SAS | Bordeaux, France | 100 | 100 | 100 |
| Meltwater News HK Ltd | Hong Kong | 100 | 100 | 100 |
| Meltwater News HK1 Ltd | Hong Kong | 100 | 100 | 100 |
| Meltwater news International Holdings GmbH | Schaffhausen, Switzerland | 100 | 100 | 100 |
| Meltwater News International GmbH | Schaffhausen, Switzerland | 100 | 100 | 100 |
| Meltwater News Malaysia Sdn Bhd | Kuala Lumpur | 100 | 100 | 100 |
| Meltwater News SA1 (Pty) Ltd | Cape town, South Africa | 100 | 100 | 100 |
| Meltwater South Africa (Pty) Ltd | Cape town, South Africa | 100 | 100 | 100 |
| Meltwater News SG1 Pte Ltd | Singapore | 100 | 100 | 100 |
| Meltwater Singapore Pte Ltd | Singapore | 100 | 100 | 100 |
| Meltwater Software Private Ltd | Bangalore, India | 99,99 | 99,99 | 100 |
| Meltwater Sweden AB | Stockholm, Sweden | 100 | 100 | 100 |
| Meltwater The Netherlands BV | Amsterdam, Netherlands | 100 | 100 | 100 |

| | | | | |
|---|---|---|---|---|
| Meltwater US Holdings Inc. | San Francisco, US | 100 | 100 | 100 |
| Meltwater News US Inc. | San Francisco, US | 100 | 100 | 100 |
| Mediashift Ltd | London, United Kingdom | - | 100 | - |
| Uberlabs Software Technologies Private Ltd | London, United Kingdom | 99,97 | 100 | - |
| Meltwater News US1 Inc. | San Francisco, US | 100 | 100 | 100 |
| Datashift Inc | Delaware, US | - | 100 | 100 |
| Datashift Solutions Inc. | Delaware, US | - | - | 100 |
| Meltwater Software Private Ltd | Bangalore, India | 0,01 | 0,01 | - |
| Mediashift Limited | Delaware, US | - | - | 100 |
| Sysomos US Inc | San Francisco, US | - | 100 | - |
| Sysomos UK Ltd. | London, United Kingdom | - | 100 | - |

**On 1 January 2019, the holding company's name was Meltwater Holdings B.V.*

## 30. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### Financial instruments at amortized cost

The majority of the Group financial assets and liabilities are carried at amortized cost using the effective interest method. The fair values of these instruments are not materially different from their carrying values, since the instruments are either short-term in nature or the interest rates are on market terms.

There were no transfers between fair value hierarchy levels in 2020 and 2019.

**31 December 2020**

| Financial assets | Notes | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 8 | - | - | 2 036 | 2 036 |

| Financial liabilities | Notes | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| Contingent consideration | | - | - | 632 | 632 |

**31 December 2019**

| Financial assets | Notes | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 8 | - | - | 2 535 | 2 535 |

| Financial liabilities | Notes | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| Contingent consideration | | - | - | 1 119 | 1 119 |

**Fair value measurements using significant unobservable inputs (level 3)**

| | Financial assets at fair value through profit and loss | Contingent consideration | Total |
|---|---|---|---|
| **Opening balance 1 January 2019** | 2 173 | 1 378 | 3 551 |
| Gains/(losses) recognized in other income | - | 613 | 613 |
| Payment | - | (872) | (872) |
| Additions | 363 | - | 363 |
| Other (Exchange rate effects and other) | (1) | - | (1) |
| **Closing balance 31 December 2019** | **2 535** | **1 119** | **3 654** |
| Gains/(losses) recognized in other income | - | 192 | 192 |
| Payment | - | (679) | (679) |
| Other (Exchange rate effects and other) | 1 | - | 1 |
| Disposals | (500) | - | (500) |
| **Closing balance 31 December 2020** | **2 036** | **632** | **2 668** |

## 31. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| **Market risk – foreign currency exchange** | Future commercial transactions<br>Recognized financial assets and liabilities not denominated in US dollar ($) | Sensitivity analysis<br>Cash<br>flow forecasting | Part of the daily business management |

| | | | |
|---|---|---|---|
| **Market risk – interest rate** | Non-current borrowings at fixed and variable rates | Sensitivity analysis | Part of the daily business management |
| **Credit risk** | Cash and cash equivalents, deposits trade and other receivables | Aging analysis<br>Credit ratings | Diversification of bank accounts and the placement of cash with major financial institutions<br>Ongoing credit evaluation is performed on the financial condition of accounts receivable<br>Part of the daily business management |
| **Liquidity risk** | Lease liabilities, employee benefit obligations and trade and other payables | Maturity analysis | Availability of committed credit lines and borrowing facilities<br>Prudent cash management policies |

Susceptibility of the Group to financial risks is monitored as a part of its daily management of the business. Exchange rate exposures are monitored by the Group's Corporate Treasurer.

### 31.1. Market risk- foreign currency exchange

The functional currency of the Company is the US dollar ($). The Group faces currency risks related to the transactions carried out in the currencies other than the functional currency. The Group has not entered into transactions designed to hedge against the foreign currency risks. There has been no change in the Group's exposure to market risks or how these risks are managed and measured.

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

| **31 December 2020** | **USD** | **NOK** | **EUR** | **CAD** | **AUD** | **GBP** | **CNY** | **JPY** | **SEK** | **HKD** | **AED** | **SGD** | **ZAR** | **INR** | **DKK** | **MYR** | **BRL** | **HUF** | **ARS** | **CHF** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Trade Receivable | 29 146 | 656 | 13 804 | 4 973 | 4 828 | 4 895 | 2 898 | 2 623 | 2 519 | 2 442 | 1 978 | 1 916 | 1 067 | 582 | 602 | 458 | 295 | - | - | - | **75 682** |
| Receivables from Related Parties | - | - | 67 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **67** |
| Deposits | 1 708 | 158 | 409 | 374 | 879 | 249 | 166 | 216 | 108 | 163 | 213 | 246 | 61 | 226 | 16 | 7 | - | 37 | - | 31 | **5 267** |
| LT Investments | 1 662 | 7 | 95 | - | - | 46 | - | - | 2 | - | 182 | - | 25 | 17 | - | - | - | - | - | - | **2 036** |
| Cash and Cash Equivalents | 49 762 | 24 322 | 9 490 | 3 943 | 3 039 | 2 433 | 2 042 | 830 | 456 | 429 | 639 | 600 | 569 | 405 | 264 | 219 | 80 | 79 | 2 | 325 | **99 927** |
| Trade Payable | (2 832) | (235) | (324) | (324) | (664) | (292) | (15) | (2) | (10) | (21) | (175) | (66) | (55) | 9 | 5 | (-) | (4) | (2) | (-) | (1 924) | **(6 931)** |
| **Exposure** | **79 446** | **24 908** | **23 541** | **8 966** | **8 082** | **7 330** | **5 091** | **3 667** | **3 075** | **3 013** | **2 837** | **2 696** | **1 667** | **1 239** | **887** | **684** | **371** | **114** | **2** | **(1 568)** | **176 048** |

| **31 December 2019** | **USD** | **NOK** | **EUR** | **CAD** | **AUD** | **GBP** | **CNY** | **JPY** | **SEK** | **HKD** | **AED** | **SGD** | **ZAR** | **INR** | **DKK** | **MYR** | **BRL** | **HUF** | **ARS** | **CHF** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Trade Receivable | 32 164 | 663 | 12 573 | 5 151 | 4 425 | 5 475 | 2 466 | 2 463 | 2 882 | 2 949 | 2 468 | 1 946 | 1 294 | 1 036 | 553 | 493 | 276 | - | - | - | **79 277** |
| Receivables from Related Parties | 30 944 | - | 62 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **31 006** |
| Deposits | 1 748 | 153 | 488 | 260 | 740 | 267 | 173 | 205 | 95 | 162 | 181 | 295 | 63 | 233 | 23 | 6 | - | 34 | - | 28 | **5 154** |
| LT Investments | 1 947 | 8 | 30 | - | 236 | 51 | 35 | - | - | - | 194 | - | 30 | 6 | - | - | - | - | - | - | **2 535** |
| Cash and Cash Equivalents | 3 563 | 186 | 3 146 | 1 064 | 1 220 | 2 213 | 775 | 555 | 693 | 275 | 164 | 310 | 333 | 491 | 62 | 77 | 78 | 13 | 25 | 121 | **15 364** |
| Trade Payable | (2 334) | (779) | (1 121) | (1 243) | (1 751) | (954) | (7) | (2) | (594) | (110) | (36) | (105) | (37) | (13) | (57) | (1) | (9) | (6) | (3) | (4 427) | **(13 589)** |
| **Exposure** | **68 032** | **231** | **15 178** | **5 232** | **4 870** | **7 052** | **3 442** | **3 221** | **3 076** | **3 276** | **2 971** | **2 446** | **1 683** | **1 751** | **581** | **575** | **345** | **41** | **22** | **(4 278)** | **119 747** |

| 1 January 2019 | USD | NOK | EUR | CAD | AUD | GBP | CNY | JPY | SEK | HKD | AED | SGD | ZAR | INR | DKK | MYR | BRL | HUF | ARS | CHF | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Trade Receivable | 25 269 | 656 | 9 844 | 7 017 | 3 593 | 4 533 | 2 629 | 1 797 | 2 379 | 1 944 | 2 814 | 1 186 | 1 243 | 809 | 727 | 502 | 399 | - | 2 | - | **67 343** |
| Receivables from Related Parties | - | - | 63 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **63** |
| Deposits | 1 987 | 16 | 496 | 298 | 745 | 182 | 297 | 190 | 99 | 154 | 144 | 244 | 1 | 131 | 22 | 7 | - | 27 | - | 29 | **5 069** |
| LT Investments | 1 704 | - | 29 | 39 | 253 | 47 | - | - | - | 2 | 60 | - | 35 | 4 | - | - | - | - | - | - | **2 173** |
| Cash and Cash Equivalents | 1 502 | 221 | 1 454 | 937 | 871 | 1 611 | 1 192 | 627 | 518 | 107 | 550 | 475 | 928 | 499 | 49 | 41 | 52 | 12 | 6 | 128 | **11 780** |
| Trade Payable | (4 955) | (588) | (547) | (1 073) | (1 115) | (605) | (7) | (-) | (415) | (58) | (19) | (96) | (45) | (17) | (40) | (1) | (15) | (15) | 4 | (138) | **(9 745)** |
| **Exposure** | **25 507** | **305** | **11 339** | **7 218** | **4 347** | **5 768** | **4 111** | **2 614** | **2 581** | **2 149** | **3 549** | **1 809** | **2 162** | **1 426** | **758** | **549** | **436** | **24** | **12** | **19** | **76 683** |

The aggregate net foreign exchange gains/losses recognized in the consolidated statement of profit and loss and other comprehensive income were:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Net foreign exchange gain/(loss) included in Profit or loss | (5 479) | 769 |
| Total net foreign exchange gains/(losses) recognized other comprehensive income | 1 688 | (383) |
| Net foreign exchange gains/(losses) recognized in total comprehensive income | **(3 791)** | **(386)** |

## 31.2. Market risk - Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise.

### Sensitivity analysis

The group is exposed to a variety of foreign currencies (see table below).

A possible strengthening (weakening) of the foreign currencies by +/- 10.0% against the US dollars at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below, expressed in US dollar currency units. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

| 31 December 2020 | NOK | EUR | CAD | AUD | GBP | CNY | JPY | SEK | HKD | AED | SGD | ZAR | INR | DKK | MYR | BRL | HUF | ARS | CHF | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Currency strengthening by 10% | 2 491 | 2 354 | 897 | 808 | 733 | 509 | 367 | 307 | 301 | 284 | 270 | 167 | 124 | 89 | 68 | 37 | 11 | 164 | 157 | 10 138 |
| Currency weakening by 10% | (2 491) | (2 354) | (897) | (808) | (733) | (509) | (367) | (307) | (301) | (284) | (270) | (167) | (124) | (89) | (68) | (37) | (11) | (164) | (157) | (10 138) |

| 31 December 2019 | NOK | EUR | CAD | AUD | GBP | CNY | JPY | SEK | HKD | AED | SGD | ZAR | INR | DKK | MYR | BRL | HUF | ARS | CHF | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Currency strengthening by 10% | 23 | 1 518 | 523 | 487 | 705 | 344 | 322 | 308 | 328 | 297 | 245 | 168 | 175 | 58 | 58 | 34 | 4 | 2 | 428 | 6 027 |
| Currency weakening by 10% | (23) | (1 518) | (523) | (487) | (705) | (344) | (322) | (308) | (328) | (297) | (245) | (168) | (175) | (58) | (58) | (34) | (4) | (2) | (428) | (6 027) |

| 1 January 2019 | NOK | EUR | CAD | AUD | GBP | CNY | JPY | SEK | HKD | AED | SGD | ZAR | INR | DKK | MYR | BRL | HUF | ARS | CHF | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Currency strengthening by 10% | 31 | 1 134 | 722 | 435 | 577 | 411 | 261 | 258 | 215 | 355 | 181 | 216 | 143 | 76 | 55 | 44 | 2 | 1 | 2 | 5 119 |
| Currency weakening by 10% | (31) | (1 134) | (722) | (435) | (577) | (411) | (261) | (258) | (215) | (355) | (181) | (216) | (143) | (76) | (55) | (44) | (2) | (1) | (2) | (5 119) |

### 31.3. Market risk- interest rate risk management

The Group's main interest rate risk arises from long-term borrowings with both fixed and variable rates which expose the Group to cash flow interest rate risk. Meltwater does not currently have an interest rate hedging policy as interest is paid when it becomes due. Long term borrowings which contain a variable interest rate have been extinguished during December 2020. A rolling credit facility has been entered into for general corporate purpose use to secure the availability of finance on pre-arranged terms over the facility period.

#### Sensitivity analysis

The following table illustrates the sensitivity of profit before tax and equity to a reasonably possible change in interest rates of +/- 1.0% and how it would have affected equity and profit or loss by the amounts shown below, expressed in US dollar currency units. All other variables are held constant.

| | **Profit before tax** | |
|---|---|---|
| | **+1%** | **-1%** |
| 31 December 2020 | -1 796 | 1 796 |
| 31 December 2019 | -1 666 | 1 666 |

### 31.4. Credit risk management

Credit risk arises from cash at bank and trade and other receivables and is considered to be minimal.

Majority of the cash at bank and deposits are held with high credit quality financial institutions with a credit rating of A or higher. With respect to trade and other receivables the Group mitigates the credit risk through credit limits for each debtor on post-paid terms. These receivables are extremely short term in nature.

| | **31 December 2020 $'000** | **31 December 2019 $'000** | **1 January 2019 $'000** |
|---|---|---|---|
| Trade and other receivables | 75 749 | 110 283 | 67 406 |
| Cash at bank | 99 927 | 15 364 | 11 780 |
| Exposure | 175 676 | 125 647 | 79 186 |

The expected credit loss is determined using a combination of approaches consisting of individual assessment and provision matrix application. Meltwater first assess trade receivables to determine whether individual receivables have facts and circumstances that may cause it to be impaired. These facts (not exhaustive) include historical collectability issues as well as expected future collectability issues due to the nature of the trade receivables or economic conditions experienced. In this evaluation the expectation on balance sheet date of future developments are evaluated on a receivable per receivable basis and a specific reserve is calculated based on this assessment.

The provision matrix is then applied to non-impaired trade receivables as at the balance sheet date. The provision matrix calculates a general reserve which utilizes a historical write off percentage of the trailing twelve months including items specifically reserved for in combination with the non-impaired trade receivables.

Changes in the loss allowances balance are recognized in profit or loss as an impairment gain or loss. The allowance is netted with the outstanding gross amount of the trade receivables as at the balance sheet date.

On that basis the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

| **31 December 2020** | **Current** | **More than 30 days past due** | **More than 60 days past due** | **More than 120 days past due** | **Total** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Gross carrying amount | 70 308 | 2 415 | 2 461 | 3 968 | 79 152 |
| *Loss allowance:* | | | | | |
| Specific reserve | (176) | (119) | (514) | (3 932) | (4 741) |
| AR factor | 70 132 | 2 296 | 1 947 | 37 | 74 412 |
| Historical loss rate | | | | | 4% |
| *Loss allowance:* | | | | | |
| General reserve | (2 821) | (92) | (78) | (1) | (2 992) |
| Other accounts receivable (unbilled AR) | | | | | 4 265 |
| Total | | | | | 75 684 |

| **31 December 2019** | **Current** | **More than 30** | **More than 60 days past due** | **More than 120 days past due** | **Total** |
|---|---|---|---|---|---|

| | | days past due $'000 | $'000 | $'000 | $'000 |
|---|---|---|---|---|---|
| | $'000 | | | | |
| Gross carrying amount | 72 295 | 2 984 | 4 351 | 5 562 | 85 192 |
| *Loss allowance:* | | | | | |
| Specific reserve | (9) | (34) | (308) | (4 355) | (4 706) |
| AR factor | 72 286 | 2 950 | 4 043 | 1 207 | 80 486 |
| Historical loss rate | | | | | 3.50% |
| *Loss allowance:* | | | | | |
| General reserve | (2 521) | (103) | (141) | (45) | (2 810) |
| Other accounts receivable (unbilled AR) | | | | | 1 493 |
| Total | | | | | 79 169 |

| **1 January 2019** | **Current** | **More than 30 days past due** | **More than 60 days past due** | **More than 120 days past due** | **Total** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Gross carrying amount | 60 127 | 3 998 | 3 085 | 3 707 | 70 919 |
| *Loss allowance:* | | | | | |
| Specific reserve | (421) | (283) | (280) | (1 176) | (2 162) |
| AR factor | 59 706 | 3 715 | 2 805 | 2 531 | 68 757 |
| Historical loss rate | | | | | 3.70% |
| *Loss allowance:* | | | | | |
| General reserve | (1 944) | (198) | (106) | (153) | (2 401) |

| | |
|---|---|
| Other accounts receivable (unbilled AR) | 1 050 |
| Total | 67 406 |

### 31.5. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible that it will meet its liabilities when they are due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

In December 2020 upon the completion of the private placement and listing the Company received aggregate proceeds of $237.5 million after deducting underwriting discounts commissions and offering costs and repaid the 2019 Note Payable with the proceeds.

In December 2020 the Company entered into a multi-currency revolving credit facility (the "2020 Credit Facility") of $150.0 million. The maturity date of the 2020 Credit Facility is three years from when the first utilization occurs with an option to extend an additional one to two years. Interest accrues on amounts outstanding under the 2020 Credit Facility at IBOR plus a margin range of 1.50% to 2.00% per annum. The Company is required to meet certain covenants in relation to the 2020 Credit Facility. The covenants mainly related to the achievement of a financial leverage ratio. As of 31 December 2020 the Company had not drawn any borrowings under the 2020 Credit Facility and had the ability to borrow $150.0 million under the 2020 Credit Facility. During 2021 the company drew down $25 million of the $150 million revolving credit facility.

The liquidity risk management implies maintaining sufficient cash and committed credit facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities by their remaining period to maturity based on the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows (these amounts may not reconcile to the amounts disclosed on the statement of financial position for debt to shareholders, participants, related parties, lease liabilities, trade and other payables).

| | Within the next 12 months<br>$'000 | Between 1 and 5 years<br>$'000 | Beyond 5 years<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **31 December 2020** | | | | |
| Trade payables | 6 931 | - | - | 6 931 |
| Lease liabilities | 9 795 | 22 952 | 765 | 33 512 |
| Employee benefits | 36 | 118 | 1 569 | 1 723 |
| External borrowings | - | - | - | - |
| **Exposure** | 16 762 | 23 070 | 2 334 | 42 166 |
| **31 December 2019** | | | | |
| Trade payables | 13 589 | - | - | 13 589 |
| Lease liabilities | 9 898 | 15 480 | 414 | 25 792 |
| Employee benefits | 35 | 98 | 1 430 | 1 563 |
| External borrowings | - | 175 516 | - | 175 516 |
| **Exposure** | 23 522 | 191 094 | 1 844 | 216 460 |
| **1 January 2019** | | | | |
| Trade payables | 9 745 | - | - | 9 745 |
| Lease liabilities | - | - | - | - |
| Employee benefits | 30 | 80 | 1 393 | 1 503 |
| External borrowings | 56 708 | 87 486 | - | 144 194 |
| **Exposure** | 66 483 | 87 566 | 1 393 | 155 442 |

### 31.6. Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy has changed from 2019 as the group completed a private placement and listing raising capital to extinguish borrowing agreements whilst also obtaining a multi-currency revolving credit facility.

The capital structure of the Group consists of net debt (borrowings disclosed in notes 7 and 18 after deducting cash and bank balances) and equity of the Group (comprising issued capital reserves retained earnings and accumulated deficit as disclosed in note 13 and the statement of changes in Equity).

| | 31 December 2020 $'000 | 31 December 2019 $'000 | 1 January 2019 $'000 |
|---|---|---|---|
| Debt | - | (175 516) | (144 194) |
| Lease liabilities | (33 512) | (25 792) | (31 210) |
| Cash and Cash equivalents | 99 927 | 15 364 | 11 780 |
| Net debt | 66 415 | (185 944) | (163 624) |
| Equity | (34 709) | (206 949) | (182 043) |
| Net debt to equity ratio | (1,19) | 0,90 | 0,90 |

The ratio indicates what proportion of equity and debt the company has been using to finance its assets and how encumbered a company is with debt. Debt does not include trade payables as it relates to operational activities and not capital activities. The negative ratio as at 31 December 2020 indicates that the Group's cash at hand exceeds its debt.

## 32. Financing activities

| | Convertible loans<br><br>$'000 | Non-convertible loans<br><br>$'000 | External borrowings sub-total<br><br>$'000 | Lease liabilities<br><br>$'000 | Euronext Oslo Børs offering<br><br>$'000 | Issuance of Common shares<br><br>$'000 | Total<br><br>$'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2019** | 51 796 | 92 398 | 144 194 | 31 210 | (- ) | (- ) | 175 404 |
| Cash movements: | | | - | | | | - |
| New loans /cash from offerings | (- ) | 175 000 | 175 000 | (- ) | (- ) | 1 129 | 176 129 |
| Repayments of Principal | (- ) | (95 053) | (95 053) | (11 343) | (- ) | (- ) | (106 396) |
| Repayments of Interest | (28 121) | (12 924) | (41 045) | (3 366) | (- ) | (- ) | (44 411) |
| Debt issuance cost | (- ) | (6 517) | (6 517) | (- ) | (- ) | (- ) | (6 517) |
| | | | | | | | (- ) |
| Non-cash movements: | | | | | | | |
| New lease liabilities recognized | (- ) | (- ) | (- ) | 5 698 | (- ) | (- ) | 5 698 |
| Interest accrued | 1 325 | 18 967 | 20 292 | 3 627 | (- ) | (- ) | 23 919 |
| Non-cash repayment | (25 000) | (- ) | (25 000) | (- ) | (- ) | (- ) | (25 000) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Exchange differences | (- ) | (- ) | (- ) | (34) | (- ) | (- ) | (34) |
| Debt issuance cost amortization | (- ) | 3 645 | 3 645 | (- ) | (- ) | (- ) | 3 645 |
| **Balance at 31 December 2019** | (- ) | 175 516 | 175 516 | 25 792 | (- ) | 1 129 | 202 437 |
| Cash movements: | | | - | | | | - |
| New loans /cash from offerings | (- ) | 25 000 | 25 000 | (- ) | 248 404 | 1 088 | 274 492 |
| Repayments of Principal | (- ) | (200 000) | (200 000) | (11 371) | (- ) | (- ) | (211 371) |
| Repayments of Interest | (- ) | (28 683) | (28 683) | (3 523) | (- ) | (- ) | (32 206) |
| | | | - | | | | |
| Non-cash movements: | | | - | | | | |
| New lease liabilities recognized | (- ) | (- ) | (- ) | 19 548 | (- ) | (- ) | 19 548 |
| Interest accrued | (- ) | 22 640 | 22 640 | 3 608 | (- ) | (- ) | 26 248 |
| Exchange differences | (- ) | (- ) | (- ) | 367 | (- ) | (- ) | 367 |
| Debt issuance cost amortization | (- ) | 5 527 | 5 527 | (- ) | (- ) | (- ) | 5 527 |
| Reassessments and modifications | (- ) | (- ) | (- ) | (909) | (- ) | (- ) | (909) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | - | | | | - |
| **Balance at 31 December 2020** | (- ) | (- ) | (- ) | 33 512 | 248 404 | 2 217 | 284 133 |

## 33. Operating segments

### 33.1. Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the business activities which generates certain classes of revenue and incurs certain classes of expenses. The principal business activities generate revenue through one operating segment namely Media Intelligence, which is also the Group's reportable segment under IFRS 8.

## 34. First time adoption of IFRS

These financial statements for the year ended 31 December 2020 are the first the Group has prepared in accordance with IFRS-EU. For periods up to and including the year ended 31 December 2019 the Group prepared its financial statements in accordance with Dutch GAAP.

Accordingly the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2020 together with the comparative period data for the year ended 31 December 2019 as described in the summary of significant accounting policies. In preparing the financial statements the Group's opening statement of financial position was prepared as at 1 January 2019, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Dutch GAAP financial statements including the statement of financial position as at 1 January 2019 and the financial statements as of and for the year ended 31 December 2019. The statement of cash flows has been prepared under IFRS using the indirect method. There are differences between category totals when comparing Dutch GAAP and IFRS, however the net cash flow position remained the same. The following significant changes have been made between categories previously disclosed. Lease payments of principal have been included under financing cost which has previously been included in operating activities. IFRS requires interest, tax and dividends paid to be separately disclosed resulting in capitalized interest paid being removed from investing activities and reclassified to operating activities and included in the total interest paid amount.

### 34.1. Mandatory Exceptions and optional Exemptions applied

IFRS 1 requires full retrospective application of IFRS for first-time adopters. It does however provide some mandatory exceptions and optional exemptions from full retrospective application. Adjustments as a result of the first-time adoption of IFRS are recognized through accumulated deficit or other components of equity at the date of transition.

### **34.1.1.** *Accounting Estimates*

The estimates as of 1 January 2019 and 31 December 2019 are consistent with those made for the same dates in accordance with Dutch GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions as of 1 January 2019 and 31 December 2019.

### **34.1.2.** *Derecognition of financial assets and liabilities*

At the date of transition to IFRS the Group applied the derecognition requirements in IFRS 9 prospectively for transactions occurring on or after the date of transition to IFRS. Financial assets and liabilities derecognized under Dutch GAAP before the date of transition to IFRS are therefore not recognized as financial assets and liabilities in accordance with IFRS.

### **34.1.3.** *Classification and measurement of financial assets*

At the date of transition to IFRS the Group assessed whether their financial assets should be measured at amortized cost fair value through other comprehensive income or fair value through profit or loss. The transition to IFRS did not alter the manner the financial assets account balance was accounted for under Dutch GAAP. The Group therefore did not need to apply IFRS 9 retrospectively.

### **34.1.4.** *Impairment of financial assets*

At the date of transition to IFRS the Group assessed whether they needed to apply the impairment requirements of IFRS 9 retrospectively. The transition to IFRS did not alter the manner the financial assets account balance was accounted for under Dutch GAAP. The Group therefore did not need to apply impairment requirements in section 5.5 of IFRS 9 retrospectively.

### **34.1.5.** *Business combinations*

Under IFRS 1, a first-time adopter may elect not to restate business combinations that occurred prior to the transition date. The Company has executed several business combination transactions in prior periods. IFRS 3 will therefore not be applied retrospectively to past business combinations that occurred before 1 January 2019. Accordingly, this exemption is applied consistently across all past business combinations and not on a case-by-case basis.

### **34.1.6.** *Share based payments*

In accordance with IFRS 1:D2; first-time adopters are not required to apply IFRS 2 to equity-settled share-based payments granted on or before 7 November 2002 and are not required to apply IFRS 2 to share-based payments granted after 7 November 2002 that vested before the date of transition to IFRS Standards. If a first-time adopter elects to apply IFRS 2 to such equity instruments it may do so only if the entity has disclosed publicly the fair value of those equity instruments determined at the measurement date as defined in IFRS 2.

Meltwater have not previously disclosed publicly the fair value of the equity instruments therefore the exemption is applicable.

### **34.1.7.** *Borrowing costs*

A first-time adopter can choose to apply the requirements of IAS 23 from date of transition, or an earlier date as permitted by paragraph 28 of IAS 23. IAS 23:28, can only be applied when application of this Standard constitutes a change in accounting policy. This is not the case for Meltwater.

Meltwater will therefore be able to apply IAS 23 from the date of transition and not at an earlier date.

### **34.1.8.** *Foreign currency transactions and advance consideration*

A first-time adopter need not apply IFRIC 22 Foreign Currency Transactions and Advance Consideration to assets, expenses and income in the scope of that Interpretation initially recognized before the date of transition to IFRS Standards.

Meltwater will therefore apply IFRIC 22 from the date of transition.

## 34.2. Reconciliation between Dutch GAAP and IFRS

### 34.2.1. *Group reconciliation of equity as of 1 January 2019 date of transition to IFRS*

| | Notes | Dutch GAAP 1 January 2019 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 1 January 2019* $'000 | Remeasurements $'000 | IFRS 1 January 2019 $'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Intangibles assets | | 69 710 | (69 710) | - | - | - |
| Goodwill | 5 6 | - | 15 004 | 15 004 | - | 15 004 |
| Other intangibles | 5 | - | 54 706 | 54 706 | - | 54 706 |
| Property and equipment | 4 | 5 503 | - | 5 503 | - | 5 503 |
| Right-of-use assets | 4 | - | - | - | 30 190 | 30 190 |
| Financial assets | | 7 942 | (7 942) | - | - | - |
| Other non-current financial assets | 8 | - | 5 069 | 5 069 | - | 5 069 |
| Financial assets at fair value through profit and loss | 8 | - | 2 173 | 2 173 | - | 2 173 |
| Contract costs | 11 | 19 191 | - | 19 191 | - | 19 191 |
| Deferred tax asset | 26 | - | 699 | 699 | 2 049 | 2 748 |
| | | **102 346** | **-** | **102 346** | **32 239** | **134 585** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Current assets** | | | | | | |
| Trade receivables | 9 | 67 343 | 63 | 67 406 | - | 67 406 |
| Related party receivables | | 63 | (63) | - | - | - |
| Other current assets | 10 | 12 667 | - | 12 667 | (22) | 12 645 |
| Contract costs | 11 | 25 194 | - | 25 194 | - | 25 194 |
| Cash and cash equivalents | 12 | 11 780 | - | 11 780 | - | 11 780 |
| | | **117 047** | **-** | **117 047** | **(22)** | **117 025** |
| **Total assets** | | **219 393** | **-** | **219 393** | **32 217** | **251 610** |
| **Liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Borrowings | 18 | 119 194 | (31 708) | 87 486 | - | 87 486 |
| Lease liabilities | 7 | - | - | - | 31 210 | 31 210 |
| Contract liabilities | 21 | 7 786 | - | 7 786 | 1 | 7 787 |
| Deferred tax liability | 26 | - | 6 893 | 6 893 | - | 6 893 |
| Employee benefit obligation | 15 | - | - | - | 144 | 144 |
| | | **126 980** | **(24 815)** | **102 165** | **31 355** | **133 520** |
| **Provisions** | | | | | | |
| Deferred income tax | 26 | 6 893 | (6 893) | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | |
| Borrowings | 18 | - | 56 708 | 56 708 | - | 56 708 |
| Trade and other payables | 17 | 9 745 | 57 534 | 67 279 | 1 579 | 68 858 |
| Taxation and social charges | | 9 324 | (9 324) | - | - | - |
| Other current liabilities | | 73 575 | (73 575) | - | - | - |
| Contract liabilities | 21 | 174 103 | - | 174 103 | - | 174 103 |
| Current tax liabilities | 26 | - | 365 | 365 | | 365 |
| Employee benefit obligation | 15 | - | - | - | 99 | 99 |
| | | 266 747 | 31 708 | 298 455 | 1 678 | 300 133 |
| **Total liabilities** | | **400 620** | **-** | **400 620** | **33 033** | **433 653** |
| | | | | | | |
| **Equity** | | | | | | |
| Equity | | (181 227) | 181 227 | - | - | - |
| Share capital | 13 | - | 19 | 19 | - | 19 |
| Share premium | 13 16 | - | 72 660 | 72 660 | 3 393 | 76 053 |
| Accumulated deficit | | - | (252 482) | (252 482) | (4 209) | (256 691) |
| Other reserves | 14 | - | (1 424) | (1 424) | - | (1 424) |
| | | (181 227) | - | (181 227) | (816) | (182 043) |
| **Total equity and liabilities** | | **219 393** | **-** | **219 393** | **32 217** | **251 610** |

**The presentation of the financial statements changed due to adoption of IFRS on 1 January 2019. The figures included in this column relates to the Dutch GAAP financials statement figures presented on the new presentation according to IFRS.*

### **34.2.2.** *Group reconciliation of equity as of 31 December 2019*

| | Notes | Dutch GAAP 31 December 2019 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2019 $'000 | Remeasurements $'000 | IFRS 31 December 2019 $'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Intangible assets | | 63 158 | (63 158) | - | - | - |
| Goodwill | 5 6 | - | 11 291 | 11 291 | 4 235 | 15 526 |
| Other intangible assets | 5 | - | 51 867 | 51 867 | - | 51 867 |
| Property plant and equipment | 4 | 4 464 | - | 4 464 | - | 4 464 |
| Right-of-use assets | 4 | 21 758 | - | 21 758 | 990 | 22 748 |
| Financial assets | | 7 689 | (7 689) | - | - | |
| Other non-current financial assets | 8 | - | 5 154 | 5 154 | - | 5 154 |
| Financial assets at fair value through profit and loss | 8 | - | 2 535 | 2 535 | - | 2 535 |
| Contract costs | 11 | 19 695 | - | 19 695 | - | 19 695 |

| | Notes | Dutch GAAP 31 December 2019 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2019 $'000 | Remeasurements $'000 | IFRS 31 December 2019 $'000 |
|---|---|---|---|---|---|---|
| Deferred tax asset | 26 | - | - | - | 256 | 256 |
| | | **116 764** | **-** | **116 764** | **5 481** | **122 245** |
| **Current assets** | | | | | | |
| Trade receivables | 9 | 79 277 | 31 006 | 110 283 | - | 110 283 |
| Related party receivables | | 31 006 | (31 006) | - | - | - |
| Other current assets | 10 | 17 109 | - | 17 109 | (94) | 17 015 |
| Contract costs | 11 | 24 867 | - | 24 867 | - | 24 867 |
| Cash and cash equivalents | 12 | 15 364 | - | 15 364 | - | 15 364 |
| | | **167 623** | **-** | **167 623** | (94) | **167 529** |
| **Total assets** | | **284 387** | **-** | **284 387** | **5 387** | **289 774** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Borrowings | 18 | 175 516 | - | 175 516 | - | 175 516 |
| Lease liabilities | 7 | 15 917 | - | 15 917 | (23) | 15 894 |
| Contract liabilities | 21 | 9 983 | - | 9 983 | - | 9 983 |
| Deferred tax liability | 26 | - | 6 438 | 6 438 | (140) | 6 298 |
| Employee benefit obligation | 15 | - | - | - | 312 | 312 |
| | | **201 416** | **6 438** | **207 854** | **149** | **208 003** |
| **Provisions** | | | | | | |
| Deferred income tax | 26 | 6 438 | (6 438) | - | | |
| **Current liabilities** | | | | | | |
| Borrowings | 18 | - | - | - | - | - |
| Trade and other payables | 17 | 13 589 | 54 777 | 68 366 | 1 974 | 70 340 |
| Taxation and social charges | | 13 018 | (13 018) | - | - | - |
| Other current liabilities | | 53 214 | (53 214) | - | - | - |
| Contract liabilities | 21 | 206 453 | - | 206 453 | - | 206 453 |
| Lease liabilities | 7 | - | 9 550 | 9 550 | 348 | 9 898 |
| Current tax liabilities | 26 | - | 1 905 | 1 905 | - | 1 905 |
| Employee benefit obligation | 15 | - | - | - | 124 | 124 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | **286 274** | **-** | **286 274** | **2 446** | **288 720** |
| **Total liabilities** | | **494 128** | **-** | **494 128** | **2 595** | **496 723** |
| **Equity** | | | | | | |
| Equity | | (209 741) | 209 741 | - | - | - |
| Share capital | 13 | - | 24 | 24 | - | 24 |
| Share premium | 13 16 | - | 103 360 | 103 360 | 1 819 | 105 179 |
| Accumulated deficit | | - | (311 322) | (311 322) | 1 081 | (310 241) |
| Other reserves | 14 | - | (1 803) | (1 803) | (108) | (1 911) |
| | | **(209 741)** | **-** | **(209 741)** | **2 792** | **(206 949)** |
| **Total equity and liabilities** | | **284 387** | **-** | **284 387** | **5 387** | **289 774** |

