

Ned Davis Research, Inc.

Balance Sheet

September 30, 2024

Ned Davis Research, Inc.

Index

September 30, 2024

	Page(s)
Report of Independent Auditors	1-2
Balance Sheet	3
Notes to Balance Sheet	4-8



Report of Independent Auditors

To the Management and Board of Directors of Ned Davis Research, Inc.

Opinion

We have audited the accompanying balance sheet of Ned Davis Research, Inc. (the “Company”) as of September 30, 2024, including the related notes (referred to as the “balance sheet”).

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of the Company as of September 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Balance Sheet section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Balance Sheet

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the balance sheet is available to be issued.

Auditors’ Responsibilities for the Audit of the Balance Sheet

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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 override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the balance sheet.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the balance sheet.
- Obtain 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 13, 2024

Ned Davis Research, Inc.

Balance Sheet

September 30, 2024

Assets

Current assets

Cash	\$ 13,434
Accounts receivable, net of allowance for credit losses of \$78,142	2,155,310
Other current assets	281,898
Prepaid expenses	596,762
Income tax receivable	754,061
Due from affiliate	851,146

Total current assets 4,652,611

Investments at fair value 248,515

Property and equipment, net 934,147

Note receivable - related party (a) 6,040,167

Total assets \$ 11,875,440

Liabilities

Current liabilities

Accounts payable	\$ 111,720
Accrued compensation costs	853,281
Accrued expenses and other current liabilities	1,864,450
Deferred revenue	5,849,688

Total current liabilities 8,679,139

Non-current liabilities

Deferred revenue, net of current portion 61,123

Operating lease liabilities 69,020

Total non-current liabilities 130,143

Total liabilities 8,809,282

Commitments and contingencies (Note 6)

Stockholders' Equity

Capital stock

Common stock, \$0.01 par value, 96,480 shares authorized; 23,660 shares issued and outstanding	237
Additional paid-in capital	5,001,032
Retained deficit	(1,935,111)

Total stockholders' equity 3,066,158

Total liabilities and stockholders' equity \$ 11,875,440

(a) Includes \$6,040,167 owed from a related party. See Note 7.

The accompanying notes are an integral part of this balance sheet.

Ned Davis Research, Inc.

Notes to Balance Sheet

September 30, 2024

1. Organization

Ned Davis Research, Inc. (the “Company”) is registered with the United States Securities and Exchange Commission as a registered investment adviser. Its primary activities include producing and distributing investment research, reports, services, and products for use by investment professionals including portfolio managers, pensions, endowments, and advisors in the United States and overseas. In addition, the Company acts as an investment adviser to investment companies.

On July 29, 2011, the Company sold 5,740 shares of its issued and outstanding voting stock to EII Holdings, Inc., a subsidiary of Euromoney Institutional Investor PLC, (“Euromoney”) a public company limited by shares under the laws of England and Wales. During the year ended September 30, 2018, existing minority shareholders, consisting of 17% ownership, sold all outstanding stock to Euromoney, making Euromoney the sole shareholder, owning 100% of the outstanding common stock of the Company as of September 30, 2018.

On November 24, 2022, Hangar Holdco acquired all the outstanding shares in issue of Delinian Limited (formerly Euromoney Institutional Investor PLC) at an agreed price of £14.61 per share (£1,605.2m in total). The shares were acquired by Becketts Bidco Limited, an indirectly, wholly owned subsidiary of Hangar Holdco. Delinian Holdings US LLC, a subsidiary of Delinian Holdco Ltd, was the sole shareholder, owning 100% of the outstanding common stock of the Company as of September 30, 2023.

On October 6, 2023, the Company issued non-voting Class A common stock, Class B common stock and Class C common stock to certain employees of entities in its group of companies (which Class A common stock, Class B common stock and Class C common stock is held by a third-party nominee in trust for such employees) and the common stock held by Delinian Holdings US LLC was designated as Class D common stock. As of September 30, 2024, Delinian Holdings US LLC is the controlling shareholder of the Company and is entitled to exercise 100% of the voting rights attaching to the common stock.

2. Summary of Significