

Avature Group Limited

STRATEGIC REPORT

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Introduction

The Company, Avature Group Limited, was incorporated on 15 July 2020. On 28 December 2020, the Avature Group (“the Group” or “Avature”) initiated a corporate restructuring, whereby Avature Holdings Limited, a private exempt limited liability Company incorporated in Malta, with a UK establishment office address at 1 Charterhouse Mews, London, was incorporated as the ultimate parent Company by the controlling shareholders.

The Directors present their Strategic Report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2024 on the basis of its continued existence.

Business development Report

2024 has been a year of challenges, but it has also brought progress and evolution—especially for our platform. Since day one, we’ve focused on building technology capable of adapting to different business contexts. That mission remained unchanged in 2024, but in HR and tech change is the only constant. Tools evolved, and we evolved with them.

Artificial Intelligence (AI) continues to reshape the competitive landscape. To remain ahead of disruption, AI must be more than just an add-on—it must be embedded strategically and meaningfully. That’s our vision: building a future-proof platform that empowers users to overcome both tactical and technical challenges and equips them with strategies for what lies ahead.

However, innovation is not limited to AI alone. A platform designed for the future requires robust infrastructure and the highest security standards. In 2024, we reinforced the foundation that supports Avature—from code to data management and cloud infrastructure—ensuring what we build today is resilient, scalable, and secure for tomorrow.

Our focus on customer success remained central. In 2024, we continued to support the digital transformation of our clients and the broader HR community. At Avature, we strive to shape business processes through a flexible and adaptable platform—delivering transformative technology, not just a product. Strengthening our relationships with existing customers remained a priority, as did positioning Avature as the partner of choice for process optimization and operational efficiency.

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We held in-person annual conferences in the US, EU, Australia and China. These events were met with overwhelmingly positive feedback and reaffirmed the value our clients find in engaging face-to-face with the Avature community and our teams.

From an internal perspective, the results show we are building an effective, high-performance workplace. We continue to attract and retain top talent across the globe, and our teams remain our most valuable asset in navigating complexity and delivering on our commitments.

The global business environment in 2024 remained highly complex. Our main markets suffer rapid geopolitical and economic shifts—particularly in the US and the EU, creating an adverse climate for growth and investment. Meanwhile Argentina remained marked by persistent political and economic uncertainty which impacted significantly in cost of operations of one of our biggest operational base.

These external conditions had a direct impact on the Group's financial performance. While the Group did not record a net profit in 2024, our shareholders remain supportive and committed to continue activities and investment reflecting a long-term strategic vision and confidence in the Company's direction.

Looking ahead to 2025, as organizations continue to reposition themselves for greater agility and efficiency, we remain committed to delivering innovations that offer real, sustainable competitive advantages. We are actively realigning our business strategy to better respond to ongoing global changes. This includes operational, structural, and strategic adjustments aimed at positioning the Company for long-term resilience and sustainable growth.

Analysis of performance and position

The loss for the financial year amounted to US\$ 10,554,262 (2023: profit US\$ 29,530,548). The total comprehensive loss for the year amounted to US\$ 10,414,998 (2023: income US\$ 10,300,075). The total assets at year end amounted to US\$ 77,408,868 (2023: US\$ 75,132,694) and total equity amounted to US\$ 19,613,222 (2023: US\$ 27,790,590).

As for the year ahead, we are looking to continue to grow our customer base and up-sell more solutions to existing customers.

Strategic Management

Key performance indicators (KPIs)

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Avature's KPIs related to the financial statements: we have decreased our liquidity to 1.1 (2023: 1.42); we have a working capital of US\$ 6.3 million (2023: US\$ 19 million); our gross profit margin is 4.76% (2023: 28.69%), while our net profit margin is -8.78% (2023: 27.21%).

Strategy

Avature aims to create an innovative and agile enterprise Human Capital Management ("HCM") platform for customers to do business the way they want to do it, create the user experience they want, and add a competitive edge to their talent programs.

Avature believes cutting-edge talent acquisition and talent management require new thinking and new solutions, because breakthrough performance requires a break from the past. At Avature we see things differently. Rather than struggling with too many separate systems that do not really communicate with each other, we believe in a one-platform approach. One platform powered by innovative, flexible, and socially oriented software that supports business-driven solutions, not vendor-driven compromises.