**34.2.3.** *Group reconciliation of profit and loss and other comprehensive income for the year ended 31 December 2019*

| | Notes | Dutch GAAP 31 December 2019 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2019* $'000 | Remeasurement $'000 | IFRS 31 December 2019 $'000 |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 21 | 345 849 | - | 345 849 | (19) | 345 830 |
| Cost of sales | | - | (101 606) | (101 606) | 360 | (101 246) |
| **Gross profit** | | **345 849** | **(101 606)** | **244 243** | **341** | **244 584** |
| Cost of operations | | (70 104) | 70 104 | - | - | - |
| Staff expenses | 22 | (186 784) | 186 784 | - | - | - |
| Depreciation amortization and impairment | | (39 401) | 39 401 | - | - | - |
| Other operating expenses | | (72 011) | 72 011 | - | - | - |
| Sales and marketing expenses | | - | (166 981) | (166 981) | 92 | (166 889) |
| General and administrative expenses | | - | (56 149) | (56 149) | 4 219 | (51 930) |
| Research and development expenses | | - | (43 564) | (43 564) | 377 | (43 187) |
| Finance income | | - | - | - | 28 | 28 |
| **Operating profit/(loss)** | | **(22 451)** | **-** | **(22 451)** | **5 057** | **(17 394)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Financial income and (expenses) | 24 | (24 858) | (9 713) | (34 571) | (901) | (35 472) |
| Loss on extinguishment of debt/loan | | (6 100) | 6 100 | - | - | - |
| Foreign exchange gain/(loss) | 31.1 | (650) | 769 | 119 | 650 | 769 |
| Other income/(expense) | 25 | | 2 844 | 2 844 | 3 | 2 847 |
| **Profit / (loss) before tax** | | **(54 059)** | **-** | **(54 059)** | **4 809** | **(49 250)** |
| Income tax expense | 26 | (3 761) | - | (3 761) | (539) | (4 300) |
| **Profit / (loss) for the year** | | **(57 820)** | **-** | **(57 820)** | **4 270** | **(53 550)** |
| | | | | | | |
| **Profit attributable to:** | | | | | | |
| Shareholders | | (57 820) | - | (57 820) | 4 270 | (52 550) |
| | | | | | | |
| **Earnings/(loss) per share for profit attributable to the ordinary equity holders of the company** | | | | | | |
| Basic earnings/(loss) per share | 27.1 | (0,25) | - | (0,25) | - | (0,23) |
| Diluted earnings/(loss) per share | 27.2 | (0,25) | - | (0,25) | - | (0,23) |

**Other comprehensive income**

*Items that may be reclassified to profit and loss, net of tax*

| | | | | | | |
|---|---|---|---|---|---|---|
| Exchange difference on translation of foreign operations | 14 | - | - | - | (383) | (383) |
| *Items that will not be reclassified to profit or loss* | | | | | | |
| Remeasurements of defined benefit obligation | | | | | | |
| *Items that may be reclassified to profit and loss, net of tax* | 14 | - | - | - | (104) | (104) |
| **Total other comprehensive income/(loss)** | | **-** | **-** | **(57 820)** | **3 783** | **(54 037)** |
| **Total comprehensive income/(loss)** | | **(57 820)** | **-** | **(57 820)** | **3 783** | **(54 037)** |
| **Attributable to:** | | | | | | |
| Shareholders | | **(57 820)** | **-** | **(57 820)** | **3 783** | **(54 037)** |

### **34.2.4.** *Group reconciliation of equity as of 31 December 2020*

| | Notes | Dutch GAAP 31 December 2020 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2020 $'000 | Remeasurements $'000 | IFRS 31 December 2020 $'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Intangible assets | | 50 284 | (50 284) | - | - | - |
| Goodwill | 5 6 | - | 7 815 | 7 815 | 8 470 | 16 285 |
| Other intangible assets | 5 | - | 42 469 | 42 469 | - | 42 469 |
| Property plant and equipment | 4 | 3 373 | - | 3 373 | - | 3 373 |
| Right-of-use assets | 4 | 28 408 | - | 28 408 | 1 551 | 29 959 |
| Financial assets | | 7 303 | (7 303) | - | - | - |
| Other non-current financial assets | 8 | - | 5 267 | 5 267 | - | 5 267 |
| Financial assets at fair value through profit and loss | 8 | - | 2 036 | 2 036 | - | 2 036 |
| Contract costs | 11 | 20 980 | - | 20 980 | - | 20 980 |
| Deferred tax asset | 26 | - | - | - | 4 289 | 4 289 |

| | Notes | Dutch GAAP 31 December 2020 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2020 $'000 | Remeasurements $'000 | IFRS 31 December 2020 $'000 |
|---|---|---|---|---|---|---|
| | | **110 348** | **-** | **110 348** | **14 310** | **124 658** |
| **Current assets** | | | | | | |
| Trade receivables | 9 | 75 682 | 67 | 75 749 | - | 75 749 |
| Related party receivables | | 67 | (67) | - | - | - |
| Other current assets | 10 | 15 828 | - | 15 828 | - | 15 828 |
| Contract costs | 11 | 25 470 | - | 25 470 | - | 25 470 |
| Cash and cash equivalents | 12 | 99 927 | - | 99 927 | - | 99 927 |
| | | **216 974** | **-** | **216 974** | **-** | **216 974** |
| **Total assets** | | **327 322** | **-** | **327 322** | **14 310** | **341 632** |
| **Liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Borrowings | 18 | - | - | - | - | - |
| Lease liabilities | 7 | 22 076 | - | 22 076 | 1 178 | 23 254 |

| | Notes | Dutch GAAP 31 December 2020 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2020 $'000 | Remeasurements $'000 | IFRS 31 December 2020 $'000 |
|---|---|---|---|---|---|---|
| Contract liabilities | 21 | 11 168 | - | 11 168 | - | 11 168 |
| Deferred tax liability | 26 | - | 6 413 | 6 413 | 592 | 7 005 |
| Employee benefit obligation | 15 | - | - | - | 334 | 334 |
| | | 33 244 | **6 413** | **39 657** | **2 104** | **41 761** |
| **Provisions** | | | | | | |
| Deferred income tax | 26 | 6 413 | (6 413) | - | - | - |
| | | | | | | |
| **Current liabilities** | | | | | | |
| Borrowings | 18 | - | - | - | - | - |
| Trade and other payables | 17 | 6 931 | 97 689 | 104 620 | 10 053 | 114 673 |
| Taxation and social charges | | 21 428 | (21 428) | - | - | - |
| Other current liabilities | | 89 222 | (89 222) | - | - | - |
| Contract liabilities | 21 | 206 097 | - | 206 097 | - | 206 097 |
| Lease liabilities | 7 | - | 9 537 | 9 537 | 721 | 10 258 |
| Current tax liabilities | 26 | - | 3 424 | 3 424 | - | 3 424 |
| Employee benefit obligation | 15 | - | - | - | 127 | 127 |

| | Notes | Dutch GAAP 31 December 2020 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2020 $'000 | Remeasurements $'000 | IFRS 31 December 2020 $'000 |
|---|---|---|---|---|---|---|
| | | 323 678 | - | 323 678 | 10 901 | 334 579 |
| **Total liabilities** | | **363 335** | **-** | **363 335** | **13 005** | **376 340** |
| **Equity** | | | | | | |
| Equity | | (36 013) | 36 013 | - | - | - |
| Share capital | 13 | - | 29 | 29 | - | 29 |
| Share premium | 13 16 | - | 347 313 | 347 313 | 4 344 | 351 657 |
| Accumulated deficit | | - | (383 310) | (383 310) | (2 985) | (386 295) |
| Other reserves | 14 | - | (45) | (45) | (55) | (100) |
| | | (36 013) | - | (36 013) | 1 304 | (34 709) |
| **Total equity and liabilities** | | **327 322** | **-** | **327 322** | **14 309** | **341 632** |

**34.2.5.** *Group reconciliation of profit and loss and other comprehensive income for the year ended 31 December 2020*

| | Notes | Dutch GAAP 31 December 2020 $'000 | Reclassification for presentation purposes $'000 | Reclassified Dutch GAAP 31 December 2020* $'000 | Remeasurements $'000 | IFRS 31 December 2020 $'000 |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 21 | 359 791 | - | 359 791 | - | 359 791 |
| Cost of sales | | - | (105 445) | (105 445) | (59) | (105 504) |
| **Gross profit** | | **359 791** | **(105 445)** | **254 346** | **(59)** | **254 287** |
| Cost of operations | | (74 662) | 74 662 | - | - | - |
| Staff expenses | 22 | (198 865) | 198 865 | - | - | - |
| Depreciation amortization and impairment | | (40 206) | 40 206 | - | - | - |
| Other operating expenses | | (57 188) | 57 188 | - | - | - |
| Sales and marketing expenses | | - | (171 918) | (171 918) | (5 895) | (177 813) |
| General and administrative expenses | | - | (52 038) | (52 038) | 458 | (51 580) |
| Research and development expenses | | - | (35 832) | (35 832) | (2 120) | (37 952) |
| Finance income | | - | - | - | 42 | 42 |
| **Operating profit/(loss)** | | **(11 130)** | **5 688** | **(5 442)** | **(7 574)** | **(13 016)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Financial income and (expenses) | 24 | (27 835) | (32 471) | (60 306) | (485) | (60 761) |
| Loss on extinguishment of debt/loan | | (34 346) | 34 346 | - | - | - |
| Foreign exchange gain/(loss) | 31.1 | - | (5 645) | (5 645) | 166 | (5 479) |
| Other income/(expense) | 25 | 3 909 | - | 3 909 | 10 | 3 919 |
| **Profit / (loss) before tax** | | **(69 402)** | **1 918** | **(67 484)** | **(7 883)** | **(75 367)** |
| Income tax expense | 26 | (2 526) | - | (2 526) | 1 902 | (624) |
| **Profit / (loss) for the year** | | **(71 928)** | **1 918** | **(70 010)** | **(5 981)** | **(75 991)** |
| | | | | | | |
| **Profit attributable to:** | | | | | | |
| Shareholders | | (71 928) | 1 918 | (70 010) | (5 981) | (75 991) |
| | | | | | | |
| **Earnings/(loss) per share for profit attributable to the ordinary equity holders of the company** | | | | | | |
| Basic earnings/(loss) per share | 27.1 | (0,30) | - | (0,30) | - | (0,31) |
| Diluted earnings/(loss) per share | 27.2 | (0,30) | | (0,30) | - | (0,31) |
| | | | - | | | |
| **Other comprehensive income** | | | | | | |
| *Items that may be reclassified to profit and loss, net of tax* | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Exchange difference on translation of foreign operations | 14 | - | 1 688 | 1 688 | - | 1 688 |
| *Items that will not be reclassified to profit or loss* | | | | | | |
| Remeasurements of defined benefit obligation | 14 | - | - | - | 60 | 60 |
| *Items that may be reclassified to profit and loss, net of tax* | | **-** | **1 688** | **1 688** | **60** | **1 748** |
| **Total other comprehensive income/(loss)** | | | | | | |
| | | **(71 928)** | **3 606** | **(68 322)** | **(5 921)** | **(74 243)** |
| **Total comprehensive income/(loss)** | | | | | | |
| **Attributable to:** | | | | | | |
| Shareholders | | (71 928) | 3 606 | (68 322) | (5 921) | (74 243) |

### 34.3. Notes to the reconciliation of equity as of 1 January 2019, 31 December 2019 profit and loss and other comprehensive income for the year ended 31 December 2020

#### 34.3.1. *Goodwill*

Under Dutch GAAP Goodwill was capitalized and amortized on a straight-line basis. Goodwill under IFRS is required to be capitalized however no amortization thereof takes place. In accordance with IFRS 1:C4 (g) the carrying amount of goodwill in the opening IFRS statement of financial position shall be its carrying amount in accordance with previous GAAP at the date of transition to IFRS. Only the amortization on the Goodwill from the date of transition will be reversed. The accumulated amortization recorded under Dutch GAAP prior to 1 January 2019 will remain as is and the net goodwill amount will be the new "gross" goodwill under IFRS.

#### 34.3.2. *Leases*

At the date of transition to IFRS the Group applied a single recognition and measurement approach for all leases except for short-term leases. As of 1 January 2019:

- right-of-use assets of $30 million were recognized and presented on the face of the statement of financial position
- additional lease liabilities of $31 million were recognized
- $1 million was recognized as a decrease in equity upon transition for the recognition and measurement of leases
- the weighted average incremental borrowing rate applied to lease liabilities was 13%

Refer to the accounting policy for more details with regards to leases.

#### 34.3.3. *Share-based payments*

Meltwater has applied IFRS 2 as of 1 January 2019 (being the date of transition to IFRS). This is based on IFRS 1.D2: A first-time adopter is also encouraged but not required to apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before the later of (a) the date of transition to IFRSs and (b) 1 January 2005.

It is required per IFRS 1:D2 to include shares/options vested before 1 January 2019 into account for disclosure requirements of the number of outstanding shares/options (IFRS 2:44-45).

Under the previous accounting policy the company could elect either straight-line or accelerated vesting method, whereas IFRS only allows accelerated vesting. When transitioning to IFRS, the Company adjusted to the accelerated vesting method.

Regarding deferred tax on share-based payments, under the previous accounting policy Meltwater used a tax base with reference to expenses already recorded in the statement of profit and loss. IFRS bases the tax base on the expected deductible expenses in the future. This resulted in a measurement difference in the deferred tax balance.

#### 34.3.4. *Pension Plan- Switzerland*

Even though Swiss plans essentially operate as a defined contribution ("DC") plan under IFRS (IAS 19) a contribution-orientated Swiss pension plan is generally regarded as a Defined Benefit plan ("DB") due to the legal guarantees to employees (interest rate guarantee conversion rate guarantee longevity risk) and the inherent constructive obligation of the employer. Due to the policy holder running the risk of losing part of the insurance or having to finance past service cost with additional premiums in the event of termination by the insurance company this classification has resulted in the recognition of a DB plan as opposed to the prior DC plan under Dutch GAAP.

**34.3.5.** *Long service leave plan - Australia*

Employees render additional leave days after a certain number of service years under this plan which is comparable to a jubilee plan which utilizes leave days instead of jubilee benefits. As Meltwater's obligation is to provide the agreed benefits to current and former employees and the actuarial and investment risk fall in substance on the entity as per IAS 19:30 which thus classifies this pension plan as an other long-term employee benefit plan as opposed to the prior DC plan under Dutch GAAP.

**34.3.6.** *Reclassification for presentation purposes*

The presentation of the financial statements changed due to adoption of IFRS on 1 January 2019.
The change in presentation resulted in reclassification from Dutch GAAP financial statements to special purpose consolidated financial statements.

*Intangible assets*

Intangible assets previously disclosed in the Dutch GAAP financials were reclassified to display goodwill and other intangible assets as separate line items on the face of the IFRS financial statements.

*Financial assets*

Financial assets previously disclosed in the Dutch GAAP financials were reclassified to display other non-current assets and financial assets at fair value through profit and loss as separate line items on the face of the IFRS financial statements.

*Provisions*

The deferred tax liability was reclassified from provisions to non-current liabilities for presentation purposes.

*Current liabilities*

Taxation and social charges and other current liabilities were reclassified to be presented under the trade and other payables line item. The current tax and lease liability was reclassified to show as a separate line item for the users of the financial statements.

*Equity*

In the Dutch GAAP financial statements the equity was presented as one line item. For presentation of the IFRS financial statement the equity balance was reclassified to the different items included in equity to show as a separate line item on the face of the financial statements

*Expenses*

In the Dutch GAAP financial statements expenses were presented by nature whereas for the IFRS financial statements management made a decision to present expenses by function as this is a more fair presentation, therefor reclassification of expenses in the statement of profit and loss.

*Finance cost*

The loss on loan extinguishment was reclassified to finance cost and is disclosed separately in the finance cost note. The foreign exchange gain/(loss) was reclassified out of finance cost to be shown as a separate line item for the users of the financial statements.

## 35. Standards issued but not yet effective

The amended standards that are issued but are not yet effective for 31 December 2020 are listed below:

- Amendments to IFRS 9 IAS 39 IFRS 7 IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform effective for reporting periods beginning on or after 1 January 2021.
- Amendments to IAS 37 Onerous contracts effective for reporting periods beginning on or after 1 January 2022.
- Amendments to IAS 16 Property Plant and Equipment - Proceeds before Intended Use effective for reporting periods beginning on or after 1 January 2022.
- Amendments to IFRS 3 that update an outdated reference in IFRS 3 without significantly changing its requirements effective for reporting periods beginning on or after 1 January 2022.
- Amendments to IAS 1- Classification of Liabilities as Current or Non-current effective for reporting periods beginning on or after 1 January 2023.

The Group will adopt these amended standards when they become effective. The amended standards are not expected to have a material impact on the Group's financial statements.

## 36. Subsequent events

The Company has evaluated subsequent events between the balance sheet date of 31 December 2020 and 10 December 2021 and determined that the following events and transactions require disclosure as follows:

Share Repurchases

In December 2020 the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase 10% of shares depository receipts vested options and vested RSUs ("Eligible Securities") from current employees at a repurchase price of $4.96 per share subject to a reduction for transaction expenses and exercise prices. The January 2021 amendment subsequently modified the valuation to be the greater of $4.96 or the average closing price on the Euronext Growth Oslo over the period from 11 January 2021 through 15 January 2021. The average closing price for that time period was $6.81. The share repurchase program commenced on 24 December 2020 and completed on 27 January 2021. The Company repurchased 1 902 680 in Eligible Securities for an aggregate amount of $11.4 million. All share repurchases were made using cash resources. In February 2021 the Company's Board of Directors approved the repurchase of 1 486 639 options from certain Executives and Officers of the Company with a repurchase price of $6.81 less the option exercise price for an aggregate amount of $8.9 million. All option repurchases were made using cash resources.

Acquisition of Klear.com Ltd ("Klear")

On 14 April 2021 we acquired all (100%) of the equity interests in Klear.com Ltd., which is engaged in influencer marketing technology development, pursuant to the terms of a definitive Share Purchase Agreement of the same date. The acquisition improved the Company's offering of social intelligence-based products and technology services.

Klear.com Ltd. and the company were parties to a Reseller Agreement dated 12 October 2017 wherein we were granted license to sell market and promote the product offerings of the acquired company to our customers throughout the world on monthly payment terms. Through the execution of the Share Purchase Agreement this pre-existing relationship was effectively settled. No settlement gain or loss was recognized on account of such contractual preexisting relationship being cancelable by either party without penalty and the stated settlement provision being zero.

Total purchase consideration to complete the acquisition was $17.8 million consisting of an upfront cash payment of $11.0 million which includes preliminary working capital adjustments of $0.3 million, net cash of $3.8 million and debt assumed of $1.4 million, an adjustment for the settlement of a pre-existing relationship of $0.8 million along with contingent cash payments of up to $6.8 million upon the achievement of certain performance milestones.

As of the acquisition date $5.6 million contingent cash payments related to the commercial milestones has been recognized by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 2.4% for the General Data Protection Regulation (GDPR) target amount and 2.5% for the Annual Recurring Revenue (ARR). We will continue to monitor the commercial milestones at each reporting period. The probability of occurrence for the GDPR Target Amount Payment a successful platform integration is very high. Therefore, 100% probability of occurrence for the GDPR Target Amount Payment.

We will continue to monitor the commercial milestones at each reporting period.

Details of the purchase consideration are as follows:

| | USD '000 |
|---|---|
| Purchase consideration: | |
| Base consideration | 11 000 |
| Add: Net cash | 3 823 |
| Less: Indebtedness | (1 466) |
| Less: Net working capital adjustment | (313) |
| Initial Consideration | 13 044 |
| Contingent Consideration | 5 550 |
| Less: Pre-existing relationship balance | (823) |
| **Total purchase consideration** | **17 771** |

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore goodwill of $12.91 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

The assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value<br>$'000 |
|---|---|
| Cash | 4 142 |
| Accounts receivables | 617 |
| Prepaid expenses | 151 |
| Property, plant and equipment | 19 |
| Trademarks | 541 |
| Customer relationships | 1 626 |
| Developed technology | 3 627 |
| Accounts payable | (6) |
| Contract liabilities | (1 799) |
| Accrued expenses & other | (2 257) |
| **Net identifiable assets acquired** | **6 661** |
| Goodwill | 11 110 |
| | **17 771** |

Pursuant to the acquisition, an indemnification receivable of $1.52 million has been recognized with a current tax liability of equal value, as well as the temporary differences related to deferred tax liability of $1.80 million. This resulted in the additional Goodwill recognition of $1.80 million leading to the total value of Goodwill on acquisition of $12.91 million.

In addition business transaction costs incurred in connection with the acquisition is $0.72 million of which $0.3 million were incurred in 2021.

The fair value of acquired trade receivables is $0.61 million. The gross contractual amount for trade receivables due is $1.05 million, with a loss allowance of $0.44 million recognized on acquisition.

The acquired business contributed revenues of $1.9 million and net profit of $0.70 million to the group for the period from 14 April 2021 to 30 September 2021.

<u>Acquisition of Linkfluence S.A.S ("Linkfluence")</u>

On 5 May 2021 the Company acquired 100% of the issued share capital of Linkfluence. Linkfluence is engaged in the business of providing products and services based on artificial intelligence to algorithmically mine social media for consumer insights. The combination of Linkfluence with Meltwater will help the Company achieve a larger scale as Meltwater will significantly increase the sales force dedicated to sell Linkfluence's products. There are cost savings associated with the transaction including savings in hosting and content costs.

The purchase consideration related to this acquisition was denominated in Euro. Total purchase consideration to complete the acquisition was €42.1 million ($51.1 million) consisting of an upfront cash payment of €14.66 million ($17.59 million) and an upfront issuance of 2 552 260 shares of the Company valued at €13.5 million ($16.3 million) along with additional cash payments of up to €14 million ($16.8 million) upon the achievement of certain performance milestones.

The additional cash payments relating to the performance milestones will be recognized if and when such milestones are probable and can be reasonably estimated. The potential undiscounted additional cash payment under the agreement is between $0 for sales below $26.4 million and failure to integrate the platforms and $16.8 million for sales above $39.6 million and successful platform integration. As of the acquisition date, $5.5 million contingent consideration related to the commercial milestones has been recognized by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 1.7% for the successful platform integration and 3.0% for the pre-determined sales. We will continue to monitor the commercial milestones at each reporting period. The probability of a successful platform integration is very high. Therefore, 100% probability is assumed of achieving a successful platform integration.

Details of the purchase consideration is as follow:

| | **EUR'000** | **USD'000** |
|---|---|---|
| Purchase consideration: | | |
| Base consideration | 14 660 | 17 594 |
| Add: Aggregate subscription price of all the Option Shares | 834 | 1 001 |
| Add: Fair value of issued shares | 13 547 | 16 258 |
| Add: Adjustment Escrow Amount | 1 256 | 1 508 |
| Initial Consideration | 30 297 | 36 361 |
| Conciliation Debt | 7 220 | 9 265 |
| Deferred Consideration | 4 550 | 5 458 |
| Total purchase consideration | 42 067 | 51 084 |

Conciliation Debt includes all debt and accrued unpaid interest (including interest on the convertible bonds), as well as break costs and other indemnities stipulated in the loan agreement entered into with the Conciliation Debt creditors, owed by Linkfluence to each of the Conciliation Debt creditors and comprised by the Conciliation Agreement, which was due and payable on the Closing Date.

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed, management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore, Goodwill of $37.2 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

We are still finalizing the allocation of the purchase price which may be subject to change as additional information becomes available to us.

The preliminary assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value<br>$'000 |
|---|---|
| Cash | 6 862 |
| Accounts receivables | 3 775 |
| Prepaid expenses and other current assets | 8 042 |
| Property, plant and equipment | 32 |
| Other assets | 377 |
| Trademarks | 448 |
| Customer relationships | 7 404 |
| Developed technology | 6 109 |
| Accounts payable | (1 377) |
| Contract liabilities | (3 534) |
| Accrued expenses and others | (13 508) |
| Other liabilities | (1 161) |
| **Net identifiable assets acquired** | **13 469** |

Pursuant to the acquisition, an indemnification receivable of $0.3 million has been recognized with a current tax liability of equal value, income tax receivable of $0.9 million as well as the temporary differences related to deferred tax liability of $0.5 million. This resulted in the reduced Goodwill recognition of $0.4 million leading to the total value of Goodwill on acquisition of $37.2 million.

In addition business transaction costs incurred in connection with the acquisition is $1.4 million of which $1.4 million were incurred in 2021.

Acquisition of Owler Inc. ("Owler")

On 17 June 2021 the company acquired all of the ownership interests (100%) in Owler Inc. pursuant to the terms of definitive Agreement and Plan of Merger of the same date. Owler Inc. is engaged in the business of providing a community-based competitive insights platform which is used to outsmart the competition and uncover competitive insights news and alerts. The acquisition will leverage the combined synergies and expertise of the two dedicated entities engaged in media intelligence and social analytics.

Total purchase consideration to complete the acquisition was $18.9 million which consisted of an upfront cash payment of $18.9 million offset by working capital adjustments.

Details of the purchase consideration are as follows:

| | USD '000 |
|---|---|
| Purchase consideration: | |
| Base Purchase Price | 18 900 |
| Add: Cash and cash equivalents | 401 |
| Less: Unpaid acquisition expenses | (365) |
| Less: Closing indebtedness | (187) |
| Less: Estimated Net Working Capital Adjustment | (182) |
| Estimated Merger Consideration | 18 567 |
| Add: Unpaid acquisition expenses | 115 |
| Add: Closing indebtedness | 187 |
| Total purchase consideration | 18 869 |

The assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value<br>$'000 |
|---|---|
| Cash | 401 |
| Accounts receivables | 109 |
| Prepaid expenses | 249 |
| Property, plant and equipment | 5 |
| Other assets | 84 |
| Trademarks | 900 |
| Customer relationships | 900 |
| Developed technology | 6 300 |
| Accounts payable | (75) |
| Contract liabilities | (906) |
| Accrued expenses & other | (201) |
| **Net identifiable assets acquired** | **7 766** |
| Goodwill | 11 103 |
| | **18 869** |

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore, goodwill of $11.1 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

In addition business transaction costs incurred in connection with the acquisition is $0.1 million of which $0.1 million were incurred in 2021.

The fair value of acquired trade receivables is $0.109 million. The gross contractual amount for trade receivables due is $0.169 million, with a loss allowance of $0.06 million recognized on acquisition.

Vendor Settlement

The Company provided a vendor notice of termination of their contract due to the COVID-19 pandemic per the terms of its license agreement. As of October 2021, the vendor noted $1.8 million in outstanding invoices. As the Company has not used the services, the Company's position is it is not required to pay the outstanding invoices or remaining fees due under the contract from the date of notice of termination. In October 2021, the Company and the vendor settled the dispute by the Company agreeing to pay $0.7 million to the vendor and the vendor will waive the remaining outstanding balance of $1.1 million and terminate the contract. In relation to the vendor services, the Company capitalized $2.5 million of development costs. As the contract is terminated, the Company will not be able to utilize the capitalized software, as such, the Company recognized accelerated depreciation on the capitalized software amounting to $2.5 million related to the abandoned project in October 2021.

Acquisition of DeepReason.ai Ltd ("DeepReason")

On 19 November 2021 the Company acquired 100% of the issued share capital of DeepReason. DeepReason has developed a powerful reasoning engine with an industry-first ability to maintain incremental views of knowledge graphs. With the DeepReason acquisition, Meltwater will be in a unique position to continue expanding this knowledge graph to discover even more connections and insights.

Total purchase consideration to complete the acquisition was $6.3 million consisting of an upfront cash payment of $0.8 million and initial deferred issuance of shares of the Company valued at $0.8 million along with additional cash payments of up to $2.3 million upon achievement of retention requirements and issuance of shares of the Company valued at $2.4 million upon the achievement of certain performance milestones.

The additional payments relating to the retention and performance milestones will be recognized if and when such milestones are probable and can be reasonably estimated. The potential undiscounted additional cash payment under the agreement is between $0 if no retention is achieved and $2.4 million if full retention is achieved. The potential undiscounted additional equity payment under the agreement is between $0 if no milestones are achieved and $2.4 million if all milestones are achieved. We are still finalizing the purchase accounting.

Employee Buyback Program

On 30 November the Company announced that it plans to commence a share buyback program of up to $50m.

The share buyback program will comprise an initial offer to eligible Meltwater employees, to be followed by general market repurchases. The program has been approved by the Board of directors in the extraordinary general meeting held on 3 December 2021, reconfirming the authorization granted by the annual general meeting on 30 June 2021.

Under the program, Meltwater intends to make repurchases of shares in the open market, in line with applicable restrictions, relevant guidelines and main safe harbor principles on price and volume limitations. Any such repurchases, if made, are expected to begin in late December 2021/early January 2022, and remain in place until 30 June 2022 or such earlier time as the board of directors resolves to terminate the program.

Additionally the company intends to facilitate an opportunity for employee holders to sell up to 25% of their total holdings through an employee offer. The price per share to be paid in the offer, to be carried out in December 2021, will be equal to the volume weighted average trading price in a five-trading day period starting ten trading days after launch.

# *Independent auditor's report*

To: the Board of Directors of Meltwater N.V.

## *Report on the Special purpose consolidated financial statements 2020*

### *Our opinion*

In our opinion, the Special purpose consolidated financial statements of Meltwater N.V. ('the Company') give a true and fair view of the financial position of the Group (the company together with its subsidiaries) as at 31 December 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS').

### *What we have audited*

We have audited the accompanying Special purpose consolidated financial statements 2020 of Meltwater N.V., Amsterdam.

The Special purpose consolidated financial statements comprise:

- the consolidated statement of financial position as of 31 December 2020;
- the following statements for 2020: the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the Special purpose consolidated financial statements is EU-IFRS.

### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the Special purpose consolidated financial statements' 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 Meltwater N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

### *Restriction on use and distribution*

Our auditor's report is addressed to and intended for the exclusive use by the board of directors of Meltwater N.V. for inclusion in the listing prospectus of the Company in connection with the listing of the Company's shares on the Olso Børs and may not be used for any other purpose. This report is not to be relied upon by third parties as such parties are not aware of the purpose of the services and they could interpret the results incorrectly. Consequently, the auditor's report, may not be made available in any form to third parties. We do not accept or assume and deny any liability, duty of care or responsibility to parties other than Meltwater N.V.

## *Responsibilities for the financial statements and the audit*

### *Responsibilities of the board of directors*

The board of directors is responsible for:

- the preparation and fair presentation of the Special purpose consolidated financial statements in accordance with EU-IFRS; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the Special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Special purpose consolidated financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the Special purpose consolidated financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the Special purpose consolidated financial statements.

### *Our responsibilities for the audit of the Special purpose consolidated financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 11 December 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by B.A.A. Verhoeven RA

# Appendix to our auditor's report on the Special purpose consolidated financial statements 2020 of Meltwater N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the Special purpose consolidated financial statements and explained what an audit involves.

## The auditor's responsibilities for the audit of the Special purpose consolidated financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the Special purpose consolidated financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the Special purpose consolidated financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the Special purpose consolidated financial statements, including the disclosures, and evaluating whether the Special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Considering our ultimate responsibility for the opinion on the Special purpose consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**APPENDIX 2: AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR 2019 AND 2018 (Dutch GAAP)**

# Financial report 2019

# Meltwater Holding B.V.

# Amsterdam

# CONTENTS

# Directors' report

## *Meltwater*

Meltwater Holding B.V. and its subsidiaries (hereafter referred to as the "Group", "Company", "Meltwater", "we", or "our") is a privately held group of companies founded in Norway. The registration number of the Company at the Chamber of Commerce is 32109376.

Meltwater helps businesses drive growth and build brands. Meltwater's online intelligence platform analyzes billions of digital documents daily to extract precise, timely business insights that help more than 30,000 companies understand their markets, engage their customers, and master the new social business environment. With offices in 26 countries, Meltwater is dedicated to personal, global service built on local expertise.

## *Our Culture*

Guided by our core values, Meltwater culture is based on a fundamental belief in people and the potential they possess. We are not afraid of investing in hidden talent and believe that in an environment where people are motivated and supported by their colleagues, individuals will discover their strengths.

We also are a company built on an entrepreneurial spirit, hard work and the joy of accomplishment. We value teamwork, as well as individual excellence. At Meltwater, we put our passion and our personality into everything we do.

Our values are at the core of our culture, and they can be summed up by the acronym MER, which, in Norwegian, means "more."

<u>Moro ['mo(·)ro]</u>

Norwegian for "Fun." We believe that in order to become successful, individuals must enjoy what they do. That is why we promote a fun and supportive working environment.

<u>Enere ['e nðr'e]</u>

Norwegian for "Number One." At Meltwater, average isn't good enough. Our goal is to create a company that is groundbreaking and a culture in which our employees aspire to exceed their personal expectations.

<u>Respekt [re'spekt]</u>

Norwegian for "Respect." We believe it matters how a company or an individual becomes number one. When striving to be the best, individuals must treat their colleagues and customers with respect and humility.

<u>MER</u>

An acronym for Moro, Enere and Respekt, which creates the Norwegian word "More." We may celebrate our victories, but we see the need to continuously improve—whether it is to reach personal goals or corporate milestones.

Though these values may seem simplistic on the surface, they are what drive us to reach our objectives, clarify our expectations, and help us to prioritize and make decisions.

## *Our History*

From our humble beginnings, Meltwater was built from scratch, brick by brick. The company was founded in 2001 with just $15,000, a trusty coffee machine, used furniture and a borrowed office space in Oslo at an aptly named address, Shack 15.

Armed with experience from a two-year computer science research program in cooperation with the Norwegian Computing Center and funded by the Norwegian Science Foundation, Meltwater's founder, Jorn Lyseggen, and his business partner set out to introduce game-changing technology for the traditional press clipping market. The duo's previous work in the field of Internet agents and search technologies provided a strong foundation for the development of Meltwater's initial product: Meltwater News.

## *Our technology and core services*

Meltwater is a global SaaS provider specializing in productivity solutions. We develop high quality software solutions at a reasonable price. We focus on well-defined pain points and solve them better than anyone else.

Our SaaS solution helps drive efficiency reduce costs and improve our clients' bottom line. Today, we offer solutions that enable businesses to manage their reputation, target the right journalists, collaborate more effectively, streamline their hiring processes, and manage their online marketing campaigns.

During the past years, Meltwater marketed and sold its products under multiple product offerings.

The products and services offered by the Company enable PR & Communications, Marketing, Executives and Enterprise act on data from the outside.

PR & Communications centric products help quantify PR impact, bring insights from conversation share to brand sentiment, discover key influencers, and create relationships and quickly create presentation-ready reports for the stakeholders.

Marketing centric products help understand brand through the eyes of target audiences across the world, optimize social marketing efforts, benchmark marketing efforts against the competition and discover who's talking about brand, from earned media to authentic conversations.

Executives centric products help reduce risk without complexity by leveraging AI to stay on top of financial, market and competitive information.

Enterprise products help in mapping strategy to competitive environment, automate workflows into custom systems, manage flow of outside information and assist with internal collaboration with external insights.

## *Financial information*

The Group has continued to experience considerable growth during the year under review, both in gaining new customers and growth in business from existing customers renewing and upgrading subscriptions.

For 2019, we ended with total revenues of $345.8 million (2018: $315.5 million) with a net loss of $57.8 million (2018: net loss of $37.1 million). The increased negative result is driven by increased cost of operations, interest payments, and loss on extinguishment of debt. As a result of the losses in 2019 and previous years, the Company has a negative equity of $209.7 million. Refer to section "Going concern' below and note 1.2 in the consolidated financial statements where further details on the going concern and liquidity have been set out.

## *Personnel*

Meltwater is an organization consisting of compassionate people with an interest and commitment that goes beyond mere commercial objectives and aspirations.

The Holding company employed 1 employee as of 31 December 2019 (1 as of 31 December 2018).

The number of employees that were employed by the Group increased from 1.866 at the end of 2018 to 1.903 as of December 31, 2019, of whom 54 (2018: 42) were employed in the Netherlands. On average, approximately 1.886 employees were employed during 2019 (2018: 1.756). During 2020 the average number of employees is expected to reduce from a cost savings program implemented in the second quarter of 2020.

## *Chief Executive Officer*

Effective 1 June 2020 Niklas de Besche was appointed Chief Executive Officer of the Company.

## *Gender diversity in the board of directors*

The company currently has five male directors which is not balanced in accordance with the Dutch 'management and Supervision Act'. The deviation is unintentional, the company aims for a diverse composition of the Board of Directors, gender diversity is one of the factors that is taken into account when new board members are selected.

## *Research and development*

We continue to invest in our research and development activities that complement our existing product line and new products. Our main research and development facilities are located in the United States, and we also operate research and development around the world including Hungary and India.

For 2018 and 2019, research and development expenses amounted to $40.1 million and $43.6 million, respectively.

## *Debt*

In February 2019, the Company entered into a $175.0 million non-convertible note payable agreement ("2019 Note Payable") and repaid the 2013 and 2016 Note Payable with the proceeds. The Company is required to meet certain debt covenants in relation to the 2019 Note Payable. The Company breached its covenants and obtained forbearance from the lender for the quarters ended on March 31 and June 30, 2020. In August 2020, the company negotiated an amendment to the 2019 Note Payable which provided an incremental loan of $25 million with certain modified covenants requirements.

## *Adoption of Leases Accounting Standards*

In January 2016, the IASB issued IFRS 16 "Leases." IFRS 16 introduces a single lessee accounting model whereby a lessee is required to record a right-of-use asset and a lease liability for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and the subsequent depreciation of the right-of-use asset over the lease term.

In accordance with the transition provisions in IFRS 16, the Group has elected to adopt the new rules for the fiscal year beginning at January 1, 2019, using the modified retrospective method, in which case the cumulative effect of applying the standard is to be recognized at the date of initial application and the comparative periods are not being restated.

The adoption of IFRS 16 resulted in recognition of right-of-use assets of $28.4 million, which included the impact of existing deferred rents of $0.8 million, prepaid rent of $1.0 million and lease liabilities of $30.2 million as of 1 January 2019.

The adoption of the new lease accounting standard had no impact on cash provided by or used in operating, investing, or financing activities in the Group's condensed consolidated statements of cash flows. The adoption of the new lease accounting standard did not impact the Group's condensed consolidated statements of operations nor previously reported financial results.

## *Acquisitions*

In April 2018, the Company acquired Sysomos, a social media analytics company. The acquisition improved the Company's offering of social intelligence-based products and technology services.

Consideration to the sellers for the acquisition amounted to $15.1 million, of which $2.6 million was paid in cash. The remaining $12.5 million represented the fair value of 75,659 shares of Meltwater's Series A common stock given as consideration to the sellers on the acquisition date.

In January 2018, the Company acquired Datasift, a human data intelligence company. The acquisition improved the Company's offering of human data intelligence-based products and technology services.

Consideration to the sellers for the acquisition amounted to $9.7 million which was paid in cash.

During 2019 the Company did not engage in any merger and acquisition activities.

## *Financial risk management*

We are exposed to a variety of financial risks, including the effects of foreign currency exchange rates, credit risk of our customers and interest rate fluctuations. Our overall risk management policy focuses on monitoring potential adverse effects considered material. We manage our capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity as applicable. Our overall strategy remains unchanged from prior year.

We do accept a certain degree of interest rate risk and other financial risks and continue to monitor these on an ongoing basis. We have some exposure to cash flow interest rate risk because the Group has used borrowed funds with variable interest rates to finance its operations. The Group has variable interest rate loans, which are subject to fair value interest rate risk.

We are not subject to any externally imposed capital requirements. We use prudent cash management policies to reduce exposure to liquidity risk.

We undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Trade receivables consist of a large number of our customers, spread across diverse industries and geographical areas. We perform ongoing credit evaluations on the financial condition of our customers. We reduce our credit risks by doing business only with customers who are creditworthy, and we designate credit limits to our customers as applicable.

## *Operational risks*

We are exposed to a variety of operational risks, including data security and cyber risk, geopolitical risk, failure of information technology systems and fraud. We are proactive in monitoring the potential adverse effects of the operational risks, consistent with our overall risk policy, to ensure that entities in the Group will continue operating.

We are subject to various legal proceedings. Management vigorously defends the Company against claims; however, any adverse decisions could affect our business, operating results, or financial condition.

Acquisitions present many risks and we may not realize the financial and strategic goals that were contemplated at the time of a transaction. We counter the risk by performing a thorough level of due diligence before the completion of an acquisition transaction.

We derive a substantial portion of our revenues from, and have significant operations, outside of the U.S.

## *Going concern*

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet payment terms, including mandatory repayment terms of loans as disclosed in Note 1.2 'Going concern and liquidity' and Note 28 'Events after the balance sheet date' in the financial statements.

Management has financial planning and monitoring processes in place, and reviews operations and costs on a periodic basis to take appropriate actions in order to continue to operate as a going concern. Management believes that the cash balances available as of 31 December 2019, the financing obtained in August 2020 and the funds generated from future operations will enable the Company to meet its cash requirements for the foreseeable future.

## *Environmental aspects*

The Group's operations do not carry any significant negative influence on the environment.

As a global supplier of online media monitoring, Meltwater News is always striving to maintaining and further developing our efficiency in a way that preserves our environment.

Meltwater News is a digital solution replacing physical paper and is considerably contributing to preserving natural resources by servicing our clients worldwide free of paper and physical logistics.

## *Corporate social responsibility*

We feel that part of Meltwater's corporate social responsibility is to give some of its knowledge and resources back to the world. In 2008, Jorn Lyseggen, founder developed the concept of Meltwater Entrepreneurial School of Technology.

The Meltwater Entrepreneurial School of Technology or MEST is a non-profit training and mentoring program established by Meltwater that enables Africans to become software entrepreneurs. The goal of the program is to teach MEST students the skills required to launch breakthrough global companies, thus enabling them to create jobs and wealth locally to stimulate the African economy.

MEST seeks out talented college graduates who are interested in entrepreneurship, technology, and business to participate in the program.

## *Meltwater Foundation and Meltwater Entrepreneurial School of Technology ("MEST")*

The Company made charitable contributions of $2.4 million and $2.0 million to Meltwater Foundation in 2019 and 2018, respectively. These contributions were made with the restriction that the funds will be donated to MEST.

## *2020 and further outlook*

Software and processing power are moving from our personal computer to the cloud, creating a market for SaaS that will change the industry. Meltwater has more than 55 offices with sales teams and executive management on six continents.

As a result of the COVID-19 pandemic and in compliance with the government orders and for the health and wellbeing of everyone, the Company has temporarily closed its headquarters and other offices, required its employees and contractors to work remotely, and implemented travel restrictions, all of which represent a significant disruption in how the Company operates its business. The operations of its partners, vendors and customers have likewise been disrupted.

The adverse impact of COVID-19 on our revenue is limited. Our revenues up to August 2020 have increased compared to the previous year and our cash position has also increased. We expect no material adverse impact of COVID-19 for the near future, however, the Company has realigned its cost structure to better manage liquidity, in anticipation of a potential economic slowdown. The Company plans to continue to realign its cost structure commensurate with potential demand for the Company's product offerings. In addition, to a limited extent, the Company is taking advantage of global governmental assistance programs to further bolster liquidity.

For the quarter ended on 31 March, 2020, the Company did not achieve certain covenants for its 2019 Note Payable. In May 2020, the Company negotiated an amendment to the 2019 Note Payable, which included a forbearance for the covenant. In addition, the interest rate was modified to Prime Rate plus 10.50% per annum or LIBOR plus 11.50% per annum during the forbearance period and Prime Rate plus 9.50% per annum or LIBOR plus 10.50% per annum at any time other than during a forbearance period.

In August 2020, the Company negotiated an amendment to the 2019 Note Payable, which provided an incremental loan of $25.0 million. In addition, the amendment modified certain of the covenants requirements.

Amsterdam, 28 September 2020

Jorn Lyseggen

Executive Director

Mattias Holmström

Non-executive Director

Andreas Källström Säfweräng

Non-executive Director

# Financial statements

# Consolidated financial statements

# Consolidated balance sheet as at 31 December

| | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | *Note* | $1.000 | $1.000 | $1.000 | $1.000 |
| *Assets* | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | *5* | 63.158 | | 69.710 | |
| Property and equipment | *7* | 4.464 | | 5.503 | |
| Financial assets | *8* | 7.689 | | 7.942 | |
| Deferred contract costs, long-term | *1.4* | 19.695 | | 19.191 | |
| Right-of-assets, net | *6* | 21.758 | | -- | |
| | | | 116.764 | | 102.346 |
| **Current assets** | | | | | |
| Trade receivables | *9* | 79.277 | | 67.343 | |
| Related party receivables | *9* | 31.006 | | 63 | |
| Deferred contract costs, short-term | *1.4* | 24.867 | | 25.194 | |
| Other current assets | *9* | 17.109 | | 12.667 | |
| Cash and cash equivalents | *10* | 15.364 | | 11.780 | |
| | | | 167.623 | | 117.047 |
| | | | 284.387 | | 219.393 |

| | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | *Not e* | $1.000 | $1.000 | $1.000 | $1.000 |
| *Equity and liabilities* | | | | | |
| **Group equity** | | | | | |
| Equity | *12* | | (209.741) | | (181.227) |
| **Provisions** | | | | | |
| Deferred income tax | *27* | | 6.438 | | 6.893 |
| **Non-current liabilities** | | | | | |
| Deferred income non-current portion | *14* | 9.983 | | 7.786 | |
| Operating lease liabilities | *6* | 15.917 | | -- | |
| Term loan, non-current | *13* | 175.516 | | 119.194 | |
| | | | 201.416 | | 126.980 |
| **Current liabilities** | | | | | |
| Trade and other payables | | 13.589 | | 9.745 | |
| Taxation and social charges | *14* | 13.018 | | 9.324 | |
| Other current liabilities | *14* | 53.214 | | 73.575 | |
| Deferred income current portion | *14* | 206.453 | | 174.103 | |
| | | | 286.274 | | 266.747 |
| | | | 284.387 | | 219.393 |

# Consolidated income statement

| | Note | | 2019 | | 2018 |
|---|---|---|---|---|---|
| | *Note* | $1.000 | $1.000 | $1.000 | $1.000 |
| **Revenue** | *17* | | 345.849 | | 315.534 |
| Costs of operations | *18* | 70.104 | | 54.709 | |
| Staff expenses | *19* | 186.784 | | 173.667 | |
| Depreciation, amortization and impairment | *20* | 39.401 | | 22.815 | |
| Other operating expenses | *21/22* | 72.011 | | 79.088 | |
| **Total expenses** | | | 368.300 | | 330.279 |
| **Operating result** | | | (22.451) | | (14.745) |
| Financial income and (expenses) | *23* | | (24.858) | | (16.167) |
| Other income and (expenses) | *24* | | (650) | | (3.760) |
| Loss on extinguishment of debt/loan | *24* | | (6.100) | | -- |
| **Result before tax** | | | (54.059) | | (34.672) |
| Income tax (expense)/income | *27* | | (3.761) | | (2.454) |
| **Result for the year (attributable to equity holders)** | | | (57.820) | | (37.126) |

# Consolidated cash flow statement

| | Note | $1.000 | $1.000 |
|---|---|---|---|
| ***CASH FLOW FROM OPERATING ACTIVITIES*** | | | |
| Net profit (loss) | | (57.820) | (37.126) |
| Adjustments for: | | | |
| -Amortization of debt discount and deferred financing costs | | 4.064 | 819 |
| -Amortization of operating lease right-of-use assets | *14* | 11.135 | |
| -Amortization of deferred contract costs | *1.4* | 32.675 | 29.958 |
| - Depreciation of property and equipment | *19* | 3.467 | 3.503 |
| -Amortization of intangible assets | *19* | 15.381 | 14.479 |
| -Amortization of capitalized soft1Vare costs | *19* | 9.418 | 4.833 |
| - Provisions for (recovery of) bad debts | *8* | | 416 |
| - **Net-loss on extinguishment of debts** | *8* | 6.100 | |
| -Net-foreign currency impact | | (120) | (598) |
| - Provision for deferred income1aXes | 26 | (714) | (754) |
| - Stock based compensation expense | *33* | 4.563 | 4.719 |
| Changes in operating assets and liabilities: | | | |
| -Accounts receivable | *8* | (12.006) | (9.918) |
| - Prepaid expenses and other (current) assets | *8* | (4.442) | 693 |
| - Deferred contract costs | *8* | (33.115) | (36.656) |
| - Operating lease right-of-use assets | *14* | (33.375) | |
| - Other assets | *8* | (142) | (1.983) |
| -Accounts payable | *13* | 3.176 | 4.134 |
| -Accrued interest | *13* | (20.752) | 6.924 |
| - Deferred income | *13* | 33.931 | 30.240 |
| -Accrued expenses and other (current) liabilities | *13* | 1.743 | 1.780 |
| - Operating lease liabilities | *13* | 25.068 | |
| - Receivables and payables from related parties net | *8/13* | (2.845) | 3 |
| **CASH GENERATED FROM OPERATIONS/ (USEDIN)** | | **(14,610)** | **15.466** |
| ***CASH FLOW FROM INVESTING ACTIVITIES*** | | | |
| Purchases of property and equipment | 6 | (2.372) | (1.458) |
| Issuance of loan to related party | 6 | (28.100) | |
| Capitalized software development costs | 6 | (16.730) | (15.723) |
| Sales (Purchases) of minority interest investments | *14* | (219) | 249 |
| Amounts paid for business combinations | *14* | | (11.159) |
| **NET CASH FLOWSUSED ININVESTINGACTIVITIES** | | **(47,421)** | **(28.091)** |
| ***CASH FLOW FROM FINANCING ACTIVITIES*** | | | |
| Repayments of borrowings | *12* | (95.123) | (2.267) |
| Proceeds from borrowings | *12* | 175.000 | 9.750 |
| Payment of debt issuance costs | *12* | (9.517) | (345) |
| Payments of deferred purchase consideration liability | ***12*** | (1.232) | (762) |
| Proceeds from issuance of common stock | *32* | 13 | 69 |

| | | | |
|---|---|---|---|
| Loss on loan extinguishment | *12* | (3.444) | |
| NET CASH FLOWSGENERATEDFROM FINANCINGACTIVITIES | | **65.647** | **6.445** |

See accompanying notes to the consolidated financial statements.

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid for taxes | 737 | 2.112 |
| Cash paid for interest | 44.016 | 9.711 |
| | | |
| **Supplemental non-cash investing and financing activities** | | |
| Accrued interest classified as debt | 939 | 1.920 |
| Issuance of Series A common stock shares in consideration for acquisition | 1.129 | 13.585 |
| Issuance of Series A common stock shares in note payable principle | 25.000 | -- |

The following table provides a reconciliation of the amount of cash and cash equivalents reported on the consolidated balance sheets to the total of cash and cash equivalents and restricted cash shown on the consolidated statements of cash flows:

| | **December 31,** | |
|---|---|---|
| *(in thousands)* | **2019** | **2018** |
| Cash and cash equivalents | $ 15,364 | $ 11,780 |
| Restricted cash included in other assets | 2,342 | 2,260 |
| Total cash, cash equivalents, and restricted cash | $ 17,706 | $ 14,040 |

# Notes to the consolidated financial statements

**1 General information**

*1.1* Operations

The operations of Meltwater Holding B.V. and its group companies ("the Group") are mainly comprised of providing of cloud-based news and social media monitoring and related services.

The company conducts business in North America, Europe, Asia, South America, Australia and the Middle East.

The address of the Company is:

Meltwater Holding B.V.

Singel 250

1016 AB Amsterdam

Chamber of Commerce number: 32109376

The Company's statutory seat is Amersfoort.

*1.2* Going concern and liquidity

The consolidated financial statements have been prepared on a going concern basis.

The Company incurred a net loss of $57.8 million for the year ended December 31, 2019, and had negative equity of $209.7 million as of December 31, 2019. As of December 31, 2019, current liabilities exceeded current assets by $118.7 million, of which $206.5 million of current liabilities consists of the current portion of deferred revenue, most of which will not be settled in cash. Cash used in and provided by operating activities was $(14.6) million and $15.5 million during the years ended December 31, 2019 and 2018, respectively. The Company's free cash balance as of December 31, 2019 was $15.4 million. Management believes that the cash balances available as of December 31, 2019, the additional funds obtained in August 2020 and the funds generated from future operations will enable the Company to meet its cash requirements for the foreseeable future (at least twelve months from the date of these financial statements).

In December 2016, the Company entered into a $60.0 million non-convertible note payable agreement ("2016 Note Payable"). In January 2018, the Company modified the 2016 Note Payable by borrowing an additional $9.8 million to fund the acquisition of Datasift, Inc. ("Datasift"). The loan was due to mature in December 2021 and required quarterly principal instalments of $1.2 million, with the remaining principal due at maturity.

In February 2019, the Company entered into a $175.0 million non-convertible note payable agreement ("2019 Note Payable") and repaid the 2016 Note Payable with the proceeds. The Company is required to meet certain debt covenants in relation to the 2019 Note Payable. The debt covenants are mainly related to the achievement of a minimum recurring revenue threshold, a minimum liquidity threshold and a maximum senior leverage ratio. The outstanding principal as of December 31, 2019 amounted to $175.0 million. The loan has a variable annual interest rate that has ranged from 11.4% to 12.1% in 2019, of which 4.00% is payable either at the loan's maturity or upon repayment of the note and the remainder is payable on a quarterly basis.

In August 2020, the Company obtained an incremental term loan of $25.0 million. The Company obtained forbearance from the lender for the quarter ended on March 31, 2020.

*1.3* The impact of COVID-19

The adverse impact of COVID-19 on our revenue and financial position is limited. Our revenues up to August 2020 have increased compared to the previous year. We expect no material adverse impact of COVID-19 for the near future, however the Company has realigned its cost structure to better manage liquidity, in anticipation of a potential economic slowdown. The Company plans to continue to realign its cost structure commensurate with potential demand for the Company's product offerings. In addition, to a limited extent, the Company is taking advantage of global governmental assistance programs to further bolster liquidity.

As of the date of issuance of the financial statements, the Company has updated its estimates, judgements and adjusted the carrying value of its assets or liabilities by evaluating the potential impact to short term liquidity, as well as the long term impact if the negative economic impact persists. Actual results could differ from those estimates and any such differences may be material to the consolidated financial statements.

See Note 28, Subsequent Events, for further details.

*1.4* Group structure

Meltwater Holding B.V. is a holding company for a number of subsidiaries throughout the world and its shares are held by a limited number of shareholders.

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

*1.5* Accounting policies – prior year comparison

Except as set out below, the accounting policies have been consistently applied to all the years presented.

<u>IFRS 16 (leases)</u>

As of 2019, the company changed its accounting policy with respect to operating leases and right-of-use assets that relate to lease contracts. As of 2019 the assets and liabilities arising from all leases are recorded on the balance sheet, with the exception of short-term leases. The new policy is in line with IFRS. IFRS 16 is admitted to be applied in Dutch GAAP financial statements.

The Company has elected to adopt the new leasing standard effective January 1, 2019. The Company adopted the accounting standard using a prospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented.

Under IFRS 16, lessees recognize a liability for lease payments and a right-of-use asset. Repayments of the principal amount are presented within financing activities, and interest payments are presented within operating activities in the statement of cash flows. Management will determine if an arrangement is a lease at inception of the contract. For all leases (finance and operating leases), other than those that qualify for the short-term recognition exemption, the Company recognizes as of the lease commencement date on the balance sheet a liability for its obligation related to the lease and a corresponding asset representing its right to use the underlying asset over the period of use.

The Company has elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carry forward its historical assessments of whether contracts are or contain leases, lease classification, and initial direct costs. Additionally, the Company elected to account for lease and non-lease components as a single lease component and to not recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less.

The adoption of IFRS 16 resulted in recognition of right-of-use assets of $30.2 million, which included the impact of existing deferred rents of $0.8 million, prepaid rent of $1.0 million and lease liabilities of $32.6 million as of January 1, 2019. See Note 6, Operating Lease, for additional details.

The adoption of the new lease accounting standard had no impact on cash provided by or used in operating, investing or financing activities in the Company's consolidated statements of cash flows.

The adoption of the new lease accounting standard did not impact the Company's consolidated statements of operations nor previously reported financial results.

IFRS 9 (financial assets and liabilities)

As of January 1, 2019, the Company adopted IFRS 9 and the impact was immaterial to the consolidated financial statements.

IFRS 9, "Recognition and Measurement of Financial Assets and Financial Liabilities", requires entities to measure equity instruments at fair value and recognize any changes in fair value within the statement of operations. This update requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This update simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. It eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities.

### *1.6* Consolidation

The consolidation includes the financial information of Meltwater Holding B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Meltwater Holding B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the minority interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Since the income statement of Meltwater Holding B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

The consolidated companies are listed hereafter:

| **Entity name** | **Location** | **Financial interest** |
|---|---|---|
| Meltwater Holding B.V. | Amsterdam, Netherlands | |
| Meltwater Emerald Ltd | Dublin, Ireland | 100% |
| Meltwater News Software Brasil Ltda. | Brasil, Brazil | 99,99% |
| Wrapidity Ltd. | London, United Kingdom | 100% |
| Meltwater (UK) Ltd | London, United Kingdom | 100% |
| Meltwater Argentina BV | Amsterdam, Netherlands | 100% |
| Meltwater News Software Brasil Ltda. | Brasil, Brazil | 0,01% |
| Meltwater News AR S.R.L. | Amsterdam, Netherlands | 90% |
| Meltwater News AR1 S.R.L. | Amsterdam, Netherlands | 90% |
| Meltwater India Pvt. Ltd. | New Delhi, India | 1% |
| Meltwater Middle East1 FZ LLC | Dubai, United Arab Emirates | 100% |
| Meltwater Middle East2 FZ LLC | Dubai, United Arab Emirates | 100% |
| Meltwater News Shanghai Co., Ltd. | Shanghai, China | 100% |
| Meltwater Australia Pty Ltd | Sydney, Australia | 100% |
| Meltwater Danmark ApS | Copenhagen, Denmark | 100% |
| Meltwater Finland OY | Helsinki, Finland | 100% |
| Meltwater India Pvt. Ltd. | New Delhi, India | 99% |
| Meltwater Japan K.K. | Tokyo, Japan | 100% |
| Meltwater KFT | Budapest, Hungary | 100% |
| Meltwater News AR S.R.L. | Buenos Aires, Argentina | 10% |
| Meltwater News AR1 S.R.L. | Buenos Aires, Argentina | 10% |
| Meltwater News AS | Oslo, Norway | 100% |

| | | |
|---|---|---|
| Meltwater News AT1 GmbH | Vienna, Austria | 100% |
| Meltwater News Canada Inc (British Columbia Registered) | Toronto, Canada | 100% |
| Meltwater News Canada 2 Inc | British Columbia, Canada | 100% |
| Meltwater News Deutschland GmbH | Berlin, Germany | 100% |
| Meltwater News FR1 SAS | Bordeaux, France | 100% |
| Meltwater News HK Ltd | Hong Kong | 100% |
| Meltwater News HK1 Ltd | Hong Kong | 100% |
| Meltwater News International Holdings GmbH | Schaffhausen, Switzerland | 100% |
| Meltwater News International GmbH | Schaffhausen, Switzerland | 100% |
| Meltwater News Malaysia Sdn Bhd | Kuala Lumpur | 100% |
| Meltwater News SA1 (Pty) Ltd | Capetown, South Africa | 100% |
| Meltwater South Africa (Pty) Ltd | Capetown, South Africa | 100% |
| Meltwater News SG1 Pte Ltd | Singapore | 100% |
| Meltwater Singapore Pte Ltd | Singapore | 100% |
| Meltwater Software Private Ltd | Bangalore, India | 99,99% |
| Meltwater Sweden AB | Stockholm, Sweden | 100% |
| Meltwater The Netherlands BV | Amsterdam, Netherlands | 100% |
| Meltwater US Holdings Inc. | San Francisco, US | 100% |
| Meltwater News US Inc. | San Francisco, US | 100% |
| Mediashift Ltd | London, United Kingdom | 100% |
| Meltwater News US1 Inc. | San Francisco, US | 100% |
| Datasift Inc | Delaware, US | 100% |
| Meltwater Software Private Ltd | Bangalore, India | 0,01% |
| Sysomos US Inc | San Francisco, US | 100% |
| Sysomos UK Ltd. | London, United Kingdom | 100% |

*1.7* Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management of Meltwater Holding B.V. and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

*1.8* Acquisitions and disposals of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is disclosed under accruals and deferred income.

The purchase method of accounting is used to account for the acquisitions by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as disposal groups held for sale.

*1.9* Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received are included in cash from financing activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group company was recognized as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in the acquired group company were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement.

*1.10* Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

*1.11* Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 2 Accounting policies for the balance sheet

### *2.1* General information

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise. The balance sheet and income statement include references to the Notes.

### *2.2* Foreign and presentational currencies

Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the functional and presentation currency of Meltwater Holding B.V.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement. Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognized in equity as a component of the legal reserve for translation differences.

Group companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expense are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

### *2.3* Intangible assets

Intangible assets are stated at historical cost less amortization. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount.

For details on how to determine whether an intangible asset is impaired, please refer to note 2.6 below.

Goodwill

Goodwill represents the excess of the aggregate purchase price paid for an acquired business over the fair value of the underlying net tangible and identified intangible assets. Goodwill is amortized on a straight-line basis over the estimated economic life, and tested for impairment at the reporting unit level whenever events of changes in circumstances indicate the carrying value may not be recoverable. The Company has determined that it operates as one reporting unit. There was no impairment charge for goodwill recorded during the years ended December 31, 2019 and 2018.

The aggregate purchase price paid for an acquired business includes the fair value assigned at the date of the acquisition to the Company's shares of Series A common stock given to the sellers of an acquired entity as consideration. The valuations of the Company's Series A common stock are supported by a third party valuation.

The company does not to account for goodwill in case of transactions under common control.

Capitalized Internal-Use Software Costs

The Company capitalizes costs related to its cloud-based news and social media monitoring services and certain projects for internal use incurred during the application development stage, which are all amortized on a straight-line basis over their estimated useful lives of 3 years. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Capitalized software is amortized on a straight line basis over its estimated useful life. Management evaluates the useful lives of these assets on an annual basis. If the revised estimated useful life is shorter than was originally estimated, the Company accelerates the rate of amortization and amortizes the remaining carrying value over the revised estimated useful life. Management tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Other intangible assets

Intangible assets consist of acquired developed technology, customer relationships and other assets, which are all amortized on a straight-line basis over their estimated useful lives, based on economic benefits. The estimated useful lives for these intangibles are 4 years. The Company evaluates the estimated remaining useful life of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. If the revised estimated useful life is shorter than was originally estimated, the Company accelerates the rate of amortization and amortizes the remaining carrying value over the revised estimated useful life.

*2.4* Property and equipment

Property and equipment are stated at historical cost less depreciation by linear method. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent events are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is not recognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual value values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and lost on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

The estimated useful lives of property and equipment are as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Software | 3 years |
| Office equipment and furniture | 3-5 years |

Leasehold improvements are amortized over the lesser of their useful life or the term of the applicable lease. Upon sale or retirement of assets, the cost and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

*2.5* Financial assets

Deferred income tax

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. These deferred tax assets are measured at face value and have a predominantly long-term character.

*2.6* Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

### *2.7* Receivables

Accounts receivable, which represent trade receivables from the Company's customers, are recognized initially at fair value and subsequently measured at amortized cost and do not bear interest. The Company extends credit to its customers in the normal course of business and performs ongoing credit evaluations of its customers. The Company does not require collateral from its customers. The Company establishes allowances for doubtful accounts and customer returns based on its estimate of the collectability of the accounts and the historical experience of customers not acknowledging the renewal of subscriptions. The estimates are based on the Company's history of write-offs.

### *2.8* Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Cash at bank and in hand is carried at nominal value.

### *2.9* Equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

*2.10* Leases

Operating lease

As of 2019 the new accounting policies on leases based on IFRS 16 are applied. See note 1.5.

Prior to the adoption of IFRS 16, the Company accounted leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The difference between cash rent payments and rent expense is recorded as a deferred rent liability.

*2.11* Financial instruments

Securities included in financial and current assets are stated at fair value. All other balance sheet financial instruments are carried at (amortized) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

*2.12* Provisions

Provisions are recognized at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Provisions are recognized in income in the period in which an obligation arises and the amount can be reasonably estimated. Provisions are determined independently of expected insurance recoveries. Recoveries are recognized and reported as separate events and brought into account when virtually certain of realization.

*2.13* Liabilities

Non-Current liabilities

Non-current liabilities are recognized at fair value on initial recognition. Transactions costs that can be directly attributed to the procurement of these liabilities are added to the value. After initial recognition long-term debts are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

Current liabilities

Current liabilities are recognized at fair value on initial recognition. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## 3 Accounting policies for the income statement

### *3.1* General information

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

### *3.2* Revenue recognition

The Company commences revenue recognition in accordance with IFRS 15

Revenue is recognized when a customer obtains control of promised services, consisting of subscriptions of our software platform. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company applies the following five steps to recognize revenue:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

Subscription revenue

The Company derives its revenue primarily from subscription fees for its cloud-based news and social media monitoring services. The Company hosts software applications that it makes available to its customers over subscription periods generally up to 12 months or may extend to longer periods. The Company provides customers with access to training and support that help them use the cloud-based news and social media monitoring services over the subscription periods. The subscription agreements are noncancelable and do not contain provisions for refunds. Customers do not have any contractual rights to take possession of the Company's software applications. The services the Company provides each day are substantially the same and have the same pattern of transfer to the customer, thus, meeting the definition of a series of distinct services that form a single performance obligation.

The Company satisfies the subscription and related services evenly over the contract period as customers simultaneously receive and consume the services provided. Revenue is recognized ratably over the subscription period from the contract effective date which is also the date the Company makes its services available to customers. Payment is typically due up-front in its entirety or throughout the contract period, usually monthly. Fees for services are generally fixed, however certain contracts include variable charges based on usage that occurs in a given month. Those variable fees are recognized as revenue in the month the usage occurs and typically are billed in the subsequent month.

Recorded revenue excludes any sales, use or other similar taxes that the Company is required to collect from customers for remittance to governmental authorities.

Costs capitalized to obtain revenue contracts

The Company capitalized incremental costs of obtaining a revenue contract. The capitalized amounts consist primarily of sales commissions and fringe benefit costs associated with the Company's direct sales force. Costs capitalized related to new revenue contracts are amortized on a straight-line basis over four years, although longer than the typical initial contract period, reflects the average period of benefit, including expected contract renewals. Additionally, the Company amortizes capitalized costs for renewal over the renewal period.

In the year ended December 31, 2019, the Company capitalized $32.7 million of incremental contract costs and recorded amortization of $32.7 million related to amounts capitalized in the current and prior years. In the year ended December 31, 2018, the Company capitalized $36.4 million of incremental contract costs and recorded amortization of $30.0 million related to amounts capitalized in the current and prior years.

Deferred revenue

Deferred revenue consists of billings or payments received in advance of recognition of revenue from the Company's services described above and is recognized as the revenue recognition criteria are met. The portion of deferred revenue that the Company will recognize during the twelve-month period from the balance sheet date is recorded within current liabilities and the remaining portion is recorded as non-current.

Cost of revenue

Cost of revenue consists of hosting costs, data communications expenses, employee-related expenses, allocated overhead based on headcount, software license fees, costs associated with website development activities, and depreciation expense associated with computer equipment, and amortization expense associated with capitalized software related to the Company's cloud-based customer services and acquired developed technologies.

*3.3* Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise, unless they are hedged.

*3.4* Expenses

Expenses comprise costs chargeable to the year.

Research and Development

Costs related to research and development of the Company's services are expensed as incurred. These costs consist primarily of research and development employee-related expenses, third-party contractor fees and allocated overhead associated with developing new services.

Advertising Costs

Advertising costs are expensed as incurred and are included with operating expenses in the consolidated statement of operations. These include public relations, website design, advertising, field marketing, and market research services.

### *3.5* Amortization and depreciation

Intangible assets, including goodwill, are amortized and property and equipments are depreciated over their estimated useful lives as from the inception of their use. Future depreciation and amortization is adjusted if there is a change in estimated future useful life.

Gains and losses on sales of property and equipment are included in the income statement.

### *3.6* Business combinations

The Company uses its best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed in business combinations. The Company's estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination. The Company continues to collect information and reevaluates these estimates and assumptions and records any adjustments to the Company's preliminary estimates to goodwill provided that the Company is within the measurement period. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

### *3.7* Employee benefits

Short-term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Pensions

The group has various defined contribution plans, but there is no Dutch plan. The foreign pension plans can be compared to how a Dutch pension system has been designed and functions. For these plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit when they are due.

Stock-based compensation

The cost of stock-based awards granted is measured at the grant date, based on the fair value of the award, and is recognized as expense, net of estimated forfeitures, on a straight-line basis over the requisite service period. The fair value of stock-based awards to employees is estimated using the Black-Scholes option-pricing model. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option pricing model. The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate assumption based on actual forfeitures, analysis of employee turnover, and other related factors.

### *3.8* Finance income and costs

Interest paid and received

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Changes in financial instruments at fair value

Changes in the value of the following financial instruments are recognized directly through profit or loss:

- Financial assets and liabilities that are held for trading;
- Derivatives with an underlying instrument that is quoted in an active market;
- Purchased loans, bonds (unless held to maturity) and equity instruments that are quoted in an active market.

Decreases in value of financial instruments at fair value are recognized through profit or loss. Realized increases in the value of financial instruments at fair value initially recognized in equity are taken into profit or loss when the financial instruments are derecognized.

### *3.9* Income tax expense

The Company accounts for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax reporting purposes, net operating loss and tax credit carry-forwards, measured by using the tax rates that are expected to apply during the years that the differences are expected to settle.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not expected to be realized based on the weighting of positive and negative evidence. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the tax law. The Company regularly reviews the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The Company's judgments regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute its business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the tax provision would increase or decrease in the period in which the assessment is changed.

Compliance with income tax regulations requires the Company to take certain tax positions, including decisions relating to the transfer pricing of revenue and expenses between each of its legal entities that are located in several countries; and in evaluating uncertainties in the application of complex tax regulations in multiple tax jurisdictions. In assessing the exposure associated with various filing positions, the Company determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than fifty percent likely of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits, if any, are included within the provision for income taxes in the consolidated statement of operations and comprehensive loss.

4 Financial instruments and risk management

Disclosure for primary financial instruments is included in the notes to the individual balance sheet items.

The financial instruments of the Group and the related risks are disclosed below. The company overall risk management policy focus on monitoring potential adverse effects considered material. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity as applicable. The Group's overall strategy remained unchanged prior year. The capital structure of the Group consists of negative equity (comprising issued capital, reserves , accumulated deficit ) and non-current borrowings.

The Group is not subject to any externally imposed capital requirements. The non-current borrowings are subject to covenants which are monitored for compliance. Prudent cash management policies are used to reduce exposure to liquidity risk.

*4.1* Price risk

Price risk

The price risk is minimal as the Group does not have substantial financial assets.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are monitored by the Group's Corporate Treasurer.

Interest rate risk

The Group has minimal exposure to cash flow interest rate risk because the Group has not used borrowed funds with variable interest rates to finance its operations. The Group has fixed interest rate loans (refer to note 13) which are subject to fair value interest rate risk.

*4.2* Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Company places its cash with major financial institutions in countries where the Company and its subsidiaries are located. For banks located in the United States, the Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group decreases its credit risks by doing business only with third parties with who are creditworthy, with which for each entity designated limits apply.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with major financial institutions in countries where it and its subsidiaries are located. For banks located in the United States, the Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance.

There were no customers whose balance represented more than 10% of the accounts receivable balance as of December 31, 2019 and 2018, or whose revenue represented more than 10% of revenue during the years ended December 31, 2019 and 2018.

*4.3* Liquidity risk

The group is aiming to maintain sufficient cash and availability of funding through an adequate amount of credit facilities and is pursuing additional financing opportunities (refer to note 13 debt financing and note 28 subsequent events").

## 5 Intangible assets

| | **Goodwill** | **Capitalized software** | **Other intangibles** | **Total** |
|---|---|---|---|---|
| | $1.000 | $1.000 | $1.000 | $1.000 |
| **As at 1 January 2019** | | | | |
| Cost | 22.882 | 39.943 | 49.868 | 112.693 |
| Accumulated impairment and amortization | (7.878) | (15.189) | (19.916) | (42.983) |
| Carrying amount | **15.004** | **24.754** | **29.952** | **69.710** |
| **Movements** | | | | |
| Investment | -- | 16.700 | 1.557 | 18.257 |
| Amortization | (4.235) | (9.418) | (11.146) | (24.799) |
| Other (exchange rate effects) | 522 | 93 | (625) | (10) |
| **As at 31 December 2019** | | | | |
| Cost | 23.404 | 54.915 | 49.231 | 127.550 |
| Accumulated impairment and amortization | (12.113) | (22.786) | (29.493) | (64.392) |
| Carrying amount | **11.291** | **32.129** | **19.738** | **63.158** |
| Amortization rate | 20% | 33,3% | 25-33,3% | |

The other intangibles include customer relationships, trademarks and acquired developed technologies with an investment value of $40.1 million (2019) and $30.0 million (2018) respectively.

The Company capitalized $16.7 million and $15.7 million of development costs related to software during the years ended December 31, 2019 and 2018, respectively. Of the amount capitalized, $0.9 million and $1.9 million was related to interest in 2019 and 2018, respectively. Amortization of capitalized software was $9.4 million and $4.8 million during the years ended December 31, 2019 and 2018, respectively.

During the years ended December 31, 2019 and 2018, the Company recognized accelerated depreciation on capitalized software amounting to $0.5 million and $2.1 million, respectively, related to abandoned projects. The accelerated depreciation was presented in the consolidated statement of operations and comprehensive loss as part of the cost of revenue line item. The abandoned projects are excluded from the balance sheet as of December 31, 2019 and 2018.