Business model

Avature was founded in 2005 by Dimitri Boylan to help organizations across the globe deploy innovative solutions to their HR challenges. Our platform is a people-centric system designed to help manage a Company's most important asset - its people. We are goal-oriented, team-spirited professionals looking for challenges. Our individual stories bring insights and perspectives that enrich our products and improve our services. We work together and support each other in an open environment with a common drive to bring interesting technical solutions to the market.

Recognising that leading CRM products were not suitable for modern recruiting, we designed branded email marketing features for passive candidate engagement, developed advanced segmentation based on candidate pipeline progress and talent pool attributes, as well as pioneered personalised multi-channel communication.

Along the way, we realised that we could get hiring managers to participate in recruiting if we gave them a modern web portal with real-time information on recruiting projects. As it turned out, this not only added transparency but helped hiring managers to gain new respect for the efforts that went into building good talent pipelines and recruiting passive candidates.

Finally, realising that every Company has a different way to go to market and attract and retain great talent, we delivered a flexible data model and configurable workflow engine to support the creation of an ever-expanding range of fully bespoke recruiting and talent management solutions, including career sites, referral management, campus and events recruiting, onboarding, internal

mobility, performance management and succession planning. In 2023, Avature launched two new solutions: HR Case Management and Social Learning.

We provide recruiting and talent management software to companies of all sizes as a SaaS. We apply one-time charges for the implementation of the software and a recurring fee for maintenance and upgrades with new features.

Business environment

Recruiting software is used across all industry types without much variation. However, for Recruiting CRM software, the buyers are usually high-growth companies, such as software companies, professional services companies, etc. For our Applicant Tracking System (“ATS”), we focus on large companies (10,000 employees or more) that are multinational – essentially, the Global 2000 is our market. The same can be said for our other solutions, which attract big enterprise customers, though there are some exceptions.

Our flagship products are the recruiting CRM and our ATS. In the CRM space, most of our competitors are start-ups, while the majority of our ATS competitors are rigid legacy vendors. We are seeing an increase in our talent management suite, specifically our Avature Onboard and Avature Internal Mobility solutions.

Avature differentiates in the following ways:

Fit for Purpose

To survive and thrive in today’s highly competitive and rapidly changing market, organisations need a competitive advantage. To hire and retain the talent they need to achieve breakout performance, they require leading-edge technology that empowers them to break away from the pack and activate innovative talent strategies. Rather than acting as a barrier, we believe that their recruiting and talent management technology should be a powerful enabler. As such, we have designed the Avature platform to be more configurable and scalable than the competition so our customers can move to the technology as offense model.

Avature’s solutions are not one-size-fits-all. We respect our customers as experts in their own businesses, and we actively encourage them to follow their own vision and define the solution that achieves their objectives. Our platform allows our customers to create real, lasting transformation.

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STRATEGIC REPORT (CONTINUED) / Business environment (Continued)

Agility

We believe that agility is more than a buzzword. In recruiting and talent management, agility means the ability to change the way things are done when market conditions change. Agility is only possible when a system is flexible enough for its users to optimise it over time. We have made it possible for customers to configure the system through the user interface, so they can design, modify and optimise digitally based business practices to aggressively compete for and win talent over their competition. In today's environment, it is not enough to acquire a system that is marginally competitive today but cannot scale, lacks innovation and will be ineffective in one or two years' time. We offer customers a steady stream of new functionality to keep pace with evolving technology and trends.

Continuous Improvement

We believe that our customers are co-designers of our software. We produce a steady stream of customer-requested features and enhancements with a focus on recruiting and talent management. We offer multiple channels for customers to present their feedback directly to us (Customer Advisory Counsel, User Conferences, Online Forums, Meet-ups, Account Management) and adhere to a customer-driven roadmap.

World-Class Support

Avature provides full-lifecycle customer support, from the day customers first meet us to the future evolution of their strategy in the years to come. Our Consulting team has extensive domain expertise in sourcing, talent engagement and recruiting service delivery derived from the world's most demanding and innovative recruitment organisations. Our customers are supported by dedicated and experienced Account Managers. We take pride in the fact that our customer-facing teams are just one step away from our technical operations, engineering and product design teams. This allows us to respond to customer issues with real solutions and in real-time, rather than having to deal with an intermediary or system integrator who has limited understanding of the underlying platform or leverage to drive modifications to it.