## 6 Operating lease, right-of-use assets and liabilities

| | **Right of use assets** | **Lease liabilities long term** | **Net** |
|---|---|---|---|
| | $ 1.000 | $ 1.000 | $ 1.000 |
| **As at January 2019 (adoption date)** | | | |
| Investment and liability | 30 190 | (32 561) | (2 371) |
| Amortization | | | |
| Carrying amount | 30 190 | (32,561) | (2,371) |
| Movements | | | |
| Investment/ Additions | 2 703 | (4 278) | (1 575) |
| Amortization/ Interest | (11 135) | (3 627) | (14 762) |
| Lease payments | | 14 651 | 14 651 |
| Transfer to short term liabilities | | 9 898 | 9 898 |
| **As at 31 December 2019** | | | |
| Cost | 32 893 | (15 917) | 16 976 |
| Accumulated impairment and amortization | -11 135 | | -11 135 |
| Carrying amount | 21 758 | (15,917) | 5,841 |
| Amortization rate | 20% | | |

The weighted average lessee's incremental borrowing rate applied to the liability recognized at the date of the initial application is 13%

## 7 Property and equipment

| | Property & equipment |
|---|---|
| | $1.000 |
| **As at 1 January 2019** | |
| Cost | 14.946 |
| Accumulated depreciation | (9.443) |
| Carrying amount | **5.503** |
| **Movements** | |
| Investment | 1.638 |
| Depreciation | (3.467) |
| Other (exchange rate effects, and other) | 790 |
| **As at 31 December 2019** | |
| Cost | 16.584 |
| Accumulated impairment and depreciation | (12.120) |
| Carrying amount | **4.464** |
| Depreciation rate | 20-33,3% |

## 8 Financial assets

| | Deferred taxes | Deposit | LT-investments | Total |
|---|---|---|---|---|
| | $1.000 | $1.000 | $1.000 | $1.000 |
| **As at 1 January 2019** | | | | |
| Deposits and payments | -- | 5.070 | 2.173 | 7.243 |
| Temporary differences | 699 | -- | -- | 699 |
| Carrying amount | **699** | **5.070** | **2.173** | **7.942** |
| **Movements** | | | | |
| Deposits and payments | -- | 84 | 363 | 447 |
| Temporary differences | (699) | -- | -- | (699) |
| Other (exchange rate effects, and other) | -- | -- | (1) | (1) |
| **As at 31 December 2019** | | | | |
| Deposits and payments | -- | 5.154 | 2.535 | 7.689 |
| Temporary differences | -- | -- | -- | -- |

| | | | | |
|---|---|---|---|---|
| Carrying amount | **--** | **5.154** | **2.535** | **7.689** |
| Amortization rate | 20% | 33,3% | | |

The financial assets are primarily comprised of $5.154 thousand of deposits for rental agreements and other long-term assets (2018: $5.070 thousand). These assets will not be refunded within one year after balance sheet date. The deferred income tax assets relate to the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. See note 27 for details on income taxes.

The deposits include restricted cash held in as collateral in the event of default of our operating lease agreements. As of each of December 31, 2019 and 2018, restricted cash comprise $2.3 million.

The long-term investments are purchased equity investments in privately held technology companies and limited partnerships, in total $1.4 million. The equity investments are accounted for under the cost method, whereas the investments in the limited partnership are accounted for at cost less impairment, adjusted for observable prices. For these investments, the Company has neither the ability to exercise significant influence over the investees, nor the ability to obtain a readily determinable fair value of the investees. These investments are assessed for impairment on an annual basis or when an event or circumstance indicates that an other than temporary decline in value may have occurred.

## 9 Receivables

All receivables, except for the trade receivables mentioned below, fall due in less than one year. The fair value of the receivables approximates the book value.

Trade receivables

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Trade receivables | 86.775 | 71.906 |
| Allowance for doubtful collection | (7.498) | (4.563) |
| | **79.277** | **67.343** |

| Related party receivables | **2019** | **2018** |
|---|---|---|
| | $1 000 | $1 000 |
| Founder | 30.944 | - |

| | | |
|---|---|---|
| Current account St. Administratriekantoor Meltwater Holding (STAK) | 62 | 63 |
| Current account Other | 61 | 61 |
| Total nominal value | 31.067 | 124 |
| Allowance for doubtful collection | -61 | -61 |
| | 31.006 | 63 |

There are no (written) agreements concerning current accounts (STAK and other) of the related party receivables and payables. No interest is charged, and there are no agreements on securities nor repayments. All receivables included under the receivables are due within one year.

*Founder*

In April 2019, the Company entered into a $28.1million non-convertible promissory note agreement ("2019 Related Party Note Receivable") with the Founder of Meltwater. The note matures on April 5, 2020. The loan agreement stated an effective interest rate of 13.2% per annum, which accrues on a quarterly basis, which is payable either at the loan's maturity or upon prepayment of the note. For the year ended December 31, 2019, the Company accrued interest related to the 2019 Related Party Note Receivable of $2.8 million. Principal is paid at maturity. In the event the Borrower receives any proceeds from the sale of pledged shares, 100% of the proceeds will apply to the prepayment of the principal balance.

On April 30, 2020, the Company extended the maturity date of the 2019 Related Party Note Receivable to July 5, 2020, and extended again to October 5, 2020. The Company evaluated the facts and circumstances of the extension noting no impact to the accounting for the 2019 Related Party Note Receivable as of December 31, 2019. Subsequent to December 31, 2019, the loan will continue to be recorded as a current asset and will continue to accrue interest until the maturity date.

*STAK*

As of December 31, 2019, and 2018, STAK owed the Company $0.1 million and $0.1 million, net of issuance costs, for shares issued to the STAK but financed by the Company.

As described in Note 15, STAK is an entity based in the Netherlands that was created by the Company for the purpose of facilitating the issuance of depository receipts to Company employees participating in the Company's SPP.

Other current assets

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Prepaid expenses | 11.735 | 10.445 |
| Lease deposits | 2.096 | 1.054 |
| Other current assets | 3.278 | 1.168 |

| | | |
|---|---|---|
| | **17.109** | **12.667** |

## 10 Deferred contract costs

| | Deferred contract costs<br>Long term |
|---|---|
| | $ 1000 |
| As at 1 January 2019 | |
| Investments in contract costs | 72.126 |
| Amortization | (52.935) |
| Carrying amount | 19.191 |
| **Movements** | |
| Investments in contract costs | 38.852 |
| Amortization | (32.675) |
| Transfer to short term | 327 |
| **As at 31 December 2019** | |
| Costs | 105.305 |
| Accumulated impairment and amortization | 85.610 |
| Carrying amount | 19.695 |
| Amortization rate | 20 % |

## 11 Cash and cash equivalents

All cash and cash equivalents are available on demand.

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Management determines the appropriate classification of cash equivalents at the time of purchase and re-evaluates such designations at each balance sheet date.

Restricted cash consists of cash held in as collateral in the event of default of our operating lease agreements. As of both December 31, 2019 and 2018, restricted cash presented within the "financial assets" line item in the consolidated balance sheets was $2.3 million and $2.3 million, respectively.

**12 Group equity**

For details of equity, please refer to the notes to the *company* financial statements.

**13 Debt Financing, non-current**

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| **As at 1 January** | 119.194 | 128.081 |
| Loan obtained to fund Datasift Acquisition | -- | 9.750 |
| Accrued interest on Altor loan | 1.325 | 7.660 |
| Reclass Altor Loan as current debt | -- | (25.000) |
| Payment of Altor Loan | (28.121) | -- |
| Payment of SVB loan | (92.398) | -- |
| Loan VISTA | 175.000 | -- |
| Accrued interest on VISTA loan | 6.043 | -- |
| VISTA Debt Issuance Cost | (6.517) | -- |
| Other | 990 | (300) |
| CTA | -- | (997) |
| **As at 31 December** | **175.516** | **119.194** |

As of December 31, 2019, there is only one loan outstanding, the VISTA loan, and this loan is due within 5 years after December 31, 2019 (maturity date is February 28, 2024). For the quarter ended on 31 March, 2020, the Company did not achieve certain covenants for its 2019 Note Payable. In May 2020, the Company negotiated an amendment to the 2019 Note Payable, which included a forbearance for the covenant. In addition, the interest rate was modified to Prime Rate plus 10.50% per annum or LIBOR plus 11.50% per annum during the forbearance period and Prime Rate plus 9.50% per annum or LIBOR plus 10.50% per annum at any time other than during a forbearance period.

In August 2020, the Company negotiated an amendment to the 2019 Note Payable, which provided an incremental loan of $25.0 million. In addition, the amendment modified certain the covenants requirements.

<u>November 2013 Note Payable (Altor loan)</u>

In November 2013, as part of a debt refinancing, the Company issued a $25.0 million non-convertible note, which had a stated and effective interest rate of 15% per annum and a four-year term. Interest accrues and is payable either at the loan's maturity or upon prepayment of the note. The accrual interest compounds at a rate of 15% per annum on an annual basis. The note contains a prepayment option whereby the Company may prepay any outstanding principal and interest "at will" subject to a 10% prepayment fee. For the year ended December 31, 2019 and 2018, the Company recorded interest expense related to the November 2013 Note Payable of approximately $1.3 million and $6.8 million, respectively. As of December 31, 2019 and 2018, the outstanding principal balance remaining on the 2013 Note Payable, including accrued interest, was nil and $51.8 million, respectively.

*Amendment to the November 2013 Note Payable*

In July 2014, contemporaneously with the Company entering into the July 2014 Note Payable (as defined below), the Company amended the November 2013 Note Payable by (i) extending its term from October 2017 to July 2019; and (ii) subordinating the rights of the creditor, making such rights secondary to those of the creditor of the 2014 Loan Facility.

<u>2016 Note Payable (SVB loan)</u>

In December 2016, the Company entered into a $60.0 million non-convertible note payable agreement ("2016 Note Payable") which was due to mature in December 2021. In August 2017, the Company modified its existing credit facility by borrowing an additional $28.5 million. In January 2018, the Company modified its existing credit facility by borrowing an additional $9.8 million. The 2016 Note Payable accrued interest on a quarterly basis, which was payable on a quarterly basis. The loan agreement provided for the Company to elect the interest rate from alternatives that include Prime Rate plus a margin range of 7.75% to 8.50% per annum based on the senior leverage ratio and LIBOR plus a margin range of 9.00% to 9.75% per annum based on the senior leverage ratio. During the year ended December 31, 2019, the interest rates used to accrue and pay interest was 14.3%. During the year ended December 31, 2018, the interest rates used to accrue and pay interest ranged from 10.4% to 12.3%. Principal was due to be paid on quarterly installments through maturity.

The note contained a prepayment option whereby the Company may prepay the entire outstanding principal balance and accrued interest through eighteen months after the closing date, subject to a prepayment fee of the greater of 3% of the prepaid amount or the excess of present value over 103% of prepaid amount. There was no prepayment penalty if the note is prepaid after eighteen months from the closing date.

<u>Warrants to Purchase Common Stock</u>

In connection with the November 2013 Note Payable, the Company issued a warrant to purchase 508,272 shares of the Company's Series A common stock for an exercise price of $25 million (the "November 2013 Warrant"). The warrant was exercisable at any time prior to October 2017 and had to be exercised in whole, and not in part, per the warrant agreement. Upon exercise of the warrant, the warrant holder was required to offset the subscription amount against any outstanding principal of the 2013 Note. The warrant was a freestanding instrument and the fair value of the warrant of $38.3 million was recorded in additional paid-in capital upon issuance. The Company determined the fair value of the warrant based on allocation of the estimated enterprise value of the Company using generally accepted valuation methodologies including discounted cash flow analysis, comparable public company analysis and comparable acquisitions analysis.

*Amendment to the November 2013 Warrant*

In July 2014, in connection with extending the term of the November 2013 Note Payable, the Company amended the warrant agreement whereby the expiry date was extended from October 2017 to July 2019. In addition, the parties agreed that the number of shares underlying the agreement would be amended to 428,950 shares of the Company's Series A common stock. As the warrant is classified within stockholders' deficit, this amendment had no impact to the Company's consolidated financial statements.

## 14 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

Taxation and social charges

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| Social charges and payroll taxes | 2.889 | 2.629 |
| Corporation tax liability | 1.905 | 365 |
| VAT (Value added taxes) | 8.224 | 6.330 |
| | **13.018** | **9.324** |

Other current liabilities

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| Accrued expenses | 20.159 | 23.162 |
| Audit fees | 1.103 | 1.653 |
| Net salaries | 19.204 | 17.053 |
| Deferred purchase considerations | -- | 1.547 |
| Term loan, current | -- | 25.000 |
| Other payables | 12.748 | 5.160 |
| | **53.214** | **73.575** |

Deferred income current portion

Deferred revenue consists of billings or payments received in advance of recognition of revenue from the Company's services. The portion of deferred revenue that the Company anticipates will be recognized during the twelve-month period from the balance sheet date is recorded in the consolidated balance sheet as current deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion.

All parts of the non-current portion of deferred income will be recognized over the period in which the service has been provided.

## 15 Business combinations and Dispositions

Acquisitions

During 2019 the Company did not acquire any activities.

*Acquisition of Sysomos Holding L.P. ("Sysomos")*

In April 2018, the Company acquired Sysomos, a social media analytics company. The acquisition improved the Company's offering of social intelligence-based products and technology services. Consideration to the sellers for the acquisition amounted to $15.1 million, of which $2.6 million was paid in cash. The remaining $12.5 million represented the fair value of 75,659 shares of Meltwater's Series A common stock given as consideration to the sellers on the acquisition date. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Current assets | $ 8,836 |
| Property and equipment | 3,083 |
| Deferred revenue | (4,859) |
| Other current liabilities | (5,767) |
| Developed technology | 7,090 |
| Customer relationships | 4,380 |
| Tradenames | 100 |
| Goodwill | 2,194 |
| Total purchase consideration | $ 15,057 |

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which have been determined as four years.

The consideration allocated to goodwill corresponds to expected synergies from combining the Company's operations with Sysomos' intangible assets that do not qualify for separate recognition.

In relation to the Sysomos acquisition, the Company incurred acquisition costs of $2.6 million, all of which were expensed in the year ended December 31, 2018.

*Acquisition of Datasift, Inc. ("Datasift")*

In January 2018, the Company acquired Datasift, a human data intelligence company. The acquisition improved the Company's offering of human data intelligence-based products and technology services. Consideration to the sellers for the acquisition amounted to $9.7 million which was paid in cash. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Current assets | $ 2,752 |
| Property and equipment | 25 |
| Other current liabilities | (772) |
| Deferred revenue | (983) |
| Developed technology | 6,600 |
| Customer relationships | 520 |
| Goodwill | 1,583 |

| | | |
|---|---|---|
| Total purchase consideration | $ | 9,725 |

Before the acquisition, Datasift held a note payable with an outstanding principal of $11.8 million. On the acquisition date, Datasift paid $2.1 million toward the principal balance of the outstanding note payable and $0.9 million related to its transaction expenses. These amounts have not been included in the purchase consideration above.

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which has been determined as four years.

The consideration allocated to goodwill corresponds to expected synergies from combining the Company's operations with Datasift intangible assets that do not qualify for separate recognition.

In relation to the Datasift acquisition, the Company incurred acquisition costs of $0.6 million, all of which were expensed in the year ended December 31, 2018.

## 16 Commitments and contingencies not included in the balance sheet

Commitments

Commitments include payments to third-party vendors to provide content.

As of December 31, 2019, the future payments under commitments were as follows:

| *(in thousands)* **Years Ending December 31,** | **Commitments** |
|---|---|
| 2021 | 22.020 |
| 2022 | 1.875 |
| 2023 | - |
| 2024 | - |
| Thereafter | - |
| Total minimum payments | $ 40.390 |

Contingencies

The Company is subject to litigation arising in the ordinary course of business as described below.

*Canadian News Publishers Civil Action*

In June 2011, a consortium of Canadian newspaper publishers (Postmedia Networks, Inc., The Globe and Mail Inc., Toronto Star Newspapers Limited, Metroland Media Group Ltd., Sun Media Corporation, The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc.) commenced an action in the Ontario Superior Court against Meltwater News Canada, Meltwater US Holding Inc., Meltwater News US Inc., and

Meltwater Holdings B.V. (collectively "Meltwater"), seeking declaratory relief in respect of their alleged copyright in news articles, headlines, compilations of articles in their newspapers and websites, and claiming damages in excess of $100 million CAD for alleged copyright infringement, breach of contract, intentional interference with economic relations and trespass to chattels, punitive damages of $10 million, plus unspecified damages and an accounting of profits under the Copyright Act, pre- and post-judgment interest and legal costs.

In January 2012, the Company filed a motion to have this claim struck in its entirety on the basis that the Plaintiffs failed to plead a proper cause of action and was without merit. Since serving the strike motion, three of the plaintiffs (The Globe and Mail Inc., Toronto Star Newspapers Limited and Metroland Media Group Ltd.) changed their legal representation and delivered a Notice of Discontinuance, thus abandoning their claims. The remaining Plaintiffs have agreed that their claim is limited to content published on news websites and that no recovery is sought with respect to newspapers per se.

In July 2012, the Company's motion to strike was argued. After hearing the argument, the judge adjourned the hearing to allow the parties to attempt to settle the Company's motion to strike through court sponsored mediation.

The parties then entered into a mediation process that culminated in a mediation session in September 2013 through which no settlement was achieved. However, following the mediation, the Company entered into confidential negotiations with each of the remaining plaintiffs, individually. In 2014, the Company achieved a business resolution with each of Post Media and Sun Media, the terms of which are confidential. Both Claimants have discontinued their claims against the Company. The Company accrued all amounts that relate the settlement of the lawsuits in 2012.

Currently, the remaining Claimants are The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc. The parties are presently negotiating a Discovery Plan to guide documentary discovery. Following the signing of the Discovery Plan, the next step is for each party to produce relevant documents and commence oral examinations for discovery. Based on the early stage of the legal proceeding, External Legal Counsel has advised that it is not possible to estimate the financial exposure, if any, to the Company. The Company continues to strenuously defend the Claim.

## 17 Revenue

The Group is organized on a worldwide basis into only one business segment.

The Group operates in three main geographical areas, EMEA, USA and Asia Pacific, even though it is managed on a worldwide basis. The business was started in Norway in 2001, and expanded to 26 other countries since then.

Revenues are allocated to the geographical areas as follows:

| | **2019** | **2018** |
|---|---:|---:|
| | $1.000 | $1.000 |
| Europe, Middle East, Africa, India | 109.945 | 106.333 |
| United States | 138.775 | 122.898 |
| Asia Pacific | 66.733 | 56.665 |

| | | |
|---|---|---|
| Americas, excluding United States | 30.396 | 29.638 |
| | **345.849** | **315.534** |

Revenue is allocated based on the country of customer.

## 18 Costs of operations

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| IT hosting | 21.771 | 14.407 |
| External engineering | 2.378 | 3.082 |
| Copyright | -- | 1.289 |
| Licenses | 45.955 | 35.931 |
| | **70.104** | **54.709** |

The Costs of operations and of depreciation, amortization and impairment (see note 20) include a total amount of $43.6 million concerning research and development expenses (2018: $40.1 million).

## 19 Staff expenses

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| Gross salary | 159.963 | 152.806 |
| Social charges employer | 15.662 | 15.018 |
| Pension costs | 3.963 | 3.858 |
| Other staff expenses | 7.196 | 1.985 |
| | **186.784** | **173.667** |

Remuneration of (former) directors

In 2019, an amount of $800.0 thousand (2018: $510.6 thousand) was paid for the remuneration of the directors of the group. The value of stock options granted to some directors is zero.

Share option plan

See note 34, subparagraph Share option plan.

Number of employees

The number of employees that were employed by the Group increased from 1.866 at the end of 2018 to 1.903 as of December 31, 2019. On average approximately 1.886 employees were employed during 2019 (2018: 1.756), of which 48 (2018: 42) in the Netherlands. Below is a breakdown of average employees by the areas of support.

| Areas of Support by Employees | Average Employees | |
|---|---|---|
| | 2019 | 2018 |

| | | |
|---|---|---|
| Cost of revenue | 196 | 147 |
| Sales and marketing | 1.261 | 1.224 |
| General and administrative | 145 | 133 |
| Research and development | 284 | 252 |
| **Total** | **1.886** | **1.756** |

## 20 Depreciation, amortization and impairment

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Depreciation of tangible fixed assets | 3.467 | 3.503 |
| Amortization of capitalized software | 9.418 | 4.833 |
| Amortization of other intangible fixed assets | 11.146 | 10.600 |
| Amortization of right-of-use | 11.135 | -- |
| Amortization of goodwill | 4.235 | 3.879 |
| | **39.401** | **22.815** |

## 21 Housing expenses

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Rent | 405 | 13.188 |
| Housing related to relocation | 899 | 491 |
| Other | 3.660 | 4.157 |
| | **4.964** | **17.836** |

## 22 General and administrative expenses

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Professional fees | 17.472 | 16.979 |
| Travel and entertainment | 1.667 | 1.613 |

| | | |
|---|---|---|
| Office expenses | 4.765 | 4.995 |
| Training and recruitment | 15.094 | 13.944 |
| Advertising | 5.270 | 4.421 |
| Sponsorship - MEST | 2.500 | 1.991 |
| Licenses, leases and equipment | 15.490 | 13.532 |
| Other expenses | 4.789 | 3.777 |
| | **67.047** | **61.252** |

Audit fees

The service fee recognized in the consolidated accounts in 2019 for the audit of the consolidated financial statements from PricewaterhouseCoopers Accountants N.V. and additional fees for the PwC network amounted in total to $2.0 million (2018: 2.4 million). The fees for tax related services rendered from the PwC network amounted to $139.7 thousand and fees for other services were $30.9 thousand.

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditor as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

### 23 Financial income and (expenses)

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Foreign exchange gain (loss), net | 769 | 1.457 |
| Interest of leases | (3.597) | - |
| Interest income (expenses) net | (22.030) | (17.624) |
| | **(24.848)** | **16.167** |

### 24 Other income and (expenses)

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Loan on loan extinguishment | (6.100) | - |
| Other loss | (650) | (3.760) |
| | **(6.750)** | **(3.760)** |

The loss on loan extinguishment concerns prepayment fees of $3.4 million paid to the consortium banks in order that the term loans are pre-payable. In addition, the company paid $2.7 million for the unamortized debt issuance cost.

## 25 Related party transactions

See notes 9 and 14 for details on related party transactions.

## 26 Financial instruments

The book value approximates the fair value of the financial instruments in the balance sheet.

## 27 Income tax income and (expenses)

The components of income (loss) before income taxes are as follows:

| | **2019** | **2018** |
|---|---|---|
| | $1.000 | $1.000 |
| Meltwater Holding B.V. | (16.153) | 1.775 |
| Foreign | (37.906) | (36.447) |
| | **(54.059)** | **(34.672)** |

The income tax expenses are as follows:

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| **Current:** | | |
| Meltwater Holding B.V. | -- | -- |
| Foreign | 4.627 | 3.208 |
| | | |
| **Deferred:** | | |
| Meltwater Holding B.V. | -- | -- |
| Foreign | (866) | (754) |
| **Provision for income taxes** | **3.761** | **2.454** |

The effective tax rate for 2019 is minus 7.1% (2018: minus 7.1 %). The difference between the Company's effective tax rate and the statutory rate of 25% is primarily due to net operating losses for which the related deferred tax assets have not been valued due to uncertainty of realization thereof.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax assets will not be realized. The Company considered all available evidence, including results of operations, tax planning and projections of future taxable income in each of the jurisdictions in which it operates and recorded a valuation allowance for the full amount of the net deferred tax assets. The following table presents significant components of the Company's deferred tax assets and liabilities:

| | 2019 |
|---|---|
| | $1.000 |
| **Deferred tax assets:** | |
| Net operating losses | 42.998 |
| Accrued liabilities | 2.021 |
| Operating leases | 2.097 |
| Credit carry forward | 6.165 |
| Other | 6.988 |
| **Gross deferred tax assets** | **60.269** |
| | |
| **Deferred tax liabilities:** | |
| Prepaid expenses | (1.516) |
| Foreign exchange | (3.431) |

| | |
|---|---|
| Operating leases | (2.858) |
| Deferred contract costs | (7.472) |
| Other | (1.010) |
| **Deferred tax liabilities** | **(16.287)** |
| Total | 43.982 |
| Valuation allowance | (46.985) |
| **Net deferred tax liabilities** | **(3.003)** |

As of December 31, 2019, the Company's gross federal and state net operating loss carryforwards were $92.4 million and $66.0 million, respectively. If not utilized, these carryforwards will begin to expire in 2029. As of December 31, 2019, the Company's federal and state research credit carryforwards were $6.4 million and $3.2 million, respectively. If not utilized, the federal research credit carryforwards will begin to expire in 2031. The state research credit carryforwards will not expire and are available until used by the Company. As of December 31, 2019, the Company's gross foreign net operating loss carryforwards were $264.0 million. If not utilized, the foreign net operating loss carryforwards will begin to expire in 2020.

The Company's federal income tax returns are open to examination for tax years 2016 through 2018. State income tax returns are open to examination for tax years 2015 through 2018. Foreign income tax returns are open to examination for tax years 2008 through 2018.

Uncertain Income Tax Positions

As of December 31, 2019, the Company has gross unrecognized tax benefits of $35.2 million. Net increase in the current year was primarily due to the bad debt deduction, for which the Company cannot conclude on a more-likely-than-not basis that the deduction can be sustained. When reversed, the Company would receive a tax benefit of $3.0 million which would favorably impact the effective tax rate. As of December 31, 2019, the Company accrued $0.5 million of interest and penalties related to unrecognized tax benefits. The Company is unaware of any changes to unrecognized tax benefits that could result in significant payments, accruals, or other material deviation in this estimate over the next 12 months.

## 28 Events after the balance sheet date

The Company has evaluated subsequent events between the balance sheet date of December 31, 2019 and the date of these financial statements, and determined that the following events and transactions require disclosure, as follows:

COVID-19 Impact

As a result of the COVID-19 pandemic and in compliance with the government orders and for the health and wellbeing of everyone, the Company has temporarily closed its headquarters and other offices, required its employees and contractors to work remotely, and implemented travel restrictions, all of which represent a significant disruption in how the Company operates its business. The operations of its partners, vendors and customers have likewise been disrupted.

The adverse impact of COVID-19 on our revenue is limited. Our revenues up to August 2020 have increased compared to the previous year, our liquidity has improved and we have a positive operating cash flow for the up to August 2020. We expect no material adverse impact of COVID-19 for the near future, however, the Company has realigned its cost structure to better manage liquidity, in anticipation of a potential economic slowdown. The Company plans to continue to realign its cost structure commensurate with potential demand for the Company's product offerings. In addition, to a limited extent, the Company is taking advantage of global governmental assistance programs to further bolster liquidity.

COVID-19 Reliefs

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in the United States. This is a non-recognized subsequent event as the enactment date falls beyond the reporting date of the financial statement. As such, the Company has not recognized any potential tax effects arising from the enactment of the Act for the year ended December 31, 2019. The Company has availed some government COVID assistances in different countries. The Company will continue to assess the potential impacts of this legislation on its financial position and results of operations.

RSUs Modification

In April 2020, the Company extended the expiration date by 5 years for 25,162 RSUs that were initially scheduled to expire during 2020.

Extension of 2019 Related Party Note Receivable

On 15 June , 2020, the Company extended the maturity date of the 2019 Related Party Note Receivable to 5 October, 2020. The Company evaluated the facts and circumstances of the extension noting no impact to the accounting for the 2019 Related Party Note Receivable as of December 31, 2019. Subsequent to December 31, 2019, the loan will continue to be recorded as a current asset and will continue to accrue interest until the maturity date.

Amendment to 2019 Note Payable

For the quarter ended on 31 March, 2020, the Company did not achieve certain covenants for its 2019 Note Payable. In May 2020, the Company negotiated an amendment to the 2019 Note Payable, which included a forbearance for the covenant. In addition, the interest rate was modified to Prime Rate plus 10.50% per annum or LIBOR plus 11.50% per annum during the forbearance period and Prime Rate plus 9.50% per annum or LIBOR plus 10.50% per annum at any time other than during a forbearance period.

In August 2020, the Company negotiated an amendment to the 2019 Note Payable, which provided an incremental loan of $25.0 million. In addition, the amendment modified certain the covenants requirements.

# Company financial statements

# Company balance sheet as at 31 December

**(before appropriation of result)**

| | Note | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | *Note* | $1.000 | $1.000 | $1.000 | $1.000 |
| *Assets* | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | | 3.559 | | 4.762 | |
| Long-term investments | | 1.352 | | 1.142 | |
| Financial assets - Net value subsidiaries | *30* | 22.542 | | 27.549 | |
| | | | 27.453 | | 33.453 |
| **Current assets** | | | | | |
| Group company receivables | *31* | 151.357 | | 71.233 | |
| Related party receivables | *31* | 61 | | 63 | |
| Other current assets | | 123 | | 154 | |
| Cash and cash equivalents | | 1.760 | | 194 | |
| | | | 153.301 | | 71.644 |
| | | | 180.754 | | 105.097 |

| | Note | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | *Note* | $1.000 | $1.000 | $1.000 | $1.000 |
| *Equity and liabilities* | | | | | |
| **Equity** | *30* | | | | |
| Share capital | *31* | 24 | | 19 | |
| Share premium | *32* | 103.360 | | 72.660 | |
| Reserve for translation differences | | (1.803) | | (1.418) | |
| Other reserves (deficit) | | (253.502) | | (215.362) | |

| | | | | | |
|---|---|---|---|---|---|
| Result for the year | | (57.820) | | (37.126) | |
| | | | (209.741) | | (181.227) |
| **Provisions** | | | | | |
| Provision subsidiaries | *28* | | 48.622 | | 29.829 |
| **Non-current liabilities** | | | | | |
| Term loan, non-current | *12* | -- | | 26.796 | |
| Long-term group company payables | *33* | 62.165 | | 132.137 | |
| | | | 62.165 | | 158.933 |
| **Current liabilities** | | | | | |
| Group company payables | *34* | 278.235 | | 70.256 | |
| Related party payables | *34* | -- | | -- | |
| Other current liabilities | *34* | 1.473 | | 27.306 | |
| | | | 279.708 | | 97.562 |
| | | | 180.754 | | 105.097 |

# Company income statement

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $1.000 | $1.000 |
| Other income and expense after taxation | | (16.153) | 1.775 |
| Share in result of participations after taxation | *30* | (41.667) | (38.901) |
| **Result for the year** | | (57.820) | (37.126) |

The Other income and expense after taxation include $8.5 million net expense due to intercompany charges (2018: $9.9 million net income).

# Notes to the company financial statements

**29 General information**

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset. If and insofar as Meltwater Holding B.V. can be held fully or partially liable for the debts of the associate companies, or has the firm intention of enabling the participation to settle its debts, a provision is recognized.

The result from subsidiaries is the amount by which the carrying amount of the subsidiary has changed since the previous financial statements as a result of the earnings achieved by the subsidiary to the extent that this can be attributed to the Company.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

**30 Financial assets – Net value subsidiaries**

Movements in financial assets can be broken down as follows:

| | $1.000 | $1.000 |
|---|---|---|
| **As at 1 January 2019** | | |
| Investments in subsidiaries | 27.549 | |
| Provision subsidiaries | (29.829) | |
| Net investment | | (2.280) |
| **Movements** | | |
| Share in result of participations, after taxation | (41.667) | |
| New investments | 14.500 | |
| Capital contribution | 7.300 | |
| Translation difference and other changes | (3.933) | |
| | | (23.800) |
| **As at 31 December 2019** | | |
| Investments in subsidiaries | 22.542 | |
| Provision subsidiaries | (48.622) | |
| Net investment | | (26.080) |

List of associates

Meltwater Holding B.V. has direct interests in all the associates listed in the list of consolidated companies. See note 1.5 of the notes to the consolidated financial statements.

## 31 Receivables

There are no (written) agreements concerning the group company and related party receivables and payables. No interest is charged, and there are no agreements on securities nor repayments.

Related party receivables

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| Current account STAK | 62 | 63 |
| Current account Proven Mobile Entertainm. AS | -- | -- |
| Other | 61 | 62 |
| Total nominal value | 123 | 125 |
| Allowance for doubtful collection | (62) | (62) |
| | **61** | **63** |

All receivables included under the related party receivables are due within one year.

## 32 Equity

| | Note | Share capital | Share premium | Reserve for translation differences[1] | Other reserves (deficit) | Result for the year | Total |
|---|---|---|---|---|---|---|---|
| | | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 |
| **Balance as at 1 January 2019** | *31* | **19** | **72.660** | **(1.424)** | **(215.356)** | **(37.126)** | **(181.227)** |
| Adjustment from adoption of IFRS 16: leases | | | | | (1.020) | | (1.020) |
| Appropriation of prior year result | | -- | -- | -- | (37.126) | 37.126 | -- |
| Stock-based compensation expense | *32* | -- | 4.563 | -- | -- | -- | 4.563 |
| Issue Series A common stock (options) | *32* | -- | 13 | -- | -- | -- | 13 |
| Issue Series A common stock (exercise of warrants) | *32* | 4 | 24.996 | -- | -- | -- | 25.000 |
| Issue Series A common stock (for acquisition) | *32* | 1 | 1.128 | -- | -- | -- | 1.129 |

| | | | | | | |
|---|---|---|---|---|---|---|
| *Comprehensive result:* | | | | | | |
| Result for the year | -- | -- | -- | -- | (57.820) | (57.820) |
| Foreign currency translation adjustments | -- | -- | (379) | -- | -- | (379) |
| *Total comprehensive result:* | -- | -- | (379) | -- | (57.820) | (58.199) |
| **Balance as at 31 December 2019** | **24** | **103.360** | **(1.803)** | **(253.502)** | **(57.820)** | **(209.741)** |

[1] Legal reserve

Result appropriation for the year 2019

The directors propose to allocate the loss for the year 2019 to the other reserves. This proposal has not been incorporated in these financial statements.

## 33 Share capital

The Company's equity is composed of 8,000,000 authorized shares of Series A common stock and one authorized share of Series C. All classes have an authorized par value of $0.01. At December 31, 2018, the Company had issued 2,373,560 shares of Series A common stock and one share of Series C common stock.

As of December 31, 2019, and 2018, the Company's Articles of Association, as amended, authorized the Company to issue an unlimited number of shares of Series A common stock, Series C common stock and cumulative preferred stock. The par value of all authorized capital stock is $0.01 per share.

Each share of Series A and Series C common stock has one vote per outstanding share. The holders of the Series A common shares are entitled to the earnings and profits of the Company and dividends when and if declared by the Board of Directors, subject to prior rights of the preferred stockholders. The Series C class of common stock is non-profit sharing. The Company has never declared a dividend.

## 34 Stock-based compensation

Stock Purchase Plan

In December 2008, the Company adopted the Stock Purchase Plan ("SPP"), as amended in 2010 and 2011. Under the SPP, the Company grants stock purchase rights to all eligible employees and contractors who provide significant services to the Company. Rather than directly issuing shares of the Company's stock to the employee, the Company issues depository receipts to its employees as evidence of their beneficial and economic ownership of the Company. The depository receipts are issued through Stichting Administratiekantoor Meltwater Holding ("**STAK**"), a Netherlands entity that was created by the Company for the purpose of facilitating the issuance of depository receipts.

Employees are invited to participate in the SPP, when the Company's Board of Directors approves an offering, typically once a year or once every two years. The Board of Directors determines the terms of the purchase, including employee eligibility, acquisition price, and maximum number of depository receipts that participants may purchase according to eligibility levels. The purchase price is due and payable upon the purchase of the shares; however, participants may elect to submit payment in whole or in part via payroll deductions. Deferred payments, plus interest (annualized rate of 4.5%), are deducted in equal installments from the employee's salary over a six-month period, commencing at the issuance of the depositary receipts. The Company has a full recourse provision in instances where an employee leaves the Company.

SPP participants with fully-paid depository receipts have full entitlement to all the economic benefits and risks of the shares as shareholders. The depository receipts vest in two to three tranches over one to three years.

Generally, depository receipts are transferable once they are vested. In the event of termination of employment services, the shares can be repurchased by the Company at a repurchase price determined in accordance with the provisions of the SPP, which depends on the original sale price of the shares, the fair market of the shares at the time of repurchase, and the reason for the employee's departure from the Company.

As of December 31, 2019, and 2018, STAK owned 47.312 shares of Series A common stock, against which 43.660 depository receipts had been issued to employees pursuant to the program, and 3.652 shares remained unissued.

During each of the years ended December 31, 2019 and 2018, the Company recorded no compensation expense related to the SPP.

2010 Share Option Plan

In January 2010, the Company adopted the Share Option Plan ("Option Plan"). The Option Plan authorizes Meltwater Partners AS ("Meltwater Partners"), which owns 90,000 shares of Series A common stock in the Company, to grant eligible Company employees options to purchase shares of stock of Meltwater Partners. These eligible Company employees are designated as partners of Meltwater and upon the exercise of such options they are considered the whole ownership group of Meltwater Partners. Options granted under the Option Plan have a term of up to ten years from the date of grant, and vest under a five-year cliff vesting schedule. As of December 31, 2019, and 2018, Meltwater Partners owned approximately 3.8% and 4.6%, respectively, of the Company's outstanding shares of Series A common stock.

The following table summarizes Meltwater Partners' stock option activity in relation to the Option Plan for the two years ended December 31, 2019:

| | Shares Available for Grant | Number of Stock Options Outstanding | | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|---|---|
| | | | | | *(in years)* |
| **Balances as of December 31, 2017** | 26.322 | 52.632 | $ | 32,29 | 2,12 |
| **Balances as of December 31, 2018** | 26.322 | 52.632 | $ | 32,29 | 1,12 |
| **Balances as of December 31, 2019** | 26.322 | 52.632 | $ | 32,29 | 0,12 |
| **Options exercisable as of December 31, 2019** | | 52.632 | $ | 32,29 | 0,12 |

2011 Equity Incentive Plan

In June 2011, the Company adopted the 2011 Equity Incentive Plan ("2011 EIP"), with 300,000 shares of Series A common stock reserved for issuance under the 2011 EIP. Equity awards granted under this plan may be incentive stock options, non-statutory stock options, restricted stock or restricted stock units. Non-statutory stock options, restricted stock and restricted stock units may be granted to employees, directors and consultants. Incentive stock options may only be granted to employees. The exercise price of incentive stock options and non-statutory stock options may be no less than fair market value per share on the date of grant. Options granted under the 2011 EIP have a term of up to ten years from the date of grant. The vesting for options granted under the plan vary, generally monthly over a period of three to four years, and are subject to certain liquidity and other conditional events that the Company did not deem probable as of December 31, 2019. Vested but unexercised options generally expire within ninety days after termination of services with the Company.

The following table summarizes the Company's stock option activity related to the 2011 EIP for the two years ended December 31, 2019 and 2018:

| | Number of Stock Options Outstanding | Weighted-Average Exercise Price | Average Remaining Contractual Term |
|---|---|---|---|
| | | | *(in years)* |
| **Balances as of December 31, 2017** | 288.416 | $ 111,11 | 7,66 |
| Granted | 80.936 | 149,09 | |
| Exercised | (614) | 113,11 | |
| Forfeited or cancelled | (40.752) | 129,91 | |
| **Balances as of December 31, 2018** | 327.986 | 118,14 | 7,15 |
| Granted | 84.155 | 182,32 | |
| Exercised | (101) | 125,23 | |
| Forfeited or cancelled | (39.632) | 135,64 | |
| **Balances as of December 31, 2019** | 372.408 | 130,62 | 6,71 |
| **Options exercisable as of December 31, 2019** | 213.842 | 120,40 | 6,46 |

Restricted stock units granted under 2011 EIP are valued at their fair market value on the date of grant, and have a term of up to ten years from the date of grant. The vesting for restricted stock units granted under the plan vary and generally begins one year after the occurrence of certain liquidity event, which the Company deems not probable as of December 31, 2019.

The following table summarizes the Company's RSU activity related to the 2011 EIP for the two years ended December 31, 2019 and 2018:

| | Number of RSU's Outstanding | Weighted-Average Fair Value Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|
| | | | *(in years)* |
| **Balances as of December 31, 2017** | 120.057 | $ 98,32 | 3,29 |

| | | | |
|---|---|---|---|
| Forfeited or cancelled | (4.884) | 102,43 | |
| Expired | (1.570) | 109,62 | |
| **Balances as of December 31, 2018** | 113.603 | 113,69 | 3,46 |
| Granted | (4.222) | 119,92 | |
| **Balances as of December 31, 2019** | 109.381 | 113,45 | 2,45 |

During the year ended December 31, 2018, the Company extended the expiration date for 26.063 RSUs that were initially scheduled to expire during 2018.

The following table summarizes the Company's activity of available stock-based awards related to the 2011 EIP for the two years ended December 31, 2019 and 2018:

| | **Number of Available Awards** |
|---|---|
| **Balances as of December 31, 2017** | 39.670 |
| Increase in shares authorized | 42.543 |
| Granted | (80.936) |
| Forfeited or cancelled | 45.636 |
| **Balances as of December 31, 2018** | 46.913 |
| Granted | (84.155) |
| Forfeited or cancelled | 43.854 |
| **Balances as of December 31, 2019** | 6.612 |

The Company recognized stock-based compensation expense as follows:

| | **Year Ended December 31,** | |
|---|---|---|
| ***(in thousands)*** | **2019** | **2018** |
| Cost of sales | $ 94 | $ 122 |
| General and administrative | 905 | 1.040 |
| Sales and marketing | 2.454 | 2.075 |
| Research and development | 1.110 | 1.482 |
| Total stock-based compensation expense | $ 4.563 | $ 4.719 |

As of December 31, 2019, total compensation cost not yet recognized of $21.3 million related to unvested stock options and restricted stock units, of which $8.9 million is expected to be recognized over a weighted-average period of 2.8 years, with the remaining $12.4 million to be recognized only upon the occurrence of contingent future liquidity events.

Determining Fair Value of Stock Options

The estimated grant date fair value of all the Company's equity-based awards was calculated by applying the Black-Scholes option-pricing model to the Meltwater Partners and Employee Incentive Plan options using the following assumptions for the years ended December 31, 2019 and 2018:

| | **Year Ended December 31,** | |
|---|---|---|
| | **2019** | **2018** |
| Expected term (years) | 5,65 | 5,64 |
| Weighted-average volatility | 44,6% | 38,7% |
| Risk-free interest rate | 1,9% | 2,6% |
| Expected dividend yield | - | - |

Dividend Yield

To date, Meltwater Partners and Meltwater Holding B.V. have not declared or paid any cash dividends and have no plans to do so in the future. Therefore, Meltwater Partners and Meltwater Holdings, B.V. used an expected dividend yield of zero.

Risk-Free Interest Rate

The risk-free interest rate assumption is based on the zero-coupon U.S. Treasury instruments on the date of grant with a maturity date consistent with the expected term of Meltwater Partners' stock option granted to the Company's employees.

Volatility

Since Meltwater Partners and Meltwater Holdings B.V. are private and do not have any trading history for their common stock, the expected stock price volatility was calculated based on the average volatility for comparable publicly-traded companies for time horizons equal to the expected term of the stock option grants.

Expected Term

There is no historical information available to the Company to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for the stock option grants to the Company's employees. As such, the expected term was estimated using data from comparable publicly traded companies.

Forfeiture Rate

On January 1, 2018, the Company adopted ASU No. 2016-09 "Stock Compensation: Improvements to Employee Share-Based Payment Accounting" which, among other items, provides an accounting policy election to account for forfeitures as they occur. The Company elected to account for forfeitures as they occur and therefore, stock-based compensation expense for the year ended December 31, 2019 has been calculated based on actual forfeitures.

## 35 Non-current liabilities

Term loan, non-current

See note 13 for further detail.

Long-term group company payables

No interest is charged, and there are no agreements on securities nor repayments.

## 36 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

Other current liabilities

| | 2019 | 2018 |
|---|---|---|
| | $1.000 | $1.000 |
| Trade payables | 4 | 194 |
| Accrued liabilities | 16 | 424 |
| Salaries | 210 | 97 |
| Dutch taxes | 1.243 | 103 |
| Deferred purchase considerations | -- | 1.488 |
| Term loan, current | -- | 25.000 |
| | **1.473** | **27.306** |

## 37 Employees

The company employed in 2019 on average 0.5 (2018: 0.5) fulltime equivalent. See note 19 for further detail regarding their remuneration.

## 38 Commitments and contingencies not included in the company balance sheet

A fiscal unity for corporate income tax, but not for the added value tax, is formed between the Company and its Dutch subsidiaries. All members of the fiscal unity are held liable for any corporate income tax debts of the fiscal unity.

Amsterdam, 28 September 2020

Jorn Lyseggen

Director

Mattias Holmström

Director

Andreas Källström Säfweräng

Director

## Other information

# Profit appropriation according to the Articles of Association

According to article 18 of the Articles of Association the annual net profit is at free disposal of the annual shareholders meeting.

# Independent Auditor's report

The independent auditor's report is set forth on the following page.

# Independent auditor's report

To: the general meeting of Meltwater Holding B.V.

## Report on the financial statements 2019

### Our opinion

In our opinion, the financial statements of Meltwater Holding B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2019, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the accompanying financial statements 2019 of Meltwater Holding B.V., statutory seat Amersfoort. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2019;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' 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 Meltwater Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

## *Report on the other information included in the annual report*

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## Responsibilities for the financial statements and the audit

### Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

### Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 28 September 2020
PricewaterhouseCoopers Accountants N.V.

Original has been signed by B.A.A. Verhoeven RA

## Appendix to our auditor's report on the financial statements 2019 of Meltwater Holding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Financial report 2018

# Meltwater Holding B.V.

# Amsterdam

# CONTENTS

# Directors' report

## *Meltwater*

Meltwater Holding B.V. and its subsidiaries (hereafter referred to as the "Group", "Company", "Meltwater", "we", or "our") is a privately held group of companies founded in Norway. The registration number of the Company at the Chamber of Commerce is 32109376.

Meltwater helps businesses drive growth and build brands. Meltwater's online intelligence platform analyzes billions of digital documents daily to extract precise, timely business insights that help more than 30,000 companies understand their markets, engage their customers, and master the new social business environment. With offices in 26 countries, Meltwater is dedicated to personal, global service built on local expertise.

## *Our Culture*

Guided by our core values, Meltwater culture is based on a fundamental belief in people and the potential they possess. We are not afraid of investing in hidden talent and believe that in an environment where people are motivated and supported by their colleagues, individuals will discover their strengths.

We also are a company built on an entrepreneurial spirit, hard work and the joy of accomplishment. We value teamwork, as well as individual excellence. At Meltwater, we put our passion and our personality into everything we do.

Our values are at the core of our culture, and they can be summed up by the acronym MER, which, in Norwegian, means "more."

Moro ['mo(·)ro]

Norwegian for "Fun." We believe that in order to become successful, individuals must enjoy what they do. That is why we promote a fun and supportive working environment.

Enere ['e nðr'e]

Norwegian for "Number One." At Meltwater, average isn't good enough. Our goal is to create a company that is groundbreaking and a culture in which our employees aspire to exceed their personal expectations.

Respekt [re'spekt]

Norwegian for "Respect." We believe it matters how a company or an individual becomes number one. When striving to be the best, individuals must treat their colleagues and customers with respect and humility.

MER

An acronym for Moro, Enere and Respekt, which creates the Norwegian word "More." We may celebrate our victories, but we see the need to continuously improve—whether it is to reach personal goals or corporate milestones.

Though these values may seem simplistic on the surface, they are what drive us to reach our objectives, clarify our expectations, and help us to prioritize and make decisions.

## *Our History*

From our humble beginnings, Meltwater was built from scratch, brick by brick. The company was founded in 2001 with just $15,000, a trusty coffee machine, used furniture and a borrowed office space in Oslo at an aptly named address, Shack 15.

Armed with experience from a two-year computer science research program in cooperation with the Norwegian Computing Center and funded by the Norwegian Science Foundation, Meltwater's CEO, Jorn Lyseggen, and his business partner set out to introduce game-changing technology for the traditional press clipping market. The duo's previous work in the field of Internet agents and search technologies provided a strong foundation for the development of Meltwater's initial product: Meltwater News.

The timing of our start in 2001—just after the dot-com bubble burst—was a nuclear winter for Internet companies. Meltwater took on the challenge of growing without external funding, focusing on creating a cost-conscious, down-to-earth culture that would be instrumental in making us the unique company we are today.

With the launch of Meltwater News in Norway, there were more than 10 competitors—all of which were well funded—offering online media monitoring in the market. But with our focus on hard work and creating great value for our clients, our consultative approach, and our uncompromising belief in hiring the best people, Meltwater News quickly became the top online media monitoring solution in Norway. By the end of 2006, Meltwater News was the number one solution in Europe, and just two years later in 2008, the company grew to be one of the largest online media monitoring firms in the world. In 2018 Meltwater continues to be the one largest media monitoring companies.

What's in a Name?

Our name represents our mission and culture. Meltwater—the transformation of ice and snow to crystal clear, flowing water—is a symbol of renewal and change. Water is also dual in nature. It can be calming and soothing, as well as a powerful and transformative force that can dramatically alter the existing landscape. These qualities are very much associated with our company. Through our industry-leading SaaS solutions, we are a powerful force transforming global markets, yet we have a compassionate work culture in which we focus on supporting and developing our employees.

## *Our technology and core services*

Meltwater is a global SaaS provider specializing in productivity solutions. We develop high quality software solutions at a reasonable price. We focus on well-defined pain points and solve them better than anyone else.

Our SaaS solution helps drive efficiency reduce costs and improve our clients' bottom line. Today, we offer solutions that enable businesses to manage their reputation, target the right journalists, collaborate more effectively, streamline their hiring processes and manage their online marketing campaigns.

During the past years, Meltwater marketed and sold its products under multiple product offerings.

The products and services offered by the Company enable PR & Communications, Marketing, Executives and Enterprise act on data from the outside.

PR & Communications centric products help quantify PR impact, bring insights from conversation share to brand sentiment, discover key influencers and create relationships and quickly create presentation-ready reports for the stakeholders.

Marketing centric products help understand brand through the eyes of target audiences across the world, optimize social marketing efforts, benchmark marketing efforts against the competition and discover who's talking about brand, from earned media to authentic conversations.

Executives centric products help reduce risk without complexity by leveraging AI to stay on top of financial, market and competitive information.

Enterprise products help in mapping strategy to competitive environment, automate workflows into custom systems, manage flow of outside information and assist with internal collaboration with external insights.

## Financial information

The Group has continued to experience considerable growth during the year under review, both in gaining new customers and growth in business from existing customers renewing and upgrading subscriptions, as well as through acquisitions.

For 2018, we ended with total revenues of $315.5 million (2017: $242.5 million) with a net loss of $37.1 million (2017: net loss of $21.5 million). The increased negative result is driven by increased R&D effort, increased content costs because of new acquisitions and increased investment into new or expanding markets. As a result of the losses in 2018 and previous years, the Company has a negative equity of $181.3 million. Refer to note 1.2 in the consolidated financial statements where further details on the going concern and liquidity have been set out.

## Personnel

The Meltwater culture is the group's most valuable asset, it sets us apart from other organizations, energizes and inspires our people. There is a fundamental belief in people and their potential. The rapid growth has relied on management training and internal career development. Once talented people get the right support, guidance and encouragement, they can accomplish extraordinary things.

Meltwater is an organization consisting of compassionate people with an interest and commitment that goes beyond mere commercial objectives and aspirations.

The Holding company employed 1 employee as of 31 December 2018 (1 as of 31 December 2017).

The number of employees that were employed by the Group increased from 1.645 at the end of 2017 to 1.866 as of December 31, 2018, of whom 42 (2017: 37) were employed in the Netherlands. On average, approximately 1.756 employees were employed during 2018 (2017: 1.524).

## Gender diversity in the board of directors

The company currently has four male directors which is not balanced in accordance with the Dutch 'management and Supervision Act'. The deviation is unintentional, the company aims for a diverse composition of the Board of Directors, gender diversity is one of the factors that is taken into account when new board members are selected.

## Research and development

We continue to invest in our research and development activities that complement our existing product line and new products. Our main research and development facilities are located in the United States, and we also operate research and development around the world including Hungary and India.

For 2017 and 2018, research and development expenses amounted to $31.1 million and $40.1 million, respectively.

## Debt

In January 2018, the Company modified the 2016 Note Payable by borrowing an additional

$9.8 million to fund the acquisition of Datasift, Inc. ("Datasift"). The loan is due to mature in December 2021 and required quarterly principal installments of $1.2 million, with the remaining principal due at maturity. The loan had a variable annual interest rate that has ranged in 2018 from 10.4% to 12.3%, with interest payable quarterly. The Company was required to meet certain debt covenants in relation to the 2016 Note Payable, primarily related to the achievement of a minimum revenue threshold, a minimum fixed charge coverage ratio and a maximum senior leverage ratio. The Company did not achieve the Consolidated Senior Leverage Ratio covenant for the quarter ended on December 31, 2018.

In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable") and repaid the 2013 and 2016 Note Payable with the proceeds. The Company is required to meet certain debt covenants in relation to the 2019 Note Payable. The debt covenants are mainly related to the achievement of a minimum recurring revenue threshold (based on the revenues of the last four quarters), a minimum liquidity threshold (minimum net cash) and a maximum senior leverage ratio (net debt to adjusted EBITDA).

## *Adoption of Revenue Accounting Standards*

In January 2018, the Company adopted IFRS15 related to revenue recognition. The underlying principle is to recognize revenue when a customer obtains control of promised goods or services at an amount that reflects the consideration that is expected to be received in exchange for those goods or services.

The Company adopted IFRS15using the full retrospective method as of the beginning of fiscal 2018, recasting prior 2017 financial results and recording a cumulative effect adjustment to opening retained earnings as of the beginning of fiscal 2017. In addition, related cost guidance requiring incremental contract acquisition costs (such as sales commissions, bonuses and other related costs) for customer contracts to be capitalized and amortized over the period of benefit. Previously, these costs were expensed as incurred.

Upon adoption of IFRS15 as of January 1, 2018, the Company recorded a cumulative effect adjustment to decrease accumulated deficit by $21.7 million as of January 1, 2017. This cumulative effect adjustment was primarily driven by the capitalization of incremental contract acquisition costs, as the impact of the standard on recognized revenue was immaterial.

The adjustment to other current and noncurrent assets is primarily to record capitalized incremental contract acquisition cost assets. The cumulative effect adjustment is recorded net of tax with the direct tax effect recorded primarily as a reduction of deferred tax assets or an increase to deferred tax liabilities. In the year ended December 31, 2017, the Company capitalized $39.9 million of incremental contract costs and recorded amortization of $22.6 million related to amounts capitalized in the current and prior years. In the year ended December 31, 2018, the Company capitalized $35.4 million of incremental contract costs and recorded amortization of $30.0 million related to amounts capitalized in the current and prior years.

## *Acquisitions*

In April 2018, the Company acquired Sysomos, a social media analytics company. The acquisition improved the Company's offering of social intelligence-based products and technology services.

Consideration to the sellers for the acquisition amounted to $15.1 million, of which $2.6 million was paid in cash. The remaining $12.5 million represented the fair value of 75,659 shares of Meltwater's Series A common stock given as consideration to the sellers on the acquisition date.

In January 2018, the Company acquired Datasift, a human data intelligence company. The acquisition improved the Company's offering of human data intelligence-based products and technology services.

Consideration to the sellers for the acquisition amounted to $9.7 million which was paid in cash.

## *Financial risk management*

We are exposed to a variety of financial risks, including the effects of foreign currency exchange rates, credit risk of our customers and interest rate fluctuations. Our overall risk management policy focuses on monitoring potential adverse effects considered material. We manage our capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity as applicable. Our overall strategy remains unchanged from prior year.

We do accept a certain degree of interest rate risk and other financial risks and continue to monitor these on an ongoing basis. We have minimal exposure to cash flow interest rate risk because the Group has not used borrowed funds with variable interest rates to finance its operations. The Group has variable interest rate loans, which are subject to fair value interest rate risk.

We are not subject to any externally imposed capital requirements. We use prudent cash management policies to reduce exposure to liquidity risk.

The Company's history of net losses and its accumulated deficit suggest increased liquidity and cash flow risks. The Company's believes that traditional metrics such as net losses and accumulated deficits are not the most appropriate to measure profitability, largely due to that the company incurs significant non-cash expenses such as capitalized interest, stock-based compensation expense and the amortization of acquisition related intangible assets. The Company's lenders require the achievement of certain debt covenants, such as minimum revenue, minimum fixed charge coverage ratio and maximum senior leverage ratio. The inputs used in the calculation of such debt covenants are considered more relevant metrics of profitability due to that it focuses on the history of operating cash inflows. The Company is currently in compliance with its debt covenants and expects to remain compliant for the foreseeable future.

We undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are monitored by our Corporate Treasurer.

Trade receivables consist of a large number of our customers, spread across diverse industries and geographical areas. We perform ongoing credit evaluations on the financial condition of our customers. We reduce our credit risks by doing business only with customers who are creditworthy, and we designate credit limits to our customers as applicable.

## *Operational risks*

We are exposed to a variety of operational risks, including data security and cyber risk, geopolitical risk, failure of information technology systems and fraud. We are proactive in monitoring the potential adverse effects of the operational risks, consistent with our overall risk policy, to ensure that entities in the Group will continue operating as usual.

We are subject to various legal proceedings. Management vigorously defends the Company against claims; however, any adverse decisions could affect our business, operating results or financial condition.

Acquisitions present many risks and we may not realize the financial and strategic goals that were contemplated at the time of a transaction. We counter the risk by performing a thorough level of due diligence before the completion of an acquisition transaction.

We derive a substantial portion of our revenues from, and have significant operations, outside of the U.S.

## *Going concern*

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet payment terms, including mandatory repayment terms of loans as disclosed in Note 1.2 'Going concern and liquidity' and Note 26 'Events after the balance sheet date'.

Management has put a financial planning and monitoring process in place, and reviews operations and costs on a periodic basis to take appropriate actions in order to continue to operate as a going concern. Management believes that the cash balances available as of December 31, 2018 and the funds generated from future operations will enable the Company to meet its cash requirements for the foreseeable future (at least twelve months from the date of these financial statements).

The Company is required to meet certain debt covenants in relation to the debt. If, for any reason, the Company is unable to continue as a going concern, it could have an impact on its ability to realize assets at their recognized values, in particular accounts receivable and intangible assets and to extinguish liabilities in the normal course of business at amounts stated in the consolidated financial statements.

## *Environmental aspects*

The Group's operations do not carry any significant negative influence on the environment.

As a global supplier of online media monitoring, Meltwater News is always striving to maintaining and further developing our efficiency in a way that preserves our environment.

Meltwater News is a digital solution replacing physical paper and is considerably contributing to preserving natural resources by servicing our clients worldwide free of paper and physical logistics.

Meltwater also strives to decrease business travels wherever possible by using state-of-the-art online meeting solutions that all middle and top management are linked to. Meltwater News regularly invests time and resources into further developing approaches that preserve the natural environment.

## *Corporate social responsibility*

We feel that part of Meltwater's corporate social responsibility is to give some of its knowledge and resources back to the world. In 2008, Jorn Lyseggen, CEO developed the concept of Meltwater Entrepreneurial School of Technology.

The Meltwater Entrepreneurial School of Technology or MEST is a non-profit training and mentoring program established by Meltwater that enables Africans to become software entrepreneurs. The goal of the program is to teach MEST students the skills required to launch breakthrough global companies, thus enabling them to create jobs and wealth locally to stimulate the African economy.

Founded in Accra, Ghana in 2007, MEST is the brainchild of Jorn Lyseggen. Jorn believes that talented people are everywhere, and with the right nurturing, support and guidance, people have the potential to be extraordinarily successful. This belief is the foundation of our culture here at Meltwater, where employees develop professionally and receive opportunities to move into management roles early in their careers. In Ghana, we have set out to prove that a new generation of young, successful global entrepreneurs can come from Africa—a continent that is one of the least developed in terms of the software market and is home to many stagnant economies where highly educated individuals have few job opportunities.

Operated by our non-profit arm, the Meltwater Foundation, MEST seeks out talented college graduates who are interested in entrepreneurship, technology and business to participate in the program. Once accepted, our Entrepreneurs in Training (EITs) receive hands-on training in software development, basic business fundamentals and entrepreneurship in a fast-paced, challenging, start-up environment where they develop software applications and prepare those applications for launch in the global marketplace.

*Meltwater Foundation and Meltwater Entrepreneurial School of Technology ("MEST")*

The Company's CEO is a director at the Meltwater Foundation and MEST, both of which are not-for-profit organizations. The Company made charitable contributions of $2.0 million and $1.8 million to Meltwater Foundation in 2018 and 2017, respectively. These contributions were made with the restriction that the funds will be donated to MEST.

## *2019 and further outlook*

Software and processing power is moving from our personal computer to the cloud, creating a market for SaaS that will change the industry. Meltwater has offices with sales teams and executive management in more than 55 offices in 26 countries around the globe.

Meltwater operates in one of the fastest growing segments in the tech space and our future prospects look very positive. As a result of a diversified portfolio (we are present in 26 countries, have clients in all types of industries, large corporations and small businesses, and governmental agencies) we are still able to grow, despite the difficult financial and economic market conditions.

While the financial results of 2009 through 2018 were negatively impacted by significant research and development activities, organizational changes, as well as investments in new products, new markets, client relations and new management roles, we believe that these investments form a foundation for future growth and profitability. Meltwater will continue to invest in people and research and development.

Subsequent events have been evaluated through the date that the consolidated financial statements were available to be issued. For further details on the assessment for the Group to be able to continue as a going concern and for subsequent events refer to note 1.2 and 26, respectively of the consolidated financial statements.

Amsterdam, 29 June 2019

Jorn Lyseggen

Director

Rainer Gawlick

Director

Mattias Holmström

Director

Andreas Källström Säfweräng

Director

# Financial statements

# Consolidated financial statements

# Consolidated balance sheet as at 31 December

| | Note | 31 December 2018 2017 | | 31 December | |
|---|---|---|---|---|---|
| | *Note* | $1.000 | $1.000 | $1.000 | $1.000 |
| *Assets* | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | *5* | 69.710 | | 50.325 | |
| Property and equipment | *6* | 5.503 | | 4.659 | |
| Financial assets | *7* | 7.942 | | 6.479 | |
| Deferred contract costs, long-term | *1.4* | 19.191 | | 17.746 | |
| | | | 102.346 | | 79.209 |
| **Current assets** | | | | | |
| Trade receivables | *8* | 67.343 | | 52.583 | |
| Related party receivables | *8* | 63 | | 66 | |
| Deferred contract costs, short-term | *1.4* | 25.194 | | 21.239 | |
| Other current assets | *8* | 12.667 | | 11.407 | |
| Cash and cash equivalents | *9* | 11.780 | | 19.532 | |
| | | | 117.047 | | 104.827 |
| | | | 219.393 | | 184.036 |

Note: 2017 restated for the change in accounting policy, refer to note 1.4.

| | Note | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|---|
| | | $1.000 | $1.000 | $1.000 | $1.000 |
| *Equity and liabilities* | | | | | |
| **Group equity** | | | | | |
| Equity | 10 | | (181.227) | | (160.025) |
| **Provisions** | | | | | |
| Deferred income tax | 26 | | 6.893 | | 6.952 |
| **Non-current liabilities** | | | | | |
| Deferred income non-current portion | | 7.786 | | 6.198 | |
| Term loan, non-current | 11 | 119.194 | | 128.081 | |
| | | | 126.980 | | 134.279 |
| **Current liabilities** | | | | | |
| Trade and other payables | | 9.745 | | 8.890 | |
| Related party payables | 12 | -- | | 18 | |
| Taxation and social charges | 12 | 9.324 | | 8.912 | |
| Other current liabilities | 12 | 73.575 | | 40.254 | |
| Deferred income current portion | 12 | 174.103 | | 144.756 | |
| | | | 266.747 | | 202.830 |
| | | | 219.393 | | 184.036 |

Note: 2017 restated for the change in accounting policy, refer to note 1.4.

# Consolidated income statement

| | Note | 2018 | | 2017 | |
|---|---|---|---|---|---|
| | | $1.000 | $1.000 | $1.000 | $1.000 |
| **Revenue** | 15 | | 315.534 | | 242.464 |
| Costs of operations | 16 | 54.709 | | 30.762 | |
| Staff expenses | 17 | 173.667 | | 138.478 | |
| Depreciation, amortization and impairment | 18 | 22.815 | | 8.952 | |
| Other operating expenses | 19/20 | 79.088 | | 65.442 | |
| **Total expenses** | | | 330.279 | | 243.634 |
| **Operating result** | | | (14.745) | | (1.170) |
| Financial income and (expenses) | 21 | | (16.167) | | (17.510) |
| Other income and (expenses) | 22 | | (3.760) | | (1.558) |
| Loss on extinguishment of debt/loan | 22 | | -- | | -- |
| **Result before tax** | | | (34.672) | | (20.238) |
| Income tax (expense)/income | 25 | | (2.454) | | (1.287) |
| **Result for the year (attributable to equity holders)** | | | (37.126) | | (21.525) |

Note: 2017 restated for the change in accounting policy, refer to note 1.4.

**Consolidated cash flow statement**

| | Note | 2018<br>$1.000 | 2017<br>$1.000 |
|---|---|---|---|
| ***CASH FLOW FROM OPERATING ACTIVITIES*** | | | |
| Net profit (loss) | | (37.126) | (21.525) |
| Adjustments for : | | | |
| - Amortization of debt discount and deferred financing costs | | 819 | 503 |
| - Amortization of deferred contract costs | *1.4* | 29.958 | 22.554 |
| - Depreciation of property and equipment | *19* | 3.503 | 1.873 |
| - Amortization of intangible assets | *19* | 14.479 | 4.816 |
| - Amortization of capitalized software costs | *19* | 4.833 | 2.263 |
| - Provisions for (recovery of) bad debts | *8* | 416 | -- |
| - Net-foreign currency impact | | (598) | 4.113 |
| - Provision for deferred income taxes | *26* | (754) | (1.433) |
| - Stock based compensation expense | *33* | 4.719 | 3.108 |
| Changes in operating assets and liabilities: | | | |
| - Accounts receivable | *8* | (9.918) | (19.670) |
| - Prepaid expenses and other (current) assets | *8* | 693 | (1.133) |
| - Deferred contract costs | *8* | (36.656) | (31.749) |
| - Other assets | *8* | (1.983) | 120 |
| - Accounts payable | *13* | 4.134 | 2.152 |
| - Deferred rent, long-term | *13* | 143 | (214) |
| - Deferred income | *13* | 30.240 | 28.610 |
| - Accrued expenses and other (current) liabilities | *13* | 11.761 | 16.310 |
| - Receivables and payables from Related parties net | *8/13* | 3 | (4.592) |
| **CASH GENERATED FROM OPERATIONS / (USED IN)** | | **18.666** | **6.106** |
| ***CASH FLOW FROM INVESTING ACTIVITIES*** | | | |
| Purchases of property and equipment | *6* | (1.458) | (1.833) |
| Capitalized software development costs | *6* | (15.723) | (10.590) |
| Sales (Purchases) of minority interest investments | *14* | 249 | 9 |
| Amounts paid for business combinations | *14* | (14.359) | (33.169) |
| **NET CASH FLOWS USED IN INVESTING ACTIVITIES** | | **(31.291)** | **(45.583)** |
| ***CASH FLOW FROM FINANCING ACTIVITIES*** | | | |
| Repayments of borrowings | *12* | (2.267) | (671) |
| Proceeds from borrowings | *12* | 9.750 | 28.500 |
| Payment of debt issuance costs | *12* | (345) | (1.081) |
| Payments of deferred purchase consideration liability | *12* | (762) | (1.472) |
| Proceeds from issuance of common stock | *32* | 69 | 5 |
| Loss on loan extinguishment | *12* | -- | -- |
| **NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES** | | **6.445** | **25.281** |
| Effect of exchange rate changes on cash | | (792) | 1.174 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | (6.180) | (14.196) |
| Cash and cash equivalents at beginning | | 21.012 | 34.034 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | **14.040** | **21.012** |

See accompanying notes to the consolidated financial statements.

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid for taxes | 2.112 | 2.397 |
| Cash paid for interest | 9.711 | 6.462 |
| **Supplemental non-cash investing and financing activities** | | |
| Accrued interest classified as debt | 1.920 | 761 |
| Issuance of Series A common stock shares in consideration for acquisition | 13.585 | 1.543 |

The following table provides a reconciliation of the amount of cash and cash equivalents reported on the consolidated balance sheets to the total of cash and cash equivalents and restricted cash shown on the consolidated statements of cash flows:

| | December 31, | |
|---|---|---|
| *(in thousands)* | **2018** | **2017** |
| Cash and cash equivalents | $ 11,780 | $ 19,532 |
| Restricted cash included in other assets | 2,260 | 1,480 |
| Total cash, cash equivalents, and restricted cash | $ 14,040 | $ 21,012 |

# Notes to the consolidated financial statements

1 General information

*1.1* Operations

The operations of Meltwater Holding B.V. and its group companies ("the Group") are mainly comprised of providing of cloud-based news and social media monitoring and related services.

The company conducts business in North America, Europe, Asia, South America, Australia and the Middle East.

The address of the Company is:

Meltwater Holding B.V.

Singel 250

1016 AB Amsterdam

Chamber of Commerce number: 32109376

The Company's statutory seat is Amersfoort.

*1.2* Going concern and liquidity

The consolidated financial statements have been prepared on a going concern basis. The Company incurred a net loss of $37.1 million for the year ended December 31, 2018, and had an accumulated deficit of $252.5 million as of December 31, 2018. As of December 31, 2018, current liabilities exceeded current assets by $149.7 million, of which $174.1 million of current liabilities consists of the current portion of deferred revenue, most of which will not be settled in cash. Cash provided by operating activities was $17.9 million and $4.9 million during the years ended December 31, 2018 and 2017, respectively. The Company's cash balance as of December 31, 2018 was $11.8 million. Management believes that the cash balances available as of December 31, 2018 and the funds generated from future operations will enable the Company to meet its cash requirements for the foreseeable future (at least twelve months from the date of these financial statements).

In December 2016, the Company entered into a $60 million non-convertible note payable agreement ("2016 Note Payable"). In January 2018, the Company modified the 2016 Note Payable by borrowing an additional $9.8 million to fund the acquisition of Datasift, Inc. ("Datasift"). The outstanding principal as of December 31, 2018 amounted to $95.1 million. The loan was due to mature in December 2021 and required quarterly principal installments of $1.2 million, with the remaining principal due at maturity. The loan had a variable annual interest rate that has ranged in 2018 from 10.4% to 12.3%, with interest payable quarterly. The Company was required to meet certain debt covenants in relation to the 2016 Note Payable, primarily related to the achievement of a minimum revenue threshold, a minimum fixed charge coverage ratio and a maximum senior leverage ratio. The Company did not achieve the Consolidated Senior Leverage Ratio covenant for the quarter ended on December 31, 2018.

In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable") and repaid the 2016 Note Payable with the proceeds. The Company is required to meet certain debt covenants in relation to the 2019 Note Payable. The debt covenants are mainly related to the achievement of a minimum recurring revenue threshold (based on the revenues of the last four quarters), a minimum liquidity threshold (minimum net cash) and a maximum senior leverage ratio (net debt to adjusted EBITDA). The company is currently in compliance with its debt covenants and expects to remain compliant in the foreseeable future (at least twelve months from the date of these financial statements).

### *1.3* Group structure

Meltwater Holding B.V.is a holding company for a number of subsidiaries throughout the world and its shares are held by a limited number of shareholders.

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the DASs for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

### *1.4* Accounting policies – prior year comparison

Except as set out below, the accounting policies have been consistently applied to all the years presented. As of 2018, the company changed its accounting policy with respect to the activation of employee and other costs that relate to sales contracts. As of 2018 these costs are activated in such a way that they match the revenue of (future) contract periods. The new policy is in line with IFRS 15 and has been implemented to align the policy with the standards used by the group under US GAAP where ASC 606 was implemented, a standard that is similar to IFRS 15. IFRS 15 is admitted to be applied in Dutch GAAP financial statements.

The underlying principle is to recognize revenue when a customer obtains control of promised goods or services at an amount that reflects the consideration that is expected to be received in exchange for those goods or services. It also requires increased disclosures including the nature, amount, timing, and uncertainty of revenues and cash flows related to contracts with customers.

IFRS 15 allows two methods of adoption: i) retrospectively to each prior period presented ("full retrospective method"), or ii) retrospectively with the cumulative effect recognized in retained earnings as of the date of adoption ("modified retrospective method"). The Company used the full retrospective method as of the beginning of fiscal 2018, recasting prior 2017 financial results and recording a cumulative effect adjustment to opening retained earnings as of the beginning of2017.

In addition, incremental contract acquisition costs (such as sales commissions and bonuses) for customer contracts are now capitalized and amortized over the period of benefit. Previously, these costs were expensed as incurred.

Upon adoption of IFRS15 as of January 1, 2018, the Company recorded a cumulative effect adjustment to decrease accumulated deficit by $21.7 million as of January 1, 2017, the earliest period presented in the financial statements. This cumulative effect adjustment was primarily driven by the capitalization of incremental contract acquisition costs, as the impact of the standard on recognized revenue was immaterial. The adjustment to other current and noncurrent assets is primarily to record capitalized incremental contract acquisition cost assets. The cumulative effect adjustment is recorded net of tax with the direct tax effect recorded primarily as a reduction of deferred tax assets or an increase to deferred tax liabilities.

In the year ended December 31, 2017, the Company capitalized $30.7 million of incremental contract costs and recorded amortization of $22.6 million related to amounts capitalized in the current and prior years. In the year ended December 31, 2018, the Company capitalized $36.4 million of incremental contract costs and recorded amortization of $30.0 million related to amounts capitalized in the current and prior years.