Experience

We differentiate with our industry experience, commitment and proven staying power. The recruiting and talent management software market is full of heavily venture capital-funded start-ups that are seeking a quick exit. They have no commitment to developing long-term relationships and many have experienced significant changes to management teams in recent months. Their leaders no longer have industry experience. Avature's larger competitors are typically serving up

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a software product that they purchased several years ago and for which they have no real roadmap or appetite for innovation and advance.

Environmental, employee, social, community, human rights and anti-corruption and anti-bribery matters

Employees

We understand the responsibility we have as a talent technology provider, and we reaffirm our commitment to the initiatives and best practices we have implemented toward positive social and environmental impact.

For employees, we are constantly empowering our own internal teams, promoting long-term career paths and continued education. We champion providing sustainable employment, job security and a thriving space to propose innovative ideas and business initiatives.

We believe a diverse employee body will bring about creativity and foster innovation. Our vision is that only by accepting our differences, bringing people together and supporting each other we will realise the full potential of each employee and create breakthrough solutions.

Avaturians are trained to focus on the output of the individual and commit to helping each other succeed. Avature has a zero-tolerance stance on discrimination, harassment, and bullying of any kind. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

We require each employee to behave in a professional manner, but we do not require people to change who they are when they come to work for us. As enshrined in our Code of Conduct and Equal Opportunity policy, Avature absolutely condemns forced labour, child labour, modern slavery, and human trafficking of any kind.

Customers

Our decision to respond directly to our customers' needs, listen to them, and partner with them is at the heart of Avature's operating model. We develop all our solutions in-house, and we are in complete control of the quality and evolution of our platform, allowing us to directly engage with our customers and co-create the next-generation enterprise platform. Our commitment to high-quality engineering, transparency, and service, together with this partnership and the people we

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bring to this commitment, are our competitive advantage and part of our customers' advantage. We offer a core platform meant to serve up only the solutions, tools and functionality that an organization needs for their processes, to avoid distraction from their objectives. When, and if they wish to evolve or expand, the platform can adapt to additional or modified processes, new strategies, enhanced functionality, new tools or extended solutions.

Furthermore, we give users the training to use our solutions specifically for their processes and we view this training and support as ongoing.

Suppliers

We understand that corporate social responsibility extends to our entire supply chain. This encompasses not only the products and services provided, but also the human rights, ethics, and social practices of Avature and our suppliers. One goal of our corporate social responsibility procurement program is to build partnerships with like-minded organisations by actively seeking out business partners who are the most environmentally and workforce friendly.

This includes the following areas:

- Responsible environmental impact: Avature and its suppliers shall conduct ongoing efforts to reduce environmental pollution while increasing sustainability.
- Forced labour: Avature and its suppliers and supply chain shall employ all employees under their own free will with no individual being subjected to bonded or forced labour.
- Child labour: Avature and its suppliers and supply chain shall not employ any people under the minimum legal working age of the country in which they work.
- Modern slavery and human trafficking: Avature does not tolerate human trafficking or slavery in any form and in any part of our global organization or our supply chain.

Avature has a diverse supplier policy. For non-strategic supply, managers are expected to include small-business vendors and minority-owned vendors in any bid group unless a reason is given for not including them. We recognise that size does not relate to performance and the only reason Company size can be used as a criteria for selection is when size is needed for the execution of the service.

Avature's abiding rule on diversity is that our vendors' diversity should align with the general diversity of the country where they operate their business. A strong deviation from this model can be considered a negative attribute in any evaluation. A vendor employment policy that supports diversity can be considered a positive attribute.