The following tables summarize the cumulative effects of the change in accounting policy:

| | 31 December 2017 before | Adjustment | 31 December 2017 after |
|---|---|---|---|
| | $ 1.000 | $ 1.000 | $ 1.000 |
| *Assets* | | | |
| **Non current assets** | | | |
| Intangible assets | 50.325 | | 50.325 |
| Property and equipment, Capitalized software | 4.659 | | 4.659 |
| Financial assets | 10.054 | (3.575) | 6.479 |
| Deferred contract costs, long-term | -- | 17.746 | 17.746 |
| **Current assets** | | | |
| Trade receivables | 53.165 | (582) | 52.583 |
| Related party receivables | 66 | | 66 |
| Deferred contract costs, short-term | -- | | 21.239 |
| Other current assets | 11.407 | 21.239 | 11.407 |
| Cash and cash equivalents | 19.532 | | 19.532 |
| | 149.208 | 34.828 | 184.036 |
| *Equity and liabilities* | | | |
| **Group equity** | | | |
| Equity | (190.745) | 30.720 | (160.025) |
| **Provisions** | | | |
| Deferred income tax | 2.114 | 4.838 | 6.952 |
| **Non-current liabilities** | | | |
| Deferred income non-current portion | 6.198 | | 6.198 |
| Term loan, non-current | 128.081 | | 128.081 |
| **Current liabilities** | | | |
| Trade and other payables | 8.890 | | 8.890 |
| Related party payables | 18 | | 18 |
| Taxation and social charges | 8.912 | | 8.912 |

| | | | |
|---|---|---|---|
| **Other current liabilities** | 40.254 | | 40.254 |
| Deferred income current portion | 145.486 | (730) | 144.756 |
| | 149.208 | 34.828 | 184.036 |

| | 2017 before | Adjustment | 2017 after |
|---|---|---|---|
| | $1.000 | $1.000 | $1.000 |
| **Revenue** | 242.315 | 149 | 242.464 |
| Costs of operations | 30.762 | | 30.762 |
| Staff expenses | 146.604 | (8.126) | 138.478 |
| Depreciation, amortization and impairment | 8.952 | | 8.952 |
| Other operating expenses | 65.442 | | 65.442 |
| **Operating result** | (9.445) | 8.275 | (1.170) |
| Financial income and (expenses) | (18.276) | 766 | (17.510) |
| Other income and (expenses) | (1.558) | | (1.558) |
| Loss on extinguishment of debt/loan | -- | | -- |
| **Result before tax** | (29.279) | 9.041 | (20.238) |
| Income tax (expense)/income | (1.287) | | (1.287) |
| **Result for the year (attributable to equity holder** | (30.566) | 9.041 | (21.525) |

*1.5* Consolidation

The consolidation includes the financial information of Meltwater Holding B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Meltwater Holding B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the minority interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Since the income statement of Meltwater Holding B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

The consolidated companies are listed hereafter:

| Entity name | Location | Financial interest |
|---|---|---|
| **Meltwater Holding B.V.** | Amsterdam, Netherlands | |
| **Meltwater Search Center of Excellence AB** | Gothenburg, Sweden | 100% |
| **Meltwater Emerald Ltd** | Dublin | 100% |
| **Meltwater News Software Brasil Ltda.** | Brasil | 100% |
| **Wrapidity Ltd.** | UK | 100% |
| **Meltwater (UK) Ltd** | London, United Kingdom | 100% |
| **Meltwater Argentina BV** | Amsterdam, Netherlands | 100% |
| **Meltwater News Software Brasil Ltda.** | Brasil | 0,01% |
| **Meltwater News AR S.R.L.** | Amsterdam, Netherlands | 90% |
| **Meltwater News AR1 S.R.L.** | Amsterdam, Netherlands | 90% |
| **Meltwater India Pvt. Ltd.** | New Delhi, India | 1% |
| **Meltwater Middle East 1 FZ LLC** | Dubai, United Arab Emirates | 100% |
| **Meltwater Middle East2 FZ LLC** | Dubai, United Arab Emirates | 100% |
| **Meltwater News Shanghai Co., Ltd.** | Shanghai, China | 100% |
| **Meltwater Australia Pty Ltd** | Sydney, Australia | 100% |
| **Meltwater News Australia 1 Pty Ltd.** | Sydney, Australia | 100% |
| **Meltwater Danmark ApS** | Copenhagen, Denmark | 100% |
| **Meltwater Finland OY** | Helsinki, Finland | 100% |
| **Meltwater India Pvt. Ltd.** | New Delhi, India | 99% |
| **Meltwater Japan K.K.** | Tokyo, Japan | 100% |
| **Meltwater Kutato-Fejleszto Korlatolt Felelossegu Tarsasag (Meltwater KFT)** | Budapest, Hungary | 100% |
| **Meltwater News AR S.R.L.** | Buenos Aires | 10% |
| **Meltwater News AR1 S.R.L.** | Buenos Aires | 10% |
| **Meltwater News AS** | Oslo, Norway | 100% |
| **Meltwater News AT1 GmbH** | Vienna, Austria | 100% |
| **Meltwater News Canada Inc (British Columbia Registered)** | Toronto, Canada | 100% |
| **Meltwater News Canada 2 Inc** | Toronto, Canada | 100% |
| **Sysomos Inc (Ontario)** | Toronto, Canada | 100% |
| **Sysomos US Inc** | San Francisco, US | 100% |
| **Sysomos UK Ltd.** | London, United Kingdom | 100% |
| **Expion, LLC** | San Francisco, US | 100% |

| | | |
|---|---|---|
| **Expion Shanghai Co., Ltd** | Shanghai, China | 100% |
| **Expion Singapore Pte Ltd** | Singapore | 100% |
| **Uberlabs Software Technologies Private Ltd.** | London, United Kingdom | 100% |
| **Meltwater News Deutschland GmbH** | Berlin, Germany | 100% |
| **Meltwater News FR 1 SAS** | Bordeaux, France | 100% |
| **Meltwater News HK Ltd** | Hong Kong | 100% |
| **Meltwater News HK 1 Ltd** | Hong Kong | 100% |
| **Meltwater News International Holdings GmbH** | Schaffhausen, Switzerland | 100% |
| **Meltwater News International GmbH** | Schaffhausen, Switzerland | 100% |
| **Meltwater News Malaysia Sdn Bhd** | Kuala Lumpur | 100% |
| **Meltwater News SA 1 (Pty) Ltd** | Capetown, South Africa | 100% |
| **Meltwater South Africa (Pty) Ltd** | Capetown, South Africa | 100% |
| **Meltwater News SG 1 Pte Ltd** | Singapore | 100% |
| **Meltwater Singapore Pte Ltd** | Singapore, Singapore | 100% |
| **Meltwater Software Private Ltd** | Bangalore, India | 100% |
| **Meltwater Sweden AB** | Stockholm, Sweden | 100% |
| **Meltwater The Netherlands BV** | Amsterdam, Netherlands | 100% |
| **Meltwater US Holdings Inc.** | San Francisco, US | 100% |
| **Meltwater News US Inc.** | San Francisco, US | 100% |
| **Meltwater News US 1 Inc.** | San Francisco, US | 100% |
| **Datasift Inc** | Delaware, US | 100% |
| **Datasift Solutions Inc.** | Delaware, US | 100% |
| **Mediasift Limited** | Delaware, US | 100% |

### *1.6* Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management of Meltwater Holding B.V. and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

### *1.7* Acquisitions and disposals of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is disclosed under accruals and deferred income.

The purchase method of accounting is used to account for the acquisitions by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as disposal groups held for sale.

*1.8* Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received are included in cash from financing activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group company was recognized as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in the acquired group company were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement.

*1.9* Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

*1.10* Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 Accounting policies for the balance sheet

*2.1* General information

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the Notes.

*2.2* Foreign and presentational currencies

Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the functional and presentation currency of Meltwater Holding B.V.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement. Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognized in equity as a component of the legal reserve for translation differences.

Group companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expense are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

*2.3* Intangible assets

Intangible assets are stated at historical cost less amortization. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount.

For details on how to determine whether an intangible asset is impaired, please refer to note 2.6 below.

Goodwill

Goodwill represents the excess of the aggregate purchase price paid for an acquired business over the fair value of the underlying net tangible and identified intangible assets. Goodwill is amortized and tested for impairment at the reporting unit level on an annual basis and whenever events of changes in circumstances indicate the carrying value may not be recoverable. The Company has determined that it operates as one reporting unit. The annual impairment test was performed in December, 2018. There was no impairment charge for goodwill recorded during the years ended December 31, 2018 and 2017.

The aggregate purchase price paid for an acquired business includes the fair value assigned at the date of the acquisition to the Company's shares of Series A common stock given to the sellers of an acquired entity as consideration. The valuations of the Company's Series A common stock are supported by a third party valuation.

As of 2010, the company decided not to account for goodwill in case of transactions under common control.

Capitalized Internal-Use Software Costs

The Company capitalizes costs related to its cloud-based news and social media monitoring services and certain projects for internal use incurred during the application development stage, which are all amortized on a straight-line basis over their estimated useful lives of 3 years. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Capitalized software is amortized on a straight line basis over its estimated useful life. Management evaluates the useful lives of these assets on an annual basis. If the revised estimated useful life is shorter than was originally estimated, the Company accelerates the rate of amortization and amortizes the remaining carrying value over the revised estimated useful life. Management tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Other intangible assets

Intangible assets consist of acquired developed technology, customer relationships and other assets, which are all amortized on a straight-line basis over their estimated useful lives, based on economic benefits. The estimated useful lives for these intangibles are 4 years. The Company evaluates the estimated remaining useful life of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. If the revised estimated useful life is shorter than was originally estimated, the Company accelerates the rate of amortization and amortizes the remaining carrying value over the revised estimated useful life.

The Company performs a review for impairment of intangible assets whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of intangible assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over the estimated remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. There was no impairment of intangible assets during the years ended December 31, 2018 and 2017.

*2.4* Property and equipment

Property and equipment are stated at historical cost less depreciation by linear method. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent events are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is not recognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual value values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and lost on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

The estimated useful lives of property and equipment are as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Software | 3 years |
| Office equipment and furniture | 3-5 years |

Leasehold improvements are amortized over the lesser of their useful life or the term of the applicable lease. Upon sale or retirement of assets, the cost and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

*2.5* Financial assets

Deferred income tax

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. These deferred tax assets are measured at face value and have a predominantly long-term character.

*2.6* Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

*2.7* Receivables

Accounts receivable, which represent trade receivables from the Company's customers, are recorded at the invoiced amount and do not bear interest. The Company extends credit to its customers in the normal course of business and performs ongoing credit evaluations of its customers. The Company does not require collateral from its customers. The Company establishes allowances for doubtful accounts and customer returns based on its estimate of the collectability of the accounts and the historical experience of customers not acknowledging the renewal of subscriptions. The estimates are based on the Company's history of write-offs.

*2.8* Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Cash at bank and in hand is carried at nominal value.

## *2.9* Equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

## *2.10* Leases

<u>Operating lease</u>

Leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The difference between cash rent payments and rent expense is recorded as a deferred rent liability.

## *2.11* Financial instruments

Securities included in financial and current assets are stated at fair value. All other balance sheet financial instruments are carried at (amortized) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

## *2.12* Provisions

Provisions are recognized at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Provisions are recognized in income in the period in which an obligation arises and the amount can be reasonably estimated. Provisions are determined independently of expected insurance recoveries. Recoveries are recognized and reported as separate events and brought into account when virtually certain of realization.

## *2.13* Liabilities

<u>Non-Current liabilities</u>

Non-current liabilities are recognized at fair value on initial recognition. Transactions costs that can be directly attributed to the procurement of these liabilities are added to the value. After initial recognition long-term debts are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

<u>Current liabilities</u>

Current liabilities are recognized at fair value on initial recognition. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## 3 Accounting policies for the income statement

### *3.1* General information

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

### *3.2* Revenue recognition

The Company derives its revenue primarily from subscription fees for its cloud-based news and social media monitoring services. The Company hosts software applications that it makes available to its customers over subscription periods generally ranging from 12 to 24 months. The subscription agreements are non-cancelable and do not contain provisions for refunds. Customers do not have any contractual rights to take possession of the Company's software applications.

The Company commences revenue recognition when all of the following conditions are satisfied:

- There is a persuasive evidence of an arrangement;
- The subscription or other services have been or are being delivered to the customer;
- Collection of related fees is reasonably assured; and
- The amounts of the related fees are fixed or determinable.

Once all the revenue recognition criteria are met, the Company commences recognizing revenue ratably over the subscription period.

Revenue is recognized when a customer obtains control of promised services, consisting of subscriptions of our software platform. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company applies the following five steps to recognize revenue:

6. Identify the contract with a customer.
7. Identify the performance obligations in the contract.
8. Determine the transaction price.
9. Allocate the transaction price to performance obligations in the contract.
10. Recognize revenue when or as the Company satisfies a performance obligation.

Subscription revenue

The services the Company provides each day are substantially the same and have the same pattern of transfer to the customer, thus, meeting the definition of a series of distinct services that form a single performance obligation.

The Company satisfies the subscription and related services evenly over the contract period as customers simultaneously receive and consume the services provided. Revenue is recognized ratably over the subscription period from the contract effective date which is also the date the Company makes its services available to customers. Payment is typically due up-front in its entirety or throughout the contract period, usually monthly. Fees for services are generally fixed, however certain contracts include variable charges based on usage that occurs in a given month. Those variable fees are recognized as revenue in the month the usage occurs and typically are billed in the subsequent month.

Recorded revenue excludes any sales, use or other similar taxes that the Company is required to collect from customers for remittance to governmental authorities.

Contract balances

A summary of opening and closing receivable and deferred revenue balances for 2018 and 2017 is presented below. Receivables are recorded when the Company has non-refundable right to payment. Receivables are presented as current assets as the Company expects all receivables to be collected within twelve months. Deferred revenue is recorded when the Company records a receivable or collects cash in advance of providing services and recognizing revenue. Deferred revenue is presented within either current or long-term liabilities depending on whether or not the balances will be recognized as revenue within twelve months.

*(in thousands)*

| | Accounts receivable, net | | Deferred revenue, short-term | | Deferred revenue, long-term | |
|---|---|---|---|---|---|---|
| Opening balance at January 1, 2018 | $ | 52,583 | $ | 144,756 | $ | 6,198 |
| Closing balance at December 31, 2018 | $ | 67,343 | $ | 174,103 | $ | 7,786 |
| | | | | | | |
| Opening balance at January 1, 2017 | $ | 30,938 | $ | 111,069 | $ | 5,431 |
| Closing balance at December 31, 2017 | $ | 52,583 | $ | 144,756 | $ | 6,198 |

The Company also provides customers training and support that help them use the cloud-based news and social media monitoring services. The Company has determined that these services do not have value to the customers on a standalone basis and therefore do not constitute separate units of accounting. The Company recognizes revenues from these services together with the subscription fee ratably over the subscription period.

Recorded revenue excludes any sales, use or other similar taxes that the Company is required to collect from customers for remittance to governmental authorities.

Deferred revenue

Deferred revenue consists of billings or payments received in advance of recognition of revenue from the Company's services. The portion of deferred revenue that the Company anticipates will be recognized during the twelve-month period from the balance sheet date is recorded in the consolidated balance sheet as current deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion.

Cost of revenue

Cost of revenue consists of hosting costs, data communications expenses, employee-related expenses, allocated overhead based on headcount, software license fees, costs associated with website development activities, and depreciation expense associated with computer equipment, and amortization expense associated with capitalized software related to the Company's cloud-based customer services and acquired developed technologies.

*3.3* Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise, unless they are hedged.

*3.4* Expenses

Expenses comprise costs chargeable to the year.

Research and Development

Costs related to research and development of the Company's services are expensed as incurred. These costs consist primarily of research and development employee-related expenses, third-party contractor fees and allocated overhead associated with developing new services.

Advertising Costs

Advertising costs are expensed as incurred and are included with operating expenses in the consolidated statement of operations. These include public relations, website design, advertising, field marketing, and market research services.

*3.5* Amortization and depreciation

Intangible assets, including goodwill, are amortized and property and equipments are depreciated over their estimated useful lives as from the inception of their use. Future depreciation and amortization is adjusted if there is a change in estimated future useful life.

Gains and losses on sales of property and equipment are included in the income statement.

*3.6* Business combinations

The Company uses its best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed in business combinations. The Company's estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination. The Company continues to collect information and reevaluates these estimates and assumptions and records any adjustments to the Company's preliminary estimates to goodwill provided that the Company is within the measurement period. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

*3.7* Employee benefits

Short-term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Pensions

The group has various defined contribution plans, but there is no Dutch plan. The foreign pension plans can be compared to how a Dutch pension system has been designed and functions. For these plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit when they are due.

Stock-based compensation

The cost of stock-based awards granted is measured at the grant date, based on the fair value of the award, and is recognized as expense, net of estimated forfeitures, on a straight-line basis over the requisite service period. The fair value of stock-based awards to employees is estimated using the Black-Scholes option-pricing model. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option pricing model. The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate assumption based on actual forfeitures, analysis of employee turnover, and other related factors.

### *3.8* Finance income and costs

<u>Interest paid and received</u>

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

<u>Changes in financial instruments at fair value</u>

Changes in the value of the following financial instruments are recognized directly through profit or loss:

- Financial assets and liabilities that are held for trading;
- Derivatives with an underlying instrument that is quoted in an active market;
- Purchased loans, bonds (unless held to maturity) and equity instruments that are quoted in an active market.

Decreases in value of financial instruments at fair value are recognized through profit or loss. Realized increases in the value of financial instruments at fair value initially recognized in equity are taken into profit or loss when the financial instruments are derecognized.

### *3.9* Income tax expense

The Company accounts for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax reporting purposes, net operating loss and tax credit carry-forwards, measured by using the tax rates that are expected to apply during the years that the differences are expected to settle.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not expected to be realized based on the weighting of positive and negative evidence. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the tax law. The Company regularly reviews the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The Company's judgments regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute its business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the tax provision would increase or decrease in the period in which the assessment is changed.

Compliance with income tax regulations requires the Company to take certain tax positions, including decisions relating to the transfer pricing of revenue and expenses between each of its legal entities that are located in several countries; and in evaluating uncertainties in the application of complex tax regulations in multiple tax jurisdictions. In assessing the exposure associated with various filing positions, the Company determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than fifty percent likely of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits, if any, are included within the provision for income taxes in the consolidated statement of operations and comprehensive loss.

## 4 Financial instruments and risk management

Disclosure for primary financial instruments is included in the notes to the individual balance sheet items.

The financial instruments of the Group and the related risks are disclosed below. The company overall risk management policy focus on monitoring potential adverse effects considered material. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity as applicable. The Group's overall strategy remained unchanged prior year. The capital structure of the Group consists of negative equity (comprising issued capital, reserves , accumulated deficit ) and non-current borrowings.

The Group is not subject to any externally imposed capital requirements. The non-current borrowings are subject to covenants which are monitored for compliance. Prudent cash management policies are used to reduce exposure to liquidity risk.

*4.1* Price risk

Price risk

The price risk is minimal as the Group does not have substantial financial assets.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are monitored by the Group's Corporate Treasurer.

Interest rate risk

The Group has minimal exposure to cash flow interest rate risk because the Group has not used borrowed funds with variable interest rates to finance its operations. The Group has fixed interest rate loans (refer to note 11) which are subject to fair value interest rate risk.

*4.2* Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Company places its cash with major financial institutions in countries where the Company and its subsidiaries are located. For banks located in the United States, the Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group decreases its credit risks by doing business only with third parties with who are creditworthy, with which for each entity designated limits apply.

There was no customer that accounted for more than 10% of the accounts receivable balance at December 31, 2017 or of revenue during the year ended December 31, 2017. The company has recorded an allowance for the doubtful accounts.

*4.3* Liquidity risk

The group is aiming to maintain sufficient cash and availability of funding through an adequate amount of credit facilities and is pursuing additional financing opportunities (refer to note 11 debt financing and note 26 subsequent events").

## 5 Intangible assets

The other intangibles include customer relationships, trademarks and acquired developed technologies with a book value of $30.0 million (2018) and $23.5 million (2017) respectively.

The Company capitalized $15.7 million and $10.6 million of development costs related to software during the years ended December 31, 2018 and 2017, respectively. Of the amount capitalized, $1.9 million and $0.8 million was related to interest in 2018 and 2017, respectively. Amortization of capitalized software was $4.8 million and

$2.3 million during the years ended December 31, 2018 and 2017, respectively.

During the years ended December 31, 2018 and 2017, the Company recognized accelerated depreciation on capitalized software amounting to $2.1 million and $0.2 million, respectively. The accelerated depreciation was presented in the consolidated statement of operations and comprehensive loss as part of the cost of revenue line item. Once a software development project is abandoned and the accelerated amortization is recorded, there are no remaining capitalized balances in the balance sheet as of December 31, 2018 and 2017 in relation to these abandoned projects.

**6 Property and equipment**

| | Goodwill | Capitalized software | Other intangibles | Total |
|---|---|---|---|---|
| | $1000 | $1000 | $1000 | $1000 |
| **As at 1 January 2018** | | | | |
| Cosi | 16.849 | 24.244 | 31.178 | 72.271 |
| Accumulated impairment and amortization | (3.989) | (10.327) | (7.630) | (21.946) |
| Carrying amount | 12.860 | 13.917 | 23.548 | 50.325 |
| **Movements** | | | | |
| Investment | 6.977 | 15.699 | 18.690 | 41.366 |
| Amortization | (3.879) | (4.833) | (10.600) | (19.312) |
| Cosi of divestments | | (2.100) | | |
| Accumulated impairment and amortization of divestments | | 2.100 | | |
| Other (exchange rate effects) | (10) | (29) | (1.686) | (1.725) |
| **As at 31 December 2018** | | | | |
| Cost | 22.882 | 37.843 | 49.868 | 110.593 |
| Accumulated impairment and amortization | (7.878) | (13.089) | (19.916) | (40.883) |
| Carrying amount | 15.004 | 24.754 | 29.952 | 69.710 |

**7 Financial assets**

| | Deferred taxes | Deposit | LT-investments | Total |
|---|---|---|---|---|
| **As at 1 January 2018** | $1.000 | $1.000 | $1.000 | $1.000 |
| Deposits and payments | | | | |
| Temporary differences | -- | 4.087 | 1.845 | 5.932 |
| Carrying amount | 547 | -- | -- | 547 |
| | 547 | 4.087 | 1.845 | 6.479 |
| **Movements** | | | | |
| Deposits and payments | -- | 983 | 328 | 1.311 |
| Temporary differences | 152 | -- | -- | 152 |
| Other (exchange rate effects and other} | -- | -- | -- | -- |
| **As at 31 January 2018** | | | | |
| Deposits and payments | -- | 5.070 | 2.173 | 7.243 |

| | | | | |
|---|---|---|---|---|
| Temporary differences | 699 | -- | -- | 699 |
| Carrying amount | **699** | **5.070** | **2.173** | **7.942** |

The financial assets are primarily comprised of $5.070 thousand of deposits for rental agreements and other long-term assets (2017: $4.087 thousand). These assets will not be refunded within one year after balance sheet date. The deferred income tax assets relate to the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. See note 25 for details on income taxes.

The deposits include restricted cash held in as collateral in the event of default of our operating lease agreements. As of each of December 31, 2018 and 2017, restricted cash comprise $2.3 million and $1.5 million respectively.

The long-term investments are purchased equity investments in privately held technology companies and limited partnerships, in total $1.1 million. The equity investments are accounted for under the cost method, whereas the investments in the limited partnership are accounted for at cost less impairment, adjusted for observable prices. For these investments, the Company has neither the ability to exercise significant influence over the investees, nor the ability to obtain a readily determinable fair value of the investees. These investments are assessed for impairment on an annual basis or when an event or circumstance indicates that an other than temporary decline in value may have occurred.

## 8 Receivables

All receivables, except for the trade receivables mentioned below, fall due in less than one year. The fair value of the receivables approximates the book value.

Trade receivables

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Trade receivables | 71.906 | 54.480 |
| Allowance for doubtful collection | (4.563) | (1.315) |
| | **67.343** | **53.165** |

Related party receivables

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Current account St. Administratiekantoor Meltwater Holding (STAK) | 63 | 66 |
| Current account Other | 61 | 65 |
| Total nominal value | 124 | 131 |
| Allowance for doubtful collection | (61) | (65) |
| | **63** | **66** |

There are no (written) agreements concerning the related party receivables and payables. No interest is charged, and there are no agreements on securities nor repayments.

*STAK*

As of December 31, 2018, and 2017, STAK owed the Company $0.1 million and $0.1 million, net of issuance costs, for shares issued to the STAK but financed by the Company.

As described in Note 17, STAK is an entity based in the Netherlands that was created by the Company for the purpose of facilitating the issuance of depository receipts to Company employees participating in the Company's SPP.

Other current assets

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Prepaid expenses | 10.445 | 8.755 |
| Lease deposits | 1.054 | 1.196 |
| Other current assets | 1.168 | 1.456 |
| Voiced to Holding | **12.667** | **11.407** |

## 9 Cash and cash equivalents

All cash and cash equivalents are available on demand.

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Management determines the appropriate classification of cash equivalents at the time of purchase and re-evaluates such designations at each balance sheet date.

Restricted cash consists of cash held in as collateral in the event of default of our operating lease agreements. As of both December 31, 2018 and 2017, restricted cash presented within the "financial assets" line item in the consolidated balance sheets was $2.3 million and $1.5 million.

## 10 Group equity

For details of equity, please refer to the notes to the *company* financial statements.

## 11 Debt Financing, non-current

| | **2018** |
|---|---|
| | $ 1.000 |
| **As at 1 January 2018** | 128.081 |
| Loan obtained to fund Datasift Acquisition | 9.750 |
| Accrued interest | 7.660 |
| Reclass Allor Loan as current debt | (25.000) |
| Other | (300) |
| Payments | (997) |
| **As at 31 December 2018** | **119.194** |

November 2013 Note Payable

In November 2013, as part of a debt refinancing, the Company issued a $25 million non-convertible note, which had a stated and effective interest rate of 15% per annum and a four-year term. Interest accrues and is payable either at the loan's maturity or upon prepayment of the note. The accrual interest compounds at a rate of 15% per annum on an annual basis. The note contains a prepayment option whereby the Company may prepay any outstanding principal and interest "at will" subject to a 10% prepayment fee. For the year ended December 31, 2018 and 2017, the Company recorded interest expense related to the November 2013 Note Payable of approximately $6.8 million and $5.9 million, respectively. As of December 31, 2018 and 2017, the outstanding principal balance remaining on the 2013 Note Payable, including accrued interest, was $51.8 million and $45.0 million, respectively.

*Amendment to the November 2013 Note Payable*

In July 2014, contemporaneously with the Company entering into the July 2014 Note Payable (as defined below), the Company amended the November 2013 Note Payable by (i) extending its term from October 2017 to July 2019; and (ii) subordinating the rights of the creditor, making such rights secondary to those of the creditor of the 2014 Loan Facility.

2016 Note Payable

In December 2016, the Company entered into a $60 million non-convertible note payable agreement ("2016 Note Payable") which was due to mature in December 2021. In August 2017, the Company modified its existing credit facility by borrowing an additional $28.5 million. In January 2018, the Company modified its existing credit facility by borrowing an additional $9.8 million. The 2016 Note Payable accrued interest on a quarterly basis, which was payable on a quarterly basis. The loan agreement provided for the Company to elect the interest rate from alternatives that include Prime Rate plus a margin range of 7.75% to 8.50% per annum based on the senior leverage ratio and LIBOR plus a margin range of 9.00% to 9.75% per annum based on the senior leverage ratio. During the year ended December 31, 2018, the interest rates used to accrue and pay interest ranged from 10.4% to 12.3%. During the year ended December 31, 2017, the interest rates used to accrue and pay interest ranged from 10.0% to 11.5%. Principal was due to be paid on quarterly instalments through maturity.

The note contained a prepayment option whereby the Company may prepay the entire outstanding principal balance and accrued interest through eighteen months after the closing date, subject to a prepayment fee of the greater of 3% of the prepaid amount or the excess of present value over 103% of prepaid amount. There was no prepayment penalty if the note is prepaid after eighteen months from the closing date.

For the years ended December 31, 2018 and 2017, the Company recorded interest expense related to the 2016 Note Payable of $12.4 million and $7.9 million, respectively. As of December 31, 2018 and 2017, unamortized debt discount and debt issuance costs amounted to $2.7 million and $3.3 million, respectively, which were classified as a reduction of notes payable on the Company's consolidated balance sheets. Accordingly, as of December 31, 2018 and 2017, the carrying amount of the 2016 Note Payable was $92.4 million and $84.5 million, respectively. The associated accrued interest is classified in accrued expenses and other current liabilities.

The Company was required to meet certain debt covenants in relation to the 2016 Note Payable, primarily related to the achievement of a minimum revenue threshold, a minimum fixed charge coverage ratio and a maximum senior leverage ratio. The Company did not achieve the Consolidated Senior Leverage Ratio covenant for the quarter ended on December 31, 2018. In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable"). Upon drawing the $175 million, the Company repaid the 2016 Notes Payable balance. Refer to note 26.

Warrants to Purchase Common Stock

In connection with the November 2013 Note Payable, the Company issued a warrant to purchase 508,272 shares of the Company's Series A common stock for an exercise price of $25 million (the "November 2013 Warrant"). The warrant was exercisable at any time prior to October 2017 and had to be exercised in whole, and not in part, per the warrant agreement. Upon exercise of the warrant, the warrant holder was required to offset the subscription amount against any outstanding principal of the 2013 Note. The warrant was a freestanding instrument and the fair value of the warrant of $38.3 million was recorded in additional paid-in capital upon issuance. The Company determined the fair value of the warrant based on allocation of the estimated enterprise value of the Company using generally accepted valuation methodologies including discounted cash flow analysis, comparable public company analysis and comparable acquisitions analysis.

*Amendment to the November 2013 Warrant*

In July 2014, in connection with extending the term of the November 2013 Note Payable, the Company amended the warrant agreement whereby the expiry date was extended from October 2017 to July 2019. In addition, the parties agreed that the number of shares underlying the agreement would be amended to 428,950 shares of the Company's Series A common stock. As the warrant is classified within stockholders' deficit, this amendment had no impact to the Company's consolidated financial statements.

In February 2019, the debt holder exercised the November 2013 Warrant and received 428,950 shares of the Company's Series A common stock in lieu of the outstanding principal payment on the note of $25 million.

## 12 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

Related party payables

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Current account STAK | -- | 18 |

Taxation and social charges

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Social charges and payroll taxes | 2.629 | 2.834 |
| Corporation tax liability | 365 | 703 |
| VAT (Value added taxes) | 6.330 | 5.375 |
| | 9.324 | 8.912 |

Other current liabilities

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Accrued expenses | 23.162 | 13.663 |
| Audit fees | 1.653 | 1.763 |
| Net salaries | 17.053 | 15.733 |
| Deferred purchase considerations | 1.547 | 2.692 |
| Term loan, current | 25.000 | 1.459 |
| Other payables | 5.160 | 4.944 |
| | 73.575 | 40.254 |

Deferred income current portion

Deferred revenue consists of billings or payments received in advance of recognition of revenue from the Company's services. The portion of deferred revenue that the Company anticipates will be recognized during the twelve-month period from the balance sheet date is recorded in the consolidated balance sheet as current deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion.

All parts of the non-current portion of deferred income will be recognized over the period in which the service has been provided.

## 13 Business combinations and Dispositions

Acquisitions

*Acquisition of Sysomos Holding L.P. ("Sysomos")*

In April 2018, the Company acquired Sysomos, a social media analytics company. The acquisition improved the Company's offering of social intelligence-based products and technology services. Consideration to the sellers for the acquisition amounted to $15.1 million, of which $2.6 million was paid in cash. The remaining $12.5 million represented the fair value of 75,659 shares of Meltwater's Series A common stock given as consideration to the sellers on the acquisition date. The purchase consideration has been allocated as follows:

| (in thousands) | |
|---|---|
| Current assets | $ 8.836 |
| Property and equipment | 3.083 |
| Deferred revenue | (4.859) |
| Other current liabilities | (5.767) |
| Developed technology | 7.090 |
| Customer relationships | 4.380 |
| Tradenames | 100 |
| Goodwill | 4.794 |
| Total purchase consideration | $ 17.657 |

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which have been determined as four years.

The consideration allocated to goodwill corresponds to expected synergies from combining the Company's operations with Sysomos' intangible assets that do not qualify for separate recognition.

*Acquisition of Datasift, Inc. ("Datasift")*

In January 2018, the Company acquired Datasift, a human data intelligence company. The acquisition improved the Company's offering of human data intelligence-based products and technology services. Consideration to the sellers for the acquisition amounted to $9.7 million which was paid in cash. The purchase consideration has been allocated as follows:

| (in thousands) | |
|---|---|
| Current assets | $ 2.752 |
| Property and equipment | 25 |
| Other current liabilities | (772) |
| Deferred revenue | (983) |
| Developed technology | 6.600 |
| Customer relationships | 520 |
| Goodwill | 2.183 |
| Total purchase consideration | $ 10.325 |

Before the acquisition, Datasift held a note payable with an outstanding principal of $11.8 million. On the acquisition date, Datasift paid $2.1 million toward the principal balance of the outstanding note payable and $0.9 million related to its transaction expenses. These amounts have not been included in the purchase consideration above.

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which has been determined as four years.

The consideration allocated to goodwill corresponds to expected synergies from combining the Company's operations with Datasift intangible assets that do not qualify for separate recognition.

*Acquisition of certain assets of PostMedia Network, Inc. ("Infomart")*

In August 2017, the Company acquired identified assets and liabilities of Infomart, a wholly owned subsidiary of PostMedia Network Canada Corp. Infomart engages in the news and information gathering and dissemination operations through various English-language daily and community newspapers, online, digital, and mobile platforms. Consideration to the sellers for the acquisition of $29.8 million was paid in cash. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Customer relationships | $ 8,156 |
| Content supplier relationships | 9,476 |
| Trade names | 1,959 |
| Deferred revenue | (298) |
| Goodwill | 10,497 |
| Total purchase consideration | $ 29,790 |

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which has been determined as four years.

The consideration allocated to goodwill corresponds to expected synergies from combining the Company's operations with Infomart's intangible assets that do not qualify for separate recognition.

*Acquisition of Algo, LLC ("Algo")*

In June 2017, the Company acquired Algo, an early stage start-up engaged in developing tools that aids software developers eliminate the manual process of data collection. Consideration to the sellers for the acquisition amounted to $1.2 million, of which $0.9 million was paid in cash. The remaining $0.3 million represented the fair value of 2,341 shares of Meltwater's Series A common stock given as consideration to the sellers on the day of acquisition. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Developed technology | $ 1,159 |
| Goodwill | 34 |
| Total purchase consideration | $ 1,193 |

The acquired intangible asset is amortized on a straight–line basis over the estimated useful life, which has been determined as four years.

The consideration allocated to Goodwill corresponds to expected synergies from combining the Company's operations with Algo's intangible assets that do not qualify for separate recognition.

*Acquisition of Klarity Analytics ("Klarity")*

In May 2017, the Company acquired Klarity, a carve out of Social Media Broadcast engaged in developing proprietary Software-as-a-Service technologies to transform social big data into intelligence, and providing monitoring, listening and predictive analytics. Consideration to the sellers for the acquisition at close date included a cash payment of $1.6 million and 5,186 shares of Meltwater's Series A common stock with an estimated fair value of $0.7 million. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Developed technology | $ 1,520 |
| Customer relationships | 610 |
| Trade names | 60 |
| Goodwill | 110 |
| Total purchase consideration | $ 2,300 |

The acquired intangible assets are amortized on a straight–line basis over the estimated useful lives, which has been determined as four years.

The consideration allocated to Goodwill corresponds to expected synergies from combining the Company's operations with Klarity's intangible assets that do not qualify for separate recognition.

The Company also agreed to a series of deferred cash and equity based payments as follows:

- a $1.1 million cash payment to the sellers on the first anniversary from the acquisition date contingent upon the continued employment of four Klarity key employees ("Klarity employees"). As of December 31, 2018, the Company had paid $1.1 million to the sellers.
- estimated cash payments amounting to $0.6 million payable to the sellers and Klarity employees through the first four anniversary dates from the acquisition date contingent upon the achievement of certain revenue targets and the continued employment of the Klarity employees. As of December 31, 2018, the Company had made no cash payments.
- a number of shares of Meltwater's Series A common stock with an estimated fair value of $1.9 million to be issued to the sellers and Klarity employees through the first four anniversary dates from the acquisition dates contingent upon the achievement of certain revenue targets and the continued employment of the Klarity employees. As of December 31, 2018, the Company had issued shares with an estimated fair value of $0.1 million.

The Company has determined that these deferred payments are post-combination expense to be accrued through the required employment period.

*Acquisition of Cosmify, Inc. ("Cosmify")*

In March 2017, the Company acquired Cosmify, an early stage start-up engaged in developing machine learning platform that uses artificial intelligence to sift through unstructured data like images, emails, documents, videos and structured data like tables and spreadsheets. Consideration to the sellers for the acquisition amounted to $0.9 million, and employee earnouts of up to $0.9 million to three key employees, contingent upon their remaining continuously employed by the Company for a three-year period, and payable, should an amount be due, on a yearly basis on each anniversary date from the acquisition date. The Company determined that the employee earn-out is considered post-combination expense to be accrued through the required employment period. The purchase consideration has been allocated as follows:

| *(in thousands)* | |
|---|---|
| Developed technology | $ 450 |
| Goodwill | 480 |
| Total purchase consideration | $ 930 |

The acquired intangible assets is amortized on a straight–line basis over the estimated useful lives, which has been determined as four years.

The consideration allocated to Goodwill corresponds to expected synergies from combining the Company's operations with Cosmify's intangible assets that do not qualify for separate recognition.

## 14 Commitments and contingencies not included in the balance sheet

Operating Leases

As of December 31, 2018, the Company had certain non-cancelable operating leases for its offices and data centers with lease terms that contractually terminate at various dates through August 2027. Lease expense is recognized on a straight-line basis over the lease terms. During the year ended December 31, 2018, lease expenses for office and data centers were $13.2 million and $14.4 million, respectively. During the year ended December 31, 2017, lease expenses for office and data centers were $10.9 million and $9.1 million, respectively.

Other commitments include payments to third-party vendors to provide content.

As of December 31, 2018, the combined future payments under noncancelable operating leases and other commitments were as follows:

| *(in thousands)* **Years Ending December 31,** | **Minimum Lease Payments** | **Other Commitments** |
|---|---|---|
| 2019 | $ 11,471 | $ 13,496 |
| 2020 | 8,552 | 16,495 |
| 2021 | 4,833 | 22,020 |
| 2022 | 3,114 | 1,875 |
| 2023 | 1,489 | - |
| Thereafter | 583 | - |
| Total minimum payments | $ 30,042 | $ 53,886 |

Contingencies

The Company is subject to litigation arising in the ordinary course of business as described below.

*Canadian News Publishers Civil Action*

In June 2011, a consortium of Canadian newspaper publishers (Postmedia Networks, Inc., The Globe and Mail Inc., Toronto Star Newspapers Limited, Metroland Media Group Ltd., Sun Media Corporation, The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc.) commenced an action in the Ontario Superior Court against Meltwater News Canada, Meltwater US Holding Inc., Meltwater News US Inc., and Meltwater Holdings B.V. (collectively "Meltwater"), seeking declaratory relief in respect of their alleged copyright in news articles, headlines, compilations of articles in their newspapers and websites, and claiming damages in excess of $100 million CAD for alleged copyright infringement, breach of contract, intentional interference with economic relations and trespass to chattels, punitive damages of $10 million, plus unspecified damages and an accounting of profits under the Copyright Act, pre- and post-judgment interest and legal costs.

In January 2012, Meltwater filed a motion to have this claim struck in its entirety on the basis that the Plaintiffs failed to plead a proper cause of action and was without merit. Since serving the strike motion, three of the plaintiffs (The Globe and Mail Inc., Toronto Star Newspapers Limited and Metroland Media Group Ltd.) changed their legal representation and delivered a Notice of Discontinuance, thus abandoning their claims. The remaining Plaintiffs have agreed that their claim is limited to content published on news websites and that no recovery is sought with respect to newspapers per se.

In July 2012, Meltwater's motion to strike was argued. After hearing the argument, the judge adjourned the hearing to allow the parties to attempt to settle Meltwater's motion to strike through court sponsored mediation.

The parties then entered into a mediation process that culminated in a mediation session in September 2013 through which no settlement was achieved. However, following the mediation, Meltwater entered into confidential negotiations with each of the remaining plaintiffs, individually. In 2014, Meltwater achieved a business resolution with each of Post Media and Sun Media, the terms of which are confidential. Both Claimants have discontinued their claims against Meltwater. The Company accrued all amounts that relate the settlement of the lawsuits in 2012.

Currently, the remaining Claimants are The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc. The parties are presently negotiating a Discovery Plan to guide documentary discovery. Following the signing of the Discovery Plan, the next step is for each party to produce relevant documents and commence oral examinations for discovery. Based on the early stage of the legal proceeding, External Legal

Counsel has advised that it is not possible to estimate the financial exposure, if any, to Meltwater. Meltwater continues to strenuously defend the Claim.

### 15 Revenue

The Group is organized on a worldwide basis into only one business segment.

The Group operates in three main geographical areas, EMEA, USA and Asia Pacific, even though it is managed on a worldwide basis. The business was started in Norway in 2001, and expanded to 26 other countries since then.

Revenues and assets are allocated to the geographical areas as follows:

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Europe, Middle East, Africa, India | 106.333 | 85.524 |
| United States | 122.898 | 97.479 |
| Asia Pacific | 56.665 | 44.706 |
| Americas, excluding United States | 29.638 | 14.606 |
| | **315.534** | **242.315** |

Revenue is allocated based on the country of customer.

### 16 Costs of operations

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| IT hosting | 14.407 | 9.097 |
| External engineering | 3.082 | 3.227 |
| Copyright | 1.289 | 1.572 |
| Licenses | 35.931 | 16.866 |
| | **54.709** | **30.762** |

The Costs of operations and of Depreciation, amortization and impairment (see note 18) include a total amount of $40.1 million concerning research and development expenses (2017: $31.1 million).

### 17 Staff expenses

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Gross salary | 152.806 | 123.720 |
| Social charges employer | 15.018 | 12.684 |
| Pension costs | 3.858 | 3.728 |

| | | |
|---|---|---|
| Other staff expenses | 1.985 | 6.472 |
| | 173.667 | 146.604 |

Remuneration of (former) directors

In 2018, an amount of $510.6 thousand (2017: $743.3 thousand) was paid for the remuneration of the directors of the group. The value of stock options granted to some directors is zero.

Share option plan

See note 32, subparagraph Share option plan.

Number of employees

The number of employees that were employed by the Group increased from 1.645 at the end of 2017 to 1.866 as of December 31, 2018. On average approximately 1.756 employees were employed during 2017 (2016: 1.524), of which 42 (2017: 37) in the Netherlands. Below is a breakdown of average employees by the areas of support.

| **Areas of Support by Employees** | **Average Employees** | |
|---|---|---|
| | **2018** | **2017** |
| Cost of revenue | 147 | 132 |
| Sales and marketing | 1.224 | 1.066 |
| General and administrative | 133 | 111 |
| Research and development | 252 | 215 |
| **Total** | **1.756** | **1.524** |

## 18 Depreciation, amortization and impairment

| | **2018** | **2017** |
|---|---|---|
| | $1.000 | $1.000 |
| Depreciation of tangible fixed assets | 3.503 | 1.873 |
| Amortization of capitalized software | 4.833 | 2.263 |
| Amortization of other intangible fixed assets | 10.600 | 3.355 |
| Amortization of goodwill | 3.879 | 1.461 |
| | 22.815 | 8.952 |

### 19 Housing expenses

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Rent | 13.188 | 11.424 |
| Housing related to relocation | 491 | 304 |
| Other | 4.157 | 2.874 |
| | 17.836 | 14.602 |

### 20 General and administrative expenses

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Professional fees | 16.979 | 13.526 |
| Travel and entertainment | 1.613 | 4.252 |
| Office expenses | 4.995 | 4.101 |
| Training and recruitment | 13.944 | 10.266 |
| Advertising | 4.421 | 4.536 |
| Sponsorship - MEST | 1.991 | 1.815 |
| Licenses, leases and equipment | 13.532 | 8.674 |
| Other expenses | 3.777 | 3.670 |
| | 61.252 | 50.840 |

Audit fees

The service fee recognized in the consolidated accounts in 2017 for the audit of the consolidated financial statements from PricewaterhouseCoopers Accountants N.V. and additional fees for the PwC network amounted in total to $2.1 million (2017: 2.1 million). The fees for tax related services rendered from the PwC network amounted to $142 thousand and fees for other services were $17 thousand.

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditor as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

### 21 Financial income and (expenses)

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Foreign exchange gain (loss), net | 1.457 | (4.542) |
| Interest income (expense), net | (17.624) | (13.734) |
| | 16.167 | (18.276) |

## 22 Other income and (expenses)

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Loss on extinguishment | - | - |
| Other loss | (3.760) | (1.558) |
| | **(3.760)** | **(1.558)** |

## 23 Related party transactions

See notes 8 and 12 for details on related party transactions.

## 24 Financial instruments

The book value approximates the fair value of the financial instruments in the balance sheet.

## 25 Income tax income and (expenses)

The components of income (loss) before income taxes are as follows:

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Meltwater Holding B.V. | 1.775 | (22.739) |
| Foreign | (36.447) | 2.501 |
| | **(34.672)** | **(20.238)** |

The income tax expenses are as follows:

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| **Current:** | | |
| Meltwater Holding B.V. | -- | -- |
| Foreign | 3.208 | 2.720 |
| **Deferred:** | | |
| Meltwater Holding B.V. | -- | -- |
| Foreign | (754) | (1.433) |
| **Provision for income taxes** | **2.454** | **1.287** |

The effective tax rate for 2018 is minus 7.1% (2017: minus 6.4 %). The difference between the Company's effective tax rate and the statutory rate of 25% is primarily due to net operating losses for which the related deferred tax assets have not been valued due to uncertainty of realization thereof.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax assets will not be realized. The Company considered all available evidence, including results of operations, tax planning and projections of future taxable income in each of the jurisdictions in which it operates and recorded a valuation allowance for the full amount of the net deferred tax assets. The following table presents significant components of the Company's deferred tax assets and liabilities:

| | **2018** |
|---|---|
| | $1.000 |
| **Deferred tax assets:** | |
| Net operating losses | 53.636 |
| Accrued liabilities | 1.197 |
| Credit carry forward | 5.019 |
| Other | 4.404 |
| **Gross deferred tax assets** | **64.256** |
| **Deferred tax liabilities:** | |
| Intangibles | (1.380) |
| Deferred revenue | (1.180) |
| Foreign exchange | (2.805) |
| Deferred contract costs | (6.911) |
| Other | (1.542) |
| **Deferred tax liabilities** | **(13.818)** |
| Net deferred tax assets before valuation allowance | 50.438 |
| Valuation allowance | (54.243) |
| **Net deferred tax liabilities** | **(3.805)** |

As of December 31, 2018, the Company's gross federal and state net operating loss carryforwards were $9.0 million and $3.1 million, respectively. If not utilized, these carryforwards will begin to expire in 2029. As of December 31, 2018, the Company's federal and state research credit carryforwards were $5.2 million and $2.6 million, respectively. If not utilized, the federal research credit carryforward will begin to expire in 2031. The state research credit carryforwards will not expire and is available until used by the Company. As of December 31, 2018, the Company's gross foreign (outside the US) net operating loss carryforwards were $289 million. If not utilized, the foreign (outside the US) net operating loss carryforwards will begin to expire in 2019.

A fiscal unity for both corporate income tax and value added tax is formed between the Company and its Dutch subsidiaries. All members of the fiscal unity are held liable for any tax debts of the fiscal unity.

The Company's federal income tax returns are open to examination for tax years 2015 through 2017. State income tax returns are open to examination for tax years 2007 through 2017.

<u>Uncertain Income Tax Positions</u>

As of December 31, 2018, the Company has gross unrecognized tax benefits of $7.1 million. When reversed, the Company would receive a tax benefit of $5.0 million which would favorably impact the effective tax rate. As of

December 31, 2018, the Company accrued $0.2 million of interest and penalties related to unrecognized tax benefits. The Company is unaware of any changes to unrecognized tax benefits that could result in significant payments, accruals, or other material deviation in this estimate over the next 12 months.

## 26 Events after the balance sheet date

The Company has evaluated subsequent events between the balance sheet date of December 31, 2018 and June 30, 2019, and determined that the following events and transactions require disclosure, as follows:

Sublease Agreement with Related Party

In January 2019, the Company entered a new sublease with a related party to rent office space which is expected to be available for use in August 2019. The sublease is expected to end in December 2021 with a total obligation of approximately $6 million during the term.

2019 Bridge Loan

In February 2019, the Company entered into a $103 million non-convertible bridge loan agreement ("2019 Bridge Loan"). The loan was due to mature on the earlier of a refinancing of current debt or 90 days after the date of the agreement. The stated interest rate was 20% and interest was to be capitalized and added to the outstanding principal on a monthly basis. Interest accrued and was payable either at the loan's maturity or upon prepayment of the note. The Company also incurred debt issuance costs of $3 million. In February 2019, the Company entered in the 2019 Note Payable agreement and terminated the 2019 Bridge Loan. The Company did not receive any funds or accrue any interest under the 2019 Bridge Loan prior to termination.

2019 Note Payable

In February 2019, the Company entered into a $175 million non-convertible note payable agreement ("2019 Note Payable"). The note matures in February 2024. The loan agreement provides for the Company to elect the interest rate from alternatives that include the Prime Rate plus 8.50% per annum and LIBOR plus 9.50% per annum. The 2019 Note Payable accrues interest on a quarterly basis, of which 4.00% is payable either at the loan's maturity or upon prepayment of the note and the remainder is payable on a quarterly basis. Principal is paid at maturity. The Company also incurred debt issuance costs of $2.6 million. Upon drawing the $175 million, the Company repaid the 2013 Note Payable and 2016 Notes Payable balances.

Retirement of 2013 Note Payable

Upon the execution of the 2019 Note Payable, the Company retired the 2013 Note Payable. The Company paid the accrued interest of $28.1 million. In lieu of the outstanding principal payment of $25 million, the debt holder exercised the November 2013 Warrant and received 428,950 shares of the Company's Series A common stock.

Retirement of 2016 Note Payable

Upon the execution of the 2019 Note Payable, the Company repaid and retired the 2016 Note Payable with a reacquisition price of $100.8 million, of which $95.1 million was outstanding principal, $2.5 million was accrued interest and $3.2 million was a prepayment fee.

2019 Related Party Note Receivable

In April 2019, the Company entered into a $28.1 million non-convertible promissory note agreement ("2019 Related Party Note Receivable") with the CEO of Meltwater. The note matures in April 2020. The loan agreement stated an effective interest rate of 13.2% per annum, which accrues on a quarterly basis, which is payable either at the loan's maturity or upon prepayment of the note. Principal is paid at maturity. In the event the Borrower receives any proceeds from the sale of pledge shares, 100% of the proceeds will apply to the prepayment of the principal balance.

# Company financial statements

# Company balance sheet as at 31 December

**(before appropriation of result)**

| | Note | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|---|
| | **Note** | **$ 1.000** | **$ 1.000** | **$ 1.000** | **$ 1.000** |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | | 4.762 | | 5.964 | |
| Long-term investments | | 1.142 | | 1.845 | |
| Financial assets - Net value subsidiaries | 28 | 27.549 | | 51.318 | |
| | | | 33.453 | | 59.127 |
| **Current assets** | | | | | |
| Group company receivables | 29 | 71.233 | | 170.299 | |
| Related party receivables | 29 | 63 | | 66 | |
| Other current assets | | 154 | | 408 | |
| Cash and cash equivalents | | 194 | | 7.299 | |
| | | | 71.644 | | 178.072 |
| | | | 105.097 | | 237.199 |

2017 restated, refer to note 1.4 of the consolidated financial statements.

| | Note | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|---|
| | Note | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 |
| *Equity and liabilities* | | | | | |
| **Equity** | 30 | | | | |
| Share capital | 31 | 19 | | 19 | |
| Share premium | 32 | 72.660 | | 54.287 | |
| Reserve for translation differences | | (1.418) | | 265 | |
| Other reserves (deficit) | | (215.362) | | (193.071) | |
| Result for the year | | (37.126) | | (21.525) | |
| | | | (181.227) | | (160.025) |
| **Provisions** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Provision subsidiaries | 28 | 29.829 | | 28.507 | |
| **Non-current liabilities** | | | | | |
| Term loan, non-current | 12 | 26.796 | | 44.958 | |
| Long-term group company payables | 33 | 132.137 | | 256.443 | |
| | | | 158.933 | | 301.104 |
| **Current liabilities** | | | | | |
| Group company payables | | 70.256 | | 63.817 | |
| Related party payables | 34 | -- | | 18 | |
| Other current liabilities | 34 | 27.306 | | 3.481 | |
| | | | 97.562 | | 67.316 |
| | | | 105.097 | | 237.199 |

2017 restated, refer to note 1.4 of the consolidated financial statements.

# Company income statement

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | $1.000 | $1.000 |
| Other income and expense after taxation | | 1.775 | (23.923) |
| Share in result of participations after taxation | 28 | (38.901) | 2.398 |
| **Result for the year** | | (37.126) | (21.525) |

The Other income and expense after taxation include $9.9 million net income due to intercompany charges (2017: $4.6 million net expense).

2017 restated, refer to note 1.4 of the consolidated financial statements.

# Notes to the company financial statements

**27 General information**

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 2.5 to the consolidated financial statements.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

Certain comparatives have been adjusted to comply with current year presentation.

**28 Financial assets – Net value subsidiaries**

Movements in financial assets can be broken down as follows:

| | $ 1.000 | $ 1.000 |
|---|---|---|
| **As at 1 January 2018** | | |
| Investments in subsidiaries | 51.318 | |
| Provision subsidiaries | (28.507) | |
| Net investment | | 22.811 |
| | | |
| **Movements** | (38.901) | |
| Share in result of participations, after taxation | 16.259 | |
| New investments | (2.449) | |
| Translation difference and other changes | | (25.091) |
| | | |
| **As at 31 December 2018** | | |
| Investments in subsidiaries | 27.549 | |
| Provision subsidiaries | (29.829) | |
| Net investment | | (2.280) |

<u>List of associates</u>

Meltwater Holding B.V. has direct interests in all the associates listed in the list of consolidated companies. See note 1.5 of the notes to the consolidated financial statements.

## 29 Receivables

There are no (written) agreements concerning the group company and related party receivables and payables. No interest is charged, and there are no agreements on securities nor repayments.

Related party receivables

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Current account STAK | 63 | 66 |
| Current account Proven Mobile Entertainm. AS | -- | -- |
| Other | 62 | 65 |
| Total nominal value | 125 | 131 |
| Allowance for doubtful collection | (62) | (65) |
| | **63** | **66** |

## 30 Equity

| | Note | Share capital | Share premium | Reserve for translation differences[1] | Other reserves (deficit) | Result for the year | Total |
|---|---|---|---|---|---|---|---|
| | | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 | USD 1,000 |
| **Balance as at 1 January 2018** | *31* | **19** | **54.287** | **265** | **(214.750)** | **(30.566)** | **(190.745)** |
| Adjustment from adoption of IFRS 15: 2016 | | | | | 21.679 | | 21.679 |
| Adjustment from adoption of IFRS 15: 2017 | | | | 760 | 8.281 | | 9.041 |
| Appropriation of prior year result | | -- | -- | -- | (30.566) | 30.566 | -- |
| Stock-based compensation expense | *32* | -- | 4.719 | -- | -- | -- | 4.719 |
| Issue Series A common stock (options) | *32* | -- | 69 | -- | -- | -- | 69 |
| Issue Series A common stock (for acquisition) | *32* | -- | 13.585 | -- | -- | -- | 13.585 |
| *Comprehensive result:* | | | | | | | |
| Result for the year | | -- | -- | -- | -- | (37.126) | (37.126) |
| Foreign currency translation adjustments | | -- | -- | (2.449) | -- | -- | (2.449) |
| *Total comprehensive result:* | | -- | -- | (2.449) | -- | (37.126) | (39.575) |
| **Balance as at 31 December 2018** | | **19** | **72.660** | **(1.424)** | **(215.356)** | **(37.126)** | **(181.227)** |

[1] Legal reserve

Result appropriation for the year 2018

The directors propose to allocate the loss for the year 2018 to the other reserves. This proposal has not been incorporated in these financial statements.

## 31 Share capital

The Company's equity is composed of 8,000,000 authorized shares of Series A common stock and one authorized share of Series C. All classes have an authorized par value of $0.01. At December 31, 2018, the Company had issued 1,937,997 shares of Series A common stock and one share of Series C common stock.

As of December 31, 2018, and 2017, the Company's Articles of Association, as amended, authorized the Company to issue an unlimited number of shares of Series A common stock, Series C common stock and cumulative preferred stock. The par value of all authorized capital stock is $0.01 per share.

Each share of Series A and Series C common stock has one vote per outstanding share. The holders of the Series A common shares are entitled to the earnings and profits of the Company and dividends when and if declared by the Board of Directors, subject to prior rights of the preferred stockholders. The Series C class of common stock is non-profit sharing. The Company has never declared a dividend.

## 32 Stock-based compensation

Stock Purchase Plan

In December 2008, the Company adopted the Stock Purchase Plan ("SPP"), as amended in 2010 and 2011. Under the SPP, the Company grants stock purchase rights to all eligible employees and contractors who provide significant services to the Company. Since the Company is incorporated in the Netherlands, any transfer of shares to employees requires prior notarization. Thus, rather than directly issuing shares of the Company's stock to the employee, the Company issues depository receipts to its employees as evidence of their beneficial and economic ownership of the Company. The depository receipts are issued through Stichting Administratiekantoor Meltwater Holding ("STAK"), a Netherlands entity that was created by the Company for the purpose of facilitating the issuance of depository receipts.

Employees are invited to participate in the SPP, when the Company's Board of Directors approves an offering, typically once a year or once every two years. The Board of Directors determines the terms of the purchase, including employee eligibility, acquisition price, and maximum number of depository receipts that participants may purchase according to eligibility levels. The purchase price is due and payable upon the purchase of the shares; however, participants may elect to submit payment in whole or in part via payroll deductions. Deferred payments, plus interest (annualized rate of 4.5%), are deducted in equal installments from the employee's salary over a six-month period, commencing at the issuance of the depositary receipts. The Company has a full recourse provision in instances where an employee leaves the Company.

SPP participants with fully-paid depository receipts have full entitlement to all the economic benefits and risks of the shares as shareholders. The depository receipts vest in two to three tranches over one to three years.

Generally, depository receipts are transferable once they are vested. In the event of termination of employment services, the shares can be repurchased by the Company at a repurchase price determined in accordance with the provisions of the SPP, which depends on the original sale price of the shares, the fair market of the shares at the time of repurchase, and the reason for the employee's departure from the Company.

As of December 31, 2018, and 2017, STAK owned 47.312 shares of Series A common stock, against which 43.660 depository receipts had been issued to employees pursuant to the program, and 3.652 shares remained unissued.

During each of the years ended December 31, 2018 and 2017, the Company recorded no compensation expense related to the SPP.

2010 Share Option Plan

In January 2010, the Company adopted the Share Option Plan ("Option Plan"). The Option Plan authorizes Meltwater Partners AS ("Meltwater Partners"), which owns 90,000 shares of Series A common stock in the Company, to grant eligible Company employees options to purchase shares of stock of Meltwater Partners. These eligible Company employees are designated as partners of Meltwater and upon the exercise of such options they are considered the whole ownership group of Meltwater Partners. Options granted under the Option Plan have a term of up to ten years from the date of grant, and vest under a five-year cliff vesting schedule. As of December 31, 2018, and 2017, Meltwater Partners owned approximately 4.6% and 4.8%, respectively, of the Company's outstanding shares of Series A common stock.

The following table summarizes Meltwater Partners' stock option activity in relation to the Option Plan for the two years ended December 31, 2018:

| | Shares Available for Grant | Number of Stock Options Outstanding | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|---|
| | | | | *(in years)* |
| **Balances at December 31, 2016** | 26,322 | 52,632 | $ 32.29 | 3.12 |
| **Balances at December 31, 2017** | 26,322 | 52,632 | $ 32.29 | 2.12 |
| **Balances at December 31, 2018** | 26,322 | 52,632 | $ 32.29 | 1.12 |
| **Options exercisable as of December 31, 2018** | | 52,632 | $ 32.29 | 1.12 |

2011 Equity Incentive Plan

In June 2011, the Company adopted the 2011 Equity Incentive Plan ("2011 EIP"), with 300,000 shares of Series A common stock reserved for issuance under the 2011 EIP. Equity awards granted under this plan may be incentive stock options, non-statutory stock options, restricted stock or restricted stock units. Non-statutory stock options, restricted stock and restricted stock units may be granted to employees, directors and consultants. Incentive stock options may only be granted to employees. The exercise price of incentive stock options and non-statutory stock options may be no less than fair market value per share on the date of grant. Options granted under the 2011 EIP have a term of up to ten years from the date of grant. The vesting for options granted under the plan vary, generally monthly over a period of three to four years, and are subject to certain liquidity and other conditional events that the Company did not deem probable as of December 31, 2018. Vested but unexercised options generally expire within ninety days after termination of services with the Company.

The following table summarizes the Company's stock option activity related to the 2011 EIP for the two years ended December 31, 2018 and 2017:

| | Number of Stock Options Outstanding | Weighted Average Exercise Price | | Weighted-Average Remaining Contractual Term (in years) |
|---|---|---|---|---|
| **Balances at December 31, 2016** | 217,552 | $ | 102,92 | 7.81 |
| Granted | 95,601 | | 129,56 | |
| Exercised | (45) | | 107,96 | |
| Forfeited or cancelled | (24,692) | | 110,38 | |
| **Balances at December 31, 2017** | 288,416 | | 111,11 | 7.66 |
| Granted | 80,936 | | 149,09 | |
| Exercised | (614) | | 113.11 | |
| Forfeited or cancelled | (40,752) | | 129.91 | |
| **Balances at December 31, 2018** | 327,986 | | 118.14 | 7.15 |
| **Options exercisable as of December 31, 2018** | 169,537 | | 115.95 | 7.14 |

Restricted stock units granted under 2011 EIP are valued at their fair market value on the date of grant, and have a term of up to ten years from the date of grant. The vesting for restricted stock units granted under the plan vary and generally begins one year after the occurrence of certain liquidity event, which the Company deems not probable as of December 31, 2018.

The following table summarizes the Company's RSU activity related to the 2011 EIP for the two years ended December 31, 2018 and 2017:

| | Number of RSU's Outstanding | Weighted-Average Fair Value Price | | Weighted-Average Remaining Contractual Term *(in years)* |
|---|---|---|---|---|
| **Balances at December 31, 2016** | 114,274 | $ | 93.84 | 3.45 |
| Granted | 14,471 | | 133.26 | |
| Vested and issued | (1,812) | | 133.26 | |
| Forfeited or cancelled | (6,876) | | 133.26 | |
| **Balances at December 31, 2017** | 120,057 | | 98.32 | 3.29 |
| Forfeited or cancelled | (4,884) | | 102.43 | |
| Expired | (1,570) | | 109.62 | |
| **Balances at December 31, 2018** | 113,603 | | 113.69 | 3.46 |

During the year ended December 31, 2018, the Company extended the expiration date for 26.063 RSUs that were initially scheduled to expire during 2018.

The following table summarizes the Company's activity of available stock-based awards related to the 2011 EIP for the two years ended December 31, 2018 and 2017:

| | Number of Available Awards |
|---|---|

| | |
|---|---|
| **Balances as of December 31, 2016** | 118,174 |
| Granted | (110,072) |
| Forfeited or cancelled | 31,568 |
| **Balances as of December 31, 2017** | 39,670 |
| Increase in shares authorized | 42,543 |
| Granted | (80,936) |
| Forfeited or cancelled | 45,636 |
| **Balances as of December 31, 2018** | 46,913 |

The Company recognized stock-based compensation expense as follows:

| | Year Ended December 31, | |
|---|---|---|
| *(in thousands)* | **2018** | **2017** |
| Cost of sales | $ 122 | $ 410 |
| General and administrative | 1,040 | 757 |
| Sales and marketing | 2,075 | 1,060 |
| Research and development | 1,482 | 881 |
| Total stock-based compensation expense | $ 4,719 | $ 3,108 |

As of December 31, 2018, total compensation cost not yet recognized of $20.0 million related to unvested stock options and restricted stock units, of which $7.1 million is expected to be recognized over a weighted-average period of 2.3 years, with the remaining $12.9 million to be recognized only upon the occurrence of contingent future liquidity events.

Determining Fair Value of Stock Options

The estimated grant date fair value of all the Company's equity-based awards was calculated by applying the Black-Scholes option-pricing model to the Meltwater Partners and Employee Incentive Plan options using the following assumptions for the years ended December 31, 2018 and 2017:

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Expected term (years) | 5.64 | 5.93 |
| Weighted-average volatility | 38.7% | 43.0% |
| Risk-free interest rate | 2.6% | 2.0% |
| Expected dividend yield | - | - |

Dividend Yield

To date, Meltwater Partners and Meltwater Holding B.V. have not declared or paid any cash dividends and have no plans to do so in the future. Therefore, Meltwater Partners and Meltwater Holdings, B.V. used an expected dividend yield of zero.

Risk-Free Interest Rate

The risk-free interest rate assumption is based on the zero-coupon U.S. Treasury instruments on the date of grant with a maturity date consistent with the expected term of Meltwater Partners' stock option granted to the Company's employees.

Volatility

Since Meltwater Partners and Meltwater Holdings B.V. are private and do not have any trading history for their common stock, the expected stock price volatility was calculated based on the average volatility for comparable publicly-traded companies for time horizons equal to the expected term of the stock option grants.

Expected Term

There is no historical information available to the Company to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for the stock option grants to the Company's employees. As such, the expected term was estimated using data from comparable publicly traded companies.

Forfeiture Rate

On January 1, 2018, the Company adopted ASU No. 2016-09 "Stock Compensation: Improvements to Employee Share-Based Payment Accounting" which, among other items, provides an accounting policy election to account for forfeitures as they occur. The Company elected to account for forfeitures as they occur and therefore, stock-based compensation expense for the year ended December 31, 2018 has been calculated based on actual forfeitures.

**33 Non-current liabilities**

Term loan, non-current

See note 12 for further detail.

Long-term group company payables

No interest is charged, and there are no agreements on securities nor repayments.

**34 Current liabilities**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

Related party payables

| | **2018** | **2017** |
|---|---|---|
| | $1.000 | $1.000 |
| Current account STAK | -- | 18 |
| | **--** | **18** |

Other current liabilities

| | 2018 | 2017 |
|---|---|---|
| | $1.000 | $1.000 |
| Trade payables | 194 | 8 |
| Accrued liabilities | 424 | 628 |
| Salaries | 97 | -- |
| Dutch taxes | 103 | 292 |
| Deferred purchase considerations | 1.488 | 2.553 |
| Term loan, current | 25.000 | -- |
| | **27.306** | **3.481** |

## 35 Employees

The company employed in 2018 on average 0.5 (2017: 0.5) fulltime equivalent. See note 17 for further detail regarding their remuneration.

Amsterdam, 29 June 2019

Jorn Lyseggen

Director

Rainer Gawlick

Director

Mattias Holmström

Director

Andreas Källström Säfweräng

Director

## Other information

# Profit appropriation according to the Articles of Association

According to article 18 of the Articles of Association the annual net profit is at free disposal of the annual shareholders meeting.

# Independent Auditor's report

The independent auditor's report is set forth on the following page.

# Independent auditor's report

To: the general meeting of Meltwater Holding B.V.

## Report on the financial statements 2018

### Our opinion

In our opinion, Meltwater Holding B.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2018, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2018 of Meltwater Holding B.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Meltwater Holding B.V. together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2018;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' 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 Meltwater Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

## Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## *Responsibilities for the financial statements and the audit*

### *Responsibilities of the board of directors*

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the
going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going-concern in the financial statements.

### *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error.
They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 29 June 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by B.A.A. Verhoeven RA

## *Appendix to our auditor's report on the financial statements 2018 of Meltwater Holding B.V.*

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### *The auditor's responsibilities for the audit of the financial statements*

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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.
Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (IAS 34)**

September 2021

# Meltwater N.V.

# Special purpose unaudited condensed consolidated financial statements

# Contents

## Special purpose unaudited condensed consolidated financial statements as at and for the nine months ended 30 September 2021

September 2021

# Meltwater N.V.

# Special purpose unaudited condensed consolidated financial statements

## Condensed consolidated statement of financial position as at 30 September 2021

| | Notes | 30 September 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 6 | 76 714 | 16 285 |
| Other intangible assets | 6 | 61 364 | 42 469 |
| Property, plant and equipment | 5 | 3 138 | 3 373 |
| Right-of-use assets | 5 | 26 332 | 29 959 |
| Other non-current financial assets | | 9 802 | 5 267 |
| Financial assets at fair value through profit and loss | | 1 890 | 2 036 |
| Contract costs | | 22 668 | 20 980 |
| Deferred tax asset | | 3 921 | 4 289 |
| **Total non-current assets** | | **205 829** | **124 658** |
| | | | |
| **Current assets** | | | |
| Trade receivables | | 56 822 | 75 749 |
| Other current assets | | 26 259 | 15 828 |
| Contract costs | | 28 120 | 25 470 |
| Cash and cash equivalents | | 49 768 | 99 927 |
| **Total current assets** | | **160 969** | **216 974** |
| | | | |
| **Total assets** | | **366 798** | **341 632** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 8 | 25 000 | - |
| Lease liabilities | | 21 043 | 23 254 |
| Contract liabilities | | 9 504 | 11 168 |
| Other non-current liabilities | | 8 488 | - |
| Deferred tax liability | | 9 100 | 7 005 |

| | | | |
|---|---|---|---|
| Employee benefit obligation | | 349 | 334 |
| **Total non-current liabilities** | | **73 484** | **41 761** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7 | 110 528 | 114 673 |
| Contract liabilities | | 203 413 | 206 097 |
| Lease liabilities | | 9 526 | 10 258 |
| Current tax liabilities | | 1 775 | 3 424 |
| Employee benefit obligation | | 79 | 127 |
| **Total current liabilities** | | **325 321** | **334 580** |
| **Total liabilities** | | **398 805** | **376 341** |
| | | | |
| **Equity** | | | |
| Share capital | | 30 | 29 |
| Share premium | | 402 442 | 351 657 |
| Accumulated deficit | | (434 137) | (386 295) |
| Other reserves | | (342) | (100) |
| **Total equity** | | **(32 007)** | **(34 709)** |
| **Total equity and liabilities** | | **366 798** | **341 632** |

## Condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2021

| | **Notes** | **Nine months to 30 September 2021 $'000** | **Nine months to 30 September 2020 $'000** |
|---|---|---|---|
| Revenue from contracts with customers | 2 | 295 291 | 267 147 |
| Cost of sales | | (87 410) | (79 599) |
| **Gross profit** | | **207 881** | **187 548** |
| | | | |
| Sales and marketing expenses | | (161 466) | (117 767) |
| General and administrative expenses | | (51 012) | (36 920) |

| | | | |
|---|---|---|---|
| Research and development expenses | | (41 381) | (28 002) |
| Other income | | 16 | 18 |
| **Operating profit/(loss)** | | **(45 962)** | **4 877** |
| | | | |
| Finance costs | | (3 646) | (19 782) |
| Foreign exchange gain/(loss) | | 2 538 | (1 812) |
| Finance income | | 752 | 3 155 |
| **Profit /(loss) before tax** | | **(46 318)** | **(13 562)** |
| | | | |
| Income tax expense | 4 | (1 518) | (1 365) |
| **Profit/(loss) for the nine months** | | **(47 836)** | **(14 927)** |
| | | | |
| **Profit/(loss) attributable to:** | | (47 836) | (14 927) |
| Shareholders | | | |
| | | | |
| **Earnings/(loss) per share for profit attributable to the ordinary equity holders of the company** | | | |
| Basic earnings/(loss) per share | | (0,16) | (0,06) |
| Diluted earnings/(loss) per share | | (0,16) | (0,06) |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit and loss, net of tax* | | | |
| Exchange difference on translation of foreign operations | | (267) | (62) |
| *Items that will not be reclassified to profit or loss* | | | |

| | | |
|---|---|---|
| Remeasurements of defined benefit obligation | 19 | 62 |
| **Total other comprehensive income/(loss) for the nine months** | **(48 084)** | **(14 927)** |
| **Total comprehensive income/(loss) for the nine months attributable to:** | | |
| Shareholders | (48 084) | (14 927) |

## Condensed consolidated statement of changes in equity for the nine months ended 30 September 2021

| | Share capital<br>$'000 | Share premium<br>$'000 | Other reserves<br>$'000 | Accumulated deficit<br>$'000 | Total equity<br>$'000 |
|---|---|---|---|---|---|
| **Balance as of 1 January 2020** | **24** | **105 179** | **(1 911)** | **(310 241)** | **(206 949)** |
| Loss for the period | - | - | - | (14 927) | (14 927) |
| Foreign currency translation adjustment | - | - | (2) | (60) | (62) |
| Remeasurements of defined benefit obligation | - | - | 62 | - | 62 |
| **Total comprehensive income / (loss)** | - | - | 60 | (14 987) | (14 927) |
| Share-based compensation expense | - | 4 566 | - | - | 4 566 |
| Share-based compensation tax | - | - | - | - | - |
| Issuance of Series A common shares upon exercise of option | - | 82 | - | - | 82 |
| Issuance of Series A common shares upon exercise of warrant | - | 317 | - | - | 317 |
| **Total other movements** | - | 4 965 | - | - | 4 965 |
| **Balance as of 30 September 2020** | **24** | **110 144** | **(1 851)** | **(325 228)** | **(216 911)** |

| | | | | | |
|---|---|---|---|---|---|
| **Balance as of 1 January 2021** | 29 | 351 657 | (100) | (386 295) | (34 709) |
| Loss for the period | - | - | - | (47 836) | (47 836) |
| Foreign currency translation adjustment | - | - | (261) | (6) | (267) |
| Remeasurements of defined benefit obligation | - | - | 19 | - | 19 |
| **Total comprehensive income** | - | - | (242) | (47 842) | (48 084) |
| Share-based compensation expense | - | 35 412 | - | - | 35 412 |
| Share-based compensation tax | - | (543) | - | - | (543) |
| Issuance of common shares in connection with Merkur/ growth market, net of issuance cost | - | (35) | - | - | (35) |
| Issuance of Series A common shares upon exercise of option | - | 4 197 | - | - | 4 197 |
| Issuance of Series A common shares in consideration for acquisition | 1 | 16 553 | - | - | 16 554 |
| Vesting of Series A common shares in consideration for post combination services | - | 1 003 | - | - | 1 003 |
| Issuance of Series A common shares, other | - | 895 | - | - | 895 |
| Repurchase of series A common shares | - | (203) | - | - | (203) |

| | | | | | |
|---|---|---|---|---|---|
| Repurchase of equity securities | - | (6 494) | - | - | (6 494) |
| **Total other movements** | 1 | 50 785 | - | - | 50 786 |
| **Balance as of 30 September 2021** | **30** | **402 442** | **(342)** | **(434 137)** | **(32 007)** |

# Condensed consolidated statement of cash flows for the nine months ended 30 September 2021

| | Notes | Nine months to 30 September 2021 $'000 | Nine months to 30 September 2020 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit/(loss) before tax | | (46 318) | (13 562) |
| **Adjustments for:** | | | |
| Depreciation of right-of-use-assets | | 6 676 | 8 153 |
| Depreciation of property, plant and equipment | | 1 263 | 2 035 |
| Amortization of other intangible assets | | 8 065 | 7 961 |
| Amortization of capitalized software costs | | 8 401 | 8 133 |
| Impairment on other intangible assets | | 1 100 | 500 |
| Amortization of debt Discount and Financing Cost | | 129 | 1 082 |
| Stock based compensation expense | | 35 413 | 4 566 |
| Unrealized FX gains and loss related to Working Capital Items | | (3 644) | 2 029 |
| Interest Paid | | (3 261) | (13 165) |
| Interest Expense Accrued | | 3 288 | 19 597 |
| Tax Paid | | (2 202) | (1 446) |
| **Changes in working capital items:** | | | |
| Decrease/ (increase) in trade receivables | | 22 274 | 22 428 |
| Decrease/ (increase) in other current assets | | (2 703) | (1 008) |
| (Decrease)/increase in contract liabilities | | (5 719) | (29 122) |
| Decrease/(increase) in deferred contract costs | | (4 775) | 1 721 |
| (Decrease)/increase in trade and other payables | | (14 136) | 6 479 |

| | | |
|---|---|---|
| (Decrease)/increase in employee benefit obligation | (33) | (36) |
| **Cash generated from / (used in) operating activities** | **3 818** | **26 345** |
| | | |
| **Cash flows from investing activities** | | |
| Sales of minority interest investments | 60 | - |
| Payments for acquisition of property and equipment | (899) | (3 949) |
| Amounts paid for business combinations, net of cash acquired | (48 945) | - |
| Capitalized software development costs and other intangible assets | (8 491) | (6 138) |
| **Net cash outflow from investing activities** | **(58 275)** | **(10 087)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 25 000 | 25 000 |
| Payments of Debt Issuance Cost | (475) | (480) |
| Payment of principal portion on lease liability | (5 843) | (8 023) |
| Proceeds from issuance of common stock | 4 198 | 82 |
| Offering cost paid in relation to the Euronext (Merkur) Oslo Børs offering | (10 674) | - |
| Purchase of Equity Securities | (6 927) | - |
| **Net cash inflows from financing activities** | **5 279** | **16 579** |
| | | |
| **Net increase in cash and cash equivalents** | **(49 178)** | **32 837** |
| Effects of foreign exchange rates | (982) | 193 |
| Cash and cash equivalents at the beginning of the year | 99 927 | 15 364 |
| **Cash and cash equivalents at the end of the year** | **49 767** | **48 394** |

# Notes to the condensed consolidated financial statements

## 1. Significant changes in the current reporting period

The operations of Meltwater N.V. and its group companies ("the Group") are mainly comprised of providing cloud-based news, social media monitoring and related services. The services provided are not subject to significant seasonality or cyclicality of interim operations.