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Principal risks and uncertainties

The Group is required to give a description of the principal risks and uncertainties that it faces. These principal risks are set out hereunder:

- Liquidity risk: the risk that the Group may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.
- Market risk: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Group is exposed to three market risk components:
 - Interest rate risk
 - Currency risk
 - Equity price risk
- Operational risk: the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes personnel, technology, and infrastructure.
- Credit risk: the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instruments that are exposed to such risk include cash and cash equivalents, and other receivables, notes receivable.
- Interest rate risk: the Group's exposure to interest rate risk mainly concerns financial liabilities, which are at fixed rate. At present, the Group does not hold loans and receivables that are long-term in nature. The Group is not significantly exposed to interest rate risk and therefore no sensitivity analysis is presented. The following table analyses the breakdown of liabilities by type of interest rate.
- Foreign currency risk: the financial statements are presented in US dollars. Each entity within the consolidated group determines its own functional currency. The Group is exposed to certain currency risks in that the value of certain financial instruments will fluctuate due to changes in foreign exchange rates. Management has mitigated the risk by holding sufficient cash in US dollars.

The Group has insurance, business policies and organizational structures to limit these risks and the Board of Directors regularly reviews, re-assess, and proactively limits these risks.

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Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

The Directors of the Group must act in accordance with a set of general duties including (among others) those under s172 of the Companies Act to promote the success of the companies.

The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) in the decisions taken during the financial year ended December 31, 2024.

- The Directors oversee a structured approach to the development of the Group's strategy, looking at commercial considerations and the development of current and possible future markets. They also take a long-term perspective on matters such as possible strategic workforce requirements and the impact of new technology. Long-term business planning and key strategic decisions are undertaken in line with the strategy agreed by the Directors.
- The Group's employees are fundamental to the delivery of Group's goals. The Group aims to be a responsible employer in their approach to the pay and benefits their employees receive. The health, safety and well-being of their employees is one of their primary considerations in the way it does business (see previous section). In this regard, the Group annually conducts an in-depth review of entire workforce remuneration and the alignment of incentives with the Group's culture. The review covers the structuring of pay and incentives across the Group.
- Delivering on the commitments the companies make to their customers is critical to their long-term success. Senior Executives meet regularly with customers and, as necessary, subsequently brief the Directors on the status of these important relationships and how the Group is delivering on its commitments. During the year, the Directors were also provided with details of the output from the group's customer satisfaction surveys.
- The Group considered the impact of its operations on the community and environment and in particular how the companies influence the regions where facilities are located (for more information see previous section).
- Responsible behaviour is fundamental to how the companies do business. The Group's Code of Conduct sets out the standards and behaviours expected of all the

STRATEGIC REPORT (CONTINUED) / Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 (Continued)

companies' employees to meet the high standards of business conduct – legally and ethically – that their customers and other stakeholders expect. The Directors' intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance. The intention is to nurture the companies' reputation through the compliance of the Code of Conduct which is reflected in the companies' actions. Also, during the year the Directors reviewed how employees were encouraged to seek guidance, raise concerns or report issues, if necessary, to the Group's Ethics Committee.

- The Directors' intention is to behave responsibly toward Group's shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of the Group's long-term objectives.

Our Stance on Diversity

Avature understands that innovation goes hand in hand with solutions designed to offer accessibility for individuals with disabilities and which can be leveraged to remove bias and partiality in hiring practices. This has informed, and will continue to inform, our functionality and roadmap on an ongoing basis.

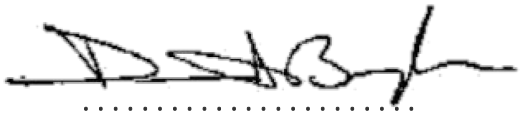
We are committed to ensuring that our own internal hiring and mobility philosophy reflects what we help our customers do: hire the person before anything else. By way of example, by the end of the year, 564 (2023: 499) Avaturians are women, and 120 (2023: 109) of them correspond to 33% (2023: 36%) of senior leadership positions at Avature, surpassing the number at other leading tech organisations.

Equality and diversity are at the core of our organisation. Our talent acquisition strategy is absolutely neutral in regard to any form of self-identification including gender, sexual orientation, race, etc.

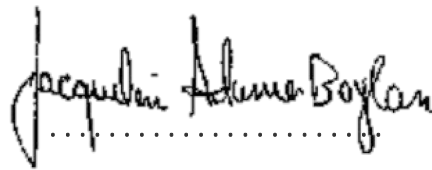
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This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'D Boylan', written over a horizontal dotted line.

Dimitri Boylan
Director
Date: 27 October

A handwritten signature in black ink, appearing to read 'Jacquelin Adames De Boylan', written over a horizontal dotted line.

Jacquelin Adames De Boylan
Director