As a result of the COVID-19 pandemic and in compliance with the government orders and for the health and wellbeing of everyone, the Company temporarily closed its headquarters and other offices, required its employees and contractors to work remotely, and implemented travel restrictions, all of which represent a significant disruption in how the Company operates its business. The operations of its partners, vendors and customers have likewise been disrupted.

The group has reviewed its exposure to COVID-19 and other emerging business risks but has not identified any significant risks that could impact the financial performance or position of the group as at 30 September 2021.

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

The financial position and performance of the group was particularly affected by the following events and transactions during the nine months to 30 September 2021:

- 100% acquisition of the issued share capital of Linkfluence S.A.S on 5 May 2021;
- 100% acquisition of the issued share capital of Klear.com Ltd on 14 April 2021; and
- 100% acquisition of the issued share capital of Owler Inc. on 17 June 2021.

Repurchase of shares

In December 2020, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase 10% of shares, depository receipts, vested options and vested RSUs ("Eligible Securities") from current employees at a repurchase price of $4.96 per share, subject to a reduction for transaction expenses and exercise prices. The January 2021 amendment subsequently modified the valuation to be the greater of $4.96 or the average closing price on the Euronext Growth Oslo over the period from 11 January 2021 through 15 January 2021. The average closing price for that time period was $6.81. The share repurchase program commenced on 24 December 2020 and completed on 27 January 2021. The Company repurchased 1 902 680 in Eligible Securities for an aggregate amount of $11.4 million. All share repurchases were made using cash resources.

In February 2021, the Company's Board of Directors approved the repurchase of 1 486 639 options from certain Executives and Officers of the Company with a repurchase price of $6.81 less the option exercise price, for an aggregate amount of $8.9 million. All option repurchases were made using cash resources.

The amount paid to employees up to the fair value of common shares acquired were recognized in equity as a treasury share transaction and should therefore be presented as a cash outflow for financing activities. Any payment above the fair value of the common shares on the settlement date was considered compensation expense and was reflected as part of cash outflow for operating activities through its impact to net loss. The total compensation expense recorded was $13.4 million and allocated to the different financial statement line items based on function. The Company is treating this as a cancellation, so in effect it is accelerated vesting and then recorded in equity.

Modification

During September of 2021 certain awards (selected option awards) were modified to change the vesting conditions. These modified awards included a liquidity event (exit event) and accompanying vesting period as a requisite to vest. During the third quarter the conditions were modified to remove the liquidity event since that was deemed improbable of being met. The corresponding vesting period was also removed, which resulted in all options deemed vested on the grant date. The expiration date of these options was extended by 5 years to enable the holders of these modified awards to still exercise them after the modification. Modification accounting was applied to these awards since they become vested that resulted in an accelerated vesting expense of $11.1 million being recorded.

In April 2021, the Company also modified RSU Agreements to change the vesting terms so that 50% of RSUs vest on 4 December 2021, and the remaining 50% vest on 31 March 2022 with no Liquidity Event condition. In addition, the Company modified the termination date of these RSUs to 31 December 2022. The modification is effective only upon the execution of an Amendment Letter by the awardee. Modification accounting was applied to these awards vesting, resulting in the recognition of a vesting expense of $19.2 million.

## 2. Revenue recognition and segment reporting

Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the business activities which generate certain classes of revenue and incur certain classes of expenses. The principal business activities generate revenue through one operating segment, namely Media Intelligence.

During the nine-month period to 30 September 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments. In the following table, revenue from contracts with customers in the operating segment Media Intelligence is disaggregated by geographical market:

***Nine months to 30 September 2021***

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Primary geographical markets | | |
| **United States** | 111 360 | 105 370 |
| **Europe, Middle East, Africa, India** | | |
| Germany | 26 660 | 23 723 |
| United Kingdom | 18 214 | 16 166 |
| Finland | 12 084 | 10 867 |
| Netherlands | 10 508 | 9 591 |
| Sweden | 9 313 | 8 852 |
| Middle East | 7 628 | 6 085 |
| France | 6 513 | - |
| Rest of EMEA | 10 856 | 10 391 |
| **Asia Pacific** | | |
| Australia | 24 675 | 21 499 |
| Japan | 10 676 | 10 331 |
| China | 7 761 | 7 092 |
| Hong Kong | 7 655 | 7 448 |
| Singapore | 6 611 | 5 907 |
| Rest of APAC | 1 305 | 1 388 |
| **America's, excluding United States** | | |
| Canada | 22 959 | 21 764 |
| Rest of America's | 513 | 673 |
| **Total** | **295 291** | **267 147** |

## 3. Profit and loss information

## 3.1. Significant items

Profit and loss for the nine-month period includes the following cost items that are significant because of their nature, size or incidence:

***Nine months to 30 September 2021***

| | 30 September | 30 September |
|---|---|---|

| | 2021 | 2020 |
|---|---|---|
| | $'000 | $'000 |
| IT hosting | 18 504 | 18 561 |
| Copyright | 36 692 | 29 226 |
| Professional fees | 19 541 | 11 746 |
| Amortization & impairment expense | 17 566 | 16 594 |
| Depreciation expense | 7 939 | 9 333 |
| Licenses, leases and equipment | 10 393 | 9 411 |
| Housing expenses | 10 667 | 11 21 |

## 4. Income Tax

The Company's tax provision for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete events arising in each respective quarter. During each interim period the estimated annual effective tax rate is updated with the estimates available as of the reporting date. In circumstances where we are unable to predict income (loss) in multiple jurisdictions, the actual year to date effective tax rate is the best estimate of the annual effective tax rate for purposes of determining the interim provision for income tax.

For the nine months ended 30 September 2021, the Company recorded an income tax expense of $1.52 million (2020: $1.36 million) on a pre-tax loss of $46.32 million (2020: $13.56 million). The income tax expense for the nine-months ended 30 September 2021 was primarily related to tax liabilities from business operations, operating losses that cannot be benefited, and certain non-deductible expenses in various jurisdictions.

The Company determined that it was more likely than not that certain federal, state and foreign deferred tax assets will not be realized given the substantial amount of tax attributes that will remain unutilized to offset forecasted future tax liabilities.

## 5. Property, equipment and right-of-use assets

The carrying value of property and equipment is summarized below:

| | Leasehold improvements $'000 | Computer Equipment $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Acquisition costs | 3 155 | 5 685 | 3 394 | 12 234 |
| Accumulated depreciation | (1 733) | (4 609) | (2 519) | (8 861) |
| Net book amount | 1 422 | 1 076 | 875 | 3 373 |

**Nine months ended 30 September 2021**

| | | | | |
|---|---|---|---|---|
| Opening net book value | 1 422 | 1 076 | 875 | 3 373 |
| Additions | 64 | 1 062 | (28) | 1 098 |
| Additions due to acquisitions | - | 27 | 29 | 56 |
| Disposals | (35) | (5) | (53) | (93) |
| Depreciation | (414) | (755) | (94) | (1 263) |
| Accumulated depreciation on disposals | 34 | 5 | 52 | 91 |
| Foreign exchange differences | (72) | (15) | (37) | (124) |
| Closing book value | 999 | 1 395 | 744 | 3 138 |
| **As at 30 September 2021** | | | | |
| Acquisition costs | 3 051 | 6 711 | 3 272 | 13 034 |
| Accumulated depreciation | (2 052) | (5 316) | (2 528) | (9 896) |
| **Net book amount** | 999 | 1 395 | 744 | 3 138 |

The carrying value of right-of-use assets is summarized below:

| | Buildings $'000 |
|---|---|
| **As at 31 December 2020** | |
| Net book amount | **29 959** |
| **Nine months ended 30 September 2021** | |
| Opening net book amount | 29 959 |
| Additions and modifications | 2 311 |
| Disposals | (3 150) |
| Depreciation | (6 676) |
| Accumulated depreciation of disposals | 3 042 |
| Other (foreign exchange differences) | 846 |
| Closing net book amount | **26 332** |
| **As at 30 September 2021** | |
| **Net book amount** | **26 332** |

## 6. Intangible assets (including goodwill)

The carrying value of intangible assets is summarized below:

| | Goodwill $'000 | Capitalized software $'000 | Other intangibles $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Acquisition costs | 16 285 | 61 290 | 50 839 | 128 414 |
| Accumulated Amortization and impairments | - | (28 250) | (41 410) | (69 660) |
| Net book amount | 16 285 | 33 040 | 9 429 | 58 754 |

| | | | | |
|---|---|---|---|---|
| **Nine months ended 30 September 2021** | | | | |
| Opening net book amount | 16 285 | 33 040 | 9 429 | 58 754 |
| Additions | - | 8 570 | - | 8 570 |
| Acquired through acquisitions | 61 133 | - | 27 855 | 88 988 |
| Amortization | - | (8 401) | (9 165) | (17 566) |
| Exchange differences | (704) | (175) | 211 | (668) |
| Net book amount | 76 714 | 33 034 | 28 330 | 138 078 |
| **As at 30 September 2021** | | | | |
| Acquisition costs | 76 714 | 69 440 | 77 778 | 223 932 |
| Accumulated Amortization and impairments | - | (36 406) | (49 448) | (85 854) |
| **Net book amount** | 76 714 | 33 034 | 28 330 | 138 078 |

Other intangible assets consist of customer relationships, developed technologies, non-compete agreements, trademarks and content supplier relations.

**Goodwill**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, assigned to the Group's cash-generating unit (CGU). Goodwill is tested for impairment, annually or more frequently if there are indications that goodwill might be impaired.

Goodwill is allocated to the cash-generating unit as indicated below:

| | **Media intelligence** |
|---|---|
| | **$'000** |
| Carrying value 30 September 2021 | 76 714 |
| Carrying value 31 December 2020 | 16 285 |

## 7. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the reporting period which are unpaid.

| 7.1 Trade and other payables | 30 September 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|
| Trade payables | 9 848 | 6 931 |
| Wage taxes and social securities | 19 068 | 16 802 |
| VAT | 13 532 | 11 821 |
| Other liabilities, accruals and deferred purchase consideration (7.2) | 68 080 | 79 119 |
| | 110 528 | 114 673 |

| 7.2 Other liabilities, accruals and deferred purchase consideration | 30 September 2021 | 31 December 2020 |
|---|---|---|
| Accrued expenses | 25 914 | 35 387 |
| Audit fees | 1 000 | 2 177 |
| Net salaries | 35 450 | 36 990 |
| Deferred purchase consideration | 2 879 | - |
| Other payables | 2 837 | 4 565 |
| | 68 080 | 79 119 |

The carrying values of trade and other payables are a reasonable approximation of fair value due to their short-term nature.

Refer to note 14 for contractual maturity of trade payables.

## 8. Borrowings

In February 2019, the Company entered into a $175 million non-convertible note payable agreement with a consortium of private lenders ("2019 Note Payable") which was due to mature in February 2024. The 2019 Note Payable accrues interest on a quarterly basis, of which 4.00% is payable either at the loan's maturity or upon prepayment of the note and the remainder is payable on a quarterly basis. The loan agreement provides for the Company to elect the interest rate from alternatives that include Prime Rate plus 8.50% per annum and LIBOR plus 9.50% per annum. During the year ended 31 December 2019, the interest rates used to accrue and pay interest ranged from 11.40% to 12.10%. Principal is payable either at the loan's maturity or upon prepayment of the note.

In August 2020, the Company entered into amendments to the 2019 Note Payable, which resulted in, among other effects (i) certain amendments to non-financial covenants, (ii) amendments to all of the financial covenants, including eliminating the consolidated senior leverage ratio through December 31, 2020 and raising the ratio from December 31, 2020 through the maturity date, and (iii) $25.0 million of additional liquidity.

In December 2020, the Company entered a multi-currency revolving credit facility (the "2020 Credit Facility") of $150.0 million. The maturity date of the 2020 Credit Facility is three years from when the first utilization occurs with an option to extend an additional one to two years. Interest accrues on amounts outstanding under the 2020 Credit Facility at LIBOR plus a margin range of 1.50% to 2.00%

per annum. The interest rate margin on unpaid balances is based on the Company's leverage ratio. The Company may choose to repay or reduce its commitments under the 2020 Credit Facility at any time.

The 2020 Credit Facility contains a covenant to provide the Company's financial statements within a certain time period, and a covenant requiring compliance with a financial leverage ratio. The 2020 Credit Facility also includes acceleration of repayment of the borrowings upon event of default, including a material adverse change clause.

As of 31 December 2020, the Company had not drawn any borrowings under the 2020 Credit Facility and had the ability to borrow $150.0 million under the 2020 Credit Facility. The arrangement fees for the 2020 Credit Facility have been capitalized in Other assets in the Company's consolidated balance sheet and will be amortized over the term of the 2020 Credit Facility once the first utilization occurs and amortization expense will be included in interest expense in the Company's consolidated statement of operations.

In June 2021, the Company drew down $25 million from the Revolving Credit Facility which remained outstanding as of 30 September 2021. Refer to note 14 for contractual maturity of borrowings.

As of 30 September 2021 the undrawn credit facility of the company is $125 million (31 December 2020: $150 million).

## 9. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred if the costs do not relate to the issuance of debt or equity instruments. The Company's estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill.

### 9.1. Acquisition of Klear.com Ltd ("Klear")

On 14 April 2021 the company acquired all of the equity interests (100%) in Klear.com Ltd., which is engaged in influencer marketing technology development, pursuant to the terms of a definitive Share Purchase Agreement of the same date. The acquisition improved the Company's offering of social intelligence-based products and technology services.

Klear.com Ltd. and the company were parties to a Reseller Agreement dated 12 October 2017 wherein we were granted license to sell, market and promote the product offerings of the acquired company to our customers throughout the world on monthly payment terms. Through the execution of the Share Purchase Agreement this pre-existing relationship was effectively settled. No settlement gain or loss was recognized on account of such contractual preexisting relationship being cancelable by either party without penalty and the stated settlement provision being zero.

Total purchase consideration to complete the acquisition was $17.8 million consisting of an upfront cash payment of $11.0 million which includes preliminary working capital adjustments of $0.3 million, net cash of $3.8 million and debt assumed of $1.4 million, an adjustment for the settlement of a pre-existing relationship of $0.8 million along with contingent cash payments of up to $6.8 million upon the achievement of certain performance milestones.

As of the acquisition date $5.6 million contingent cash payments related to the commercial milestones has been recognized by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 2.4% for the General Data Protection Regulation (GDPR) target amount and 2.5% for the Annual Recurring Revenue (ARR). We will continue to monitor the commercial milestones at each reporting period. The probability of occurrence for the GDPR Target Amount Payment a successful platform integration is very high. Therefore, 100% probability of occurrence for the GDPR Target Amount Payment.

We will continue to monitor the commercial milestones at each reporting period.

Details of the purchase consideration are as follow:

| | **$ '000** |
|---|---|
| Purchase consideration: | |
| Base consideration | 11 000 |
| Add: Net cash | 3 823 |
| Less: Indebtedness | (1 466) |
| Less: Net working capital adjustment | (313) |
| Initial Consideration | 13 044 |
| Contingent Consideration | 5 550 |
| Less: Pre-existing relationship balance | (823) |
| **Total purchase consideration** | **17 771** |

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed, management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore, goodwill of $12.9 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

The assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value $'000 |
|---|---|
| Cash | 4 142 |
| Accounts receivables | 617 |
| Prepaid expenses | 151 |
| Property, plant and equipment | 19 |
| Trademarks | 541 |
| Customer relationships | 1 626 |
| Developed technology | 3 627 |
| Accounts payable | (6) |
| Contract liabilities | (1 799) |
| Accrued expenses & other | (2 257) |
| **Net identifiable assets acquired** | **6 661** |
| Goodwill | 11 110 |
| | **17 771** |

Pursuant to the acquisition, an indemnification receivable of $1.5 million has been recognized with a current tax liability of equal value, as well as the temporary differences related to deferred tax liability of $1.8 million. This resulted in the additional Goodwill recognition of $1.8 million leading to the total value of Goodwill on acquisition of $12.9 million.

In addition, business transaction costs incurred in connection with the acquisition is $0.72 million of which $0.3 million was incurred in 2021.

The fair value of acquired trade receivables is $0.61 million. The gross contractual amount for trade receivables due is $1.05 million, with a loss allowance of $0.44 million recognized on acquisition.

The acquired business contributed revenues of $1.9 million and net profit of $0.70 million to the group for the period from 14 April 2021 to 30 September 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the period ended 30 September 2021 would have been $299.6 million and $26.5 million respectively.

### 9.2. Acquisition of Linkfluence S.A.S ("Linkfluence")

On 5 May 2021 the Company acquired 100% of the issued share capital of Linkfluence. Linkfluence is engaged in the business of providing products and services based on artificial intelligence to algorithmically mine social media for consumer insights. The combination of Linkfluence with Meltwater will help the Company achieve a larger scale as Meltwater will significantly increase the sales force dedicated to sell Linkfluence's products. There are cost savings associated with the transaction including savings in hosting and content costs.

The purchase consideration related to this acquisition was denominated in Euro. Total purchase consideration to complete the acquisition was €42.1 million ($51.1 million) consisting of an upfront cash payment of €14.66 million ($17.59 million) and an upfront issuance of 2 552 260 shares of the Company valued at €13.5 million ($16.3 million) along with additional cash payments of up to €14 million ($16.8 million) upon the achievement of certain performance milestones.

The additional cash payments related to the performance milestones will be recognized if and when such milestones are probable and can be reasonably estimated. The potential undiscounted additional cash payment under the agreement is between $0 for sales below $26.4 million and failure to integrate the platforms and $16.8 million for sales above $39.6 million and successful platform integration. As of the acquisition date, $5.5 million contingent consideration related to the commercial milestones has been recognized by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 1.7% for the successful platform integration and 3.0% for the pre-determined sales. We will continue to monitor the commercial milestones at each reporting period. The probability of a successful platform integration is very high. Therefore, 100% probability is assumed of achieving a successful platform integration.

Details of the purchase consideration is as follow:

| | **EUR'000** | **USD'000** |
|---|---|---|
| Purchase consideration: | | |
| Base consideration | 14 660 | 17 594 |
| Add: Aggregate subscription price of all the Option Shares | 834 | 1 001 |
| Add: Fair value of issued shares | 13 547 | 16 258 |
| Add: Adjustment Escrow Amount | 1 256 | 1 508 |
| Initial Consideration | 30 297 | 36 361 |
| Conciliation Debt | 7 220 | 9 265 |
| Deferred Consideration | 4 550 | 5 458 |
| Total purchase consideration | 42 067 | 51 084 |

Conciliation Debt includes all debt and accrued unpaid interest (including interest on the convertible bonds), as well as break costs and other indemnities stipulated in the loan agreement entered into with the Conciliation Debt creditors, owed by Linkfluence to each of the Conciliation Debt creditors and comprised by the Conciliation Agreement, which was due and payable on the Closing Date.

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed, management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore, goodwill of $37.2 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

We are still finalizing the allocation of the purchase price which may be subject to change as additional information becomes available to us.

The preliminary assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value<br>$'000 |
|---|---|
| Cash | 6 862 |
| Accounts receivables | 3 775 |
| Prepaid expenses and other current assets | 8 042 |
| Property, plant and equipment | 32 |
| Other assets | 377 |
| Trademarks | 448 |
| Customer relationships | 7 404 |
| Developed technology | 6 109 |
| Accounts payable | (1 377) |
| Contract liabilities | (3 534) |
| Accrued expenses and others | (13 508) |
| Other liabilities | (1 161) |
| **Net identifiable assets acquired** | **13 469** |

Pursuant to the acquisition, an indemnification receivable of $0.3 million has been recognized with a current tax liability of equal value, income tax receivable of $0.9 million as well as the temporary differences related to deferred tax liability of $0.5 million. This resulted in the reduced Goodwill recognition of $0.4 million leading to the total value of Goodwill on acquisition of $37.2 million.

In addition business transaction costs incurred in connection with the acquisition is $1.4 million of which $1.4 million were incurred in 2021.

The acquired business contributed revenues of $3.5 million and net loss of $3.3 million to the group for the period from 05 May 2021 to 30 September 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the period ended 30 September 2021 would have been $308.8 million and $33.6 million respectively.

### 9.3. Acquisition of Owler Inc. ("Owler")

On 17 June 2021 the company acquired all of the ownership interests (100%) in Owler Inc. pursuant to the terms of a definitive Agreement and Plan of Merger of the same date. Owler Inc. is engaged in the business of providing a community-based competitive insights platform which is used to outsmart the competition and uncover competitive insights, news and alerts. The acquisition will leverage the combined synergies and expertise of the two dedicated entities engaged in media intelligence and social analytics.

Total purchase consideration to complete the acquisition was $18.87 million which consisted of an upfront cash payment of $18.90 million offset by working capital adjustments.

Details of the purchase consideration is as follow:

| | $'000 |
|---|---|
| Purchase consideration: | |
| Base Purchase Price | 18 900 |
| Add: Cash and cash equivalents | 401 |
| Less: Unpaid acquisition expenses | (365) |
| Less: Closing indebtedness | (187) |
| Less: Estimated Net Working Capital Adjustment | (182) |
| Estimated Merger Consideration | 18 567 |
| Add: Unpaid acquisition expenses | 115 |
| Add: Closing indebtedness | 187 |
| Total purchase consideration | 18 869 |

The assets and liabilities recognized as a result of the acquisition are as follows:

| | Fair Value $'000 |
|---|---|
| Cash | 401 |
| Accounts receivables | 109 |
| Prepaid expenses | 249 |
| Property, plant and equipment | 5 |
| Other assets | 84 |
| Trademarks | 900 |
| Customer relationships | 900 |
| Developed technology | 6 300 |
| Accounts payable | (75) |
| Contract liabilities | (906) |
| Accrued expenses & other | (201) |
| **Net identifiable assets acquired** | **7 766** |
| Goodwill | 11 103 |
| | **18 869** |

The preliminary allocation of consideration transferred is based on management's estimates, judgments and assumptions. When determining the fair values of assets acquired and liabilities assumed, management made significant estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to change upon final valuation and should be treated as preliminary values. Management estimated that consideration paid exceeded the fair value of the net assets acquired. Therefore, goodwill of $11.1 million was recorded. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination and is fully deductible for tax purposes.

In addition business transaction costs incurred in connection with the acquisition is $0.1 million of which $0.1 million were incurred in 2021.

The fair value of acquired trade receivables is $0.109 million. The gross contractual amount for trade receivables due is $0.169 million, with a loss allowance of $0.06 million recognized on acquisition.

The acquired business contributed revenues of $1 million and net loss of $0.38 million to the group for the period from 05 May 2021 to 30 September 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the period ended 30 September 2021 would have been $297.9 million and $28.5 million respectively.

## 10. Contingencies

### 10.1. Contingent assets

**Copyright agency limited (CAL) matter in Australia**

Copyright Agency Limited ("CAL") is an Australian not-for-profit company incorporated for the purposes of providing the use of copyright material, in print or electronic form. On 1 December 1 2017, an application was filed by the Company in the Copyright Tribunal of Australia ("CTA") against CAL's proposed fee increases. The Company took this step following the unsuccessful attempt to renegotiate the terms of the existing Scraping License Agreement and Press Clipping Service Agreement. In the application, Meltwater rejected the proposed terms on the basis that it was unreasonable in respect of fees and other terms. The Company also believes the proposed terms are against CAL's mission to provide simple ways to reproduce, store and share words, images and other creative content, in return for fair payment to creators offering innovative products and services. Since Meltwater commenced its proceedings before CTA, other media monitoring organizations in Australia also commenced CTA proceedings. In October 2021, the CTA ruled favorably for the Company, but the case is pending appeal by CAL. Given the nature of this case, we are unable to estimate the reasonably possible loss or range of loss, if any, arising from this matter.

### 10.2. Contingent liabilities

The Company is subject to litigation arising in the ordinary course of business as described below.

**Canadian News Publishers Civil Action**

In June 2011, a consortium of Canadian newspaper publishers (Postmedia Networks, Inc., The Globe and Mail Inc., Toronto Star Newspapers Limited, Metroland Media Group Ltd., Sun Media Corporation, The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc.) commenced an action in the Ontario Superior Court against Meltwater News Canada, Meltwater US Holding Inc., Meltwater News US Inc., and Meltwater N.V. (collectively "Meltwater"), seeking declaratory relief in respect of their alleged copyright in news articles, headlines, compilations of articles in their newspapers and websites, and claiming damages in excess of $100 million CAD for alleged copyright infringement, breach of contract, intentional interference with economic relations and trespass to chattels, punitive damages of $10 million, plus unspecified damages and an accounting of profits under the Copyright Act, pre- and post-judgment interest and legal costs.

In January 2012, the Company filed a motion to have this claim struck in its entirety on the basis that the Plaintiffs failed to plead a proper cause of action and was without merit. Since serving the strike motion, three of the plaintiffs (The Globe and Mail Inc., Toronto Star Newspapers Limited and Metroland Media Group Ltd.) changed their legal representation and delivered a Notice of Discontinuance, thus abandoning their claims. The remaining Plaintiffs have agreed that their claim is limited to content published on news websites and that no recovery is sought with respect to newspapers per se.

Currently, the remaining Claimants are The Halifax Herald Limited, Transcontinental Inc., Le Devoir Inc., and CEDROM-SNi Inc. Although next steps are for the parties to negotiate a Discovery Plan to guide documentary discovery, settlement discussions are at an advanced stage. However, the Company is still unable to reasonably estimate the loss or range of possible losses, if any, arising from this matter.

**Claim Under Labor and Employment Laws by Certain Former Employees**

The Company was party to a claim under Labor and Employment laws brought by certain former U.S. employees for unpaid wages for meal breaks and overtime. In December 2020, the Company entered into a settlement agreement with the former U.S. employees, which the Company agreed to pay $14.5 million plus employer payroll taxes. The Company recognized expense of $14.9 million for the settlement agreement during the year ended 31 December 2020. In October 2021, the Court approved the settlement agreement, which allowed the Company to make installment payments, with 67% payable during the financial year 2021 and 33% payable during the financial year 2022.

## 11. Events after the reporting date

Vendor Settlement

The Company provided a vendor with a notice of termination of their contract due to the COVID-19 pandemic per the terms of its license agreement. As of October 2021, the vendor noted $1.8 million in outstanding invoices. As the Company has not used the services, the Company is not required to pay the outstanding invoices or remaining fees due under the contract from the date of notice of termination. In October 2021, the Company and the vendor settled the dispute by the Company agreeing to pay $0.7 million to the vendor and the vendor will waive the remaining outstanding balance of $1.1 million and terminate the contract. In relation to the vendor services, the Company capitalized $2.5 million of development costs. As the contract is terminated, the Company will not be able to utilize the capitalized software, as such, the Company recognized an impairment on the capitalized software amounting to $2.5 million related to the abandoned project.

Acquisition of DeepReason.ai Ltd ("DeepReason")

On 19 November 2021 the Company acquired 100% of the issued share capital of DeepReason. DeepReason has developed a powerful reasoning engine with an industry-first ability to maintain incremental views of knowledge graphs. With the DeepReason acquisition, Meltwater will be in a unique position to continue expanding this knowledge graph to discover even more connections and insights.

Total purchase consideration to complete the acquisition was $6.4 million consisting of an upfront cash payment of $0.8 million and initial deferred issuance of shares of the Company valued at $0.8 million along with additional cash payments of up to $2.4 million upon achievement of retention requirements and issuance of shares of the Company valued at $2.4 million upon the achievement of certain performance milestones.

The additional payments relating to the retention and performance milestones will be recognized if and when such milestones are probable and can be reasonably estimated. The potential undiscounted additional cash payment under the agreement is between $0 if no retention is achieved and $2.4 million if full retention is achieved. The potential undiscounted additional equity payment under the agreement is between $0 if no milestones are achieved and $2.4 million if all milestones are achieved. We are still finalizing the purchase accounting.

Employee Buyback Program

On 30 November the Company announced that it plans to commence a share buyback program of up to $50m.

The share buyback program will comprise an initial offer to eligible Meltwater employees, to be followed by general market repurchases. The program has been approved by the Board of directors in the extraordinary general meeting held on 3 December 2021, reconfirming the authorization granted by the annual general meeting on 30 June 2021.

Under the program, Meltwater intends to make repurchases of shares in the open market, in line with applicable restrictions, relevant guidelines and main safe harbor principles on price and volume limitations. Any such repurchases, if made, are expected to begin in late December 2021/early January 2022 and remain in place until 30 June 2022 or such earlier time as the board of directors resolves to terminate the program.

Additionally, the company intends to facilitate an opportunity for employee holders to sell up to 25% of their total holdings through an employee offer. The price per share to be paid in the offer, to be carried out in December 2021, will be equal to the volume weighted average trading price in a five-trading day period starting ten trading days after launch.

## 12. Related party balances and transactions

No significant changes to related party balances and transactions have taken place during the period.

## 13. Fair value measurement of financial instruments

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

**Level 1:** fair values are based on quoted prices in active markets.

**Level 2:** fair values are determined based on valuation techniques which use inputs that are based on observable market data.

**Level 3:** fair values that are determined based on valuation techniques which use inputs that are not based on observable market data.

**Financial instruments at amortized cost**

The majority of the Group financial assets and liabilities are carried at amortized cost using the effective interest method. The fair values of these instruments are not materially different from their carrying values, since the instruments are either short-term in nature or the interest rates are on market terms.

**Financial instruments through profit and loss**

Derivative financial liabilities and assets are carried at fair value in the statement of financial position. The fair value of the derivative agreements represents Level 1 of fair value hierarchy and is determined based on observable market information.

There were no transfers between fair value hierarchy levels in 2021 and 2020.

**30 September 2021**

| **Financial assets** | **Level 1 $000** | **Level 2 $000** | **Level 3 $000** | **Total $000** |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss | - | - | 1 890 | 1 890 |

| **Financial liabilities** | **Level 1 $000** | **Level 2 $000** | **Level 3 $000** | **Total $000** |
|---|---|---|---|---|
| Contingent consideration | - | - | 10 926 | 10 926 |

**31 December 2020**

| **Financial assets** | **Level 1 $000** | **Level 2 $000** | **Level 3 $000** | **Total $000** |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss | - | - | 2 036 | 2 036 |

| **Financial liabilities** | **Level 1 $000** | **Level 2 $000** | **Level 3 $000** | **Total $000** |
|---|---|---|---|---|
| Contingent consideration | - | - | 632 | 632 |

**Fair value measurements using significant unobservable inputs (level 3)**

| | Financial assets at fair value through profit and loss<br>$000 | Contingent consideration<br>$000 | Total<br>$000 |
|---|---|---|---|
| **Opening balance 1 January 2021** | 2 036 | 632 | 2 668 |
| Gains/(losses) recognized in other income | - | (136) | (136) |
| Disposals | (188) | - | (188) |
| Payments | - | (397) | (397) |
| Additions | - | - | - |
| Additions through acquisitions | 42 | 11 008 | 11 050 |
| Other (Exchange rate effects and other) | - | (181) | (181) |
| **Closing balance 30 September 2021** | 1 890 | 10 926 | 12 816 |

## 14. Financial risk management

The aspects of Meltwater's financial risk management objectives and policies are consistent with those disclosed in the consolidated special purpose financial statements as at and for the year ended 31 December 2020.

The contractual maturities of Meltwater's non-derivative financial liabilities are as follows:

| **Contractual maturities of financial liabilities as at 30 September 2021**<br>**$'000** | **Within next 12 months** | **Between 1 and 5 years** | **Beyond 5 years** | **Total** |
|---|---|---|---|---|
| Trade payables | 9 848 | - | - | 9 848 |
| Lease liabilities* | 15 377 | 20 969 | 909 | 37 255 |
| Employee benefits* | 25 | 118 | 1 533 | 1 676 |
| External borrowings | - | 25 000 | - | 25 000 |
| **Exposure** | 25 250 | 46 087 | 2 442 | 73 779 |

| **Contractual maturities of financial liabilities as at 31 December 2020**<br>**$'000** | **Within next 12 months** | **Between 1 and 5 years** | **Beyond 5 years** | **Total** |
|---|---|---|---|---|
| Trade payables | 6 931 | - | - | 6 931 |
| Lease liabilities* | 9 537 | 22 862 | 765 | 33 164 |
| Employee benefits* | 36 | 118 | 1 569 | 1 723 |
| **Exposure** | 16 504 | 22 980 | 2 334 | 41 818 |

**included in the contractual maturities of lease liabilities and employee benefits are future interest payable*

## 15. Basis of preparation of the nine-month report

The condensed financial information for the nine months ended 30 September 2021 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated financial statements do not include all the information and disclosures required in the complete set of annual financial statements and should be read in conjunction with the consolidated special purpose financial statements of Meltwater N.V. for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The accounting policies adopted and applied in the preparation of the condensed consolidated financial statements are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the group

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform, effective for reporting periods beginning on or after 1 January 2021.

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

### 15.1. Functional and presentation currency

These consolidated condensed financial statements are presented in US Dollar ($), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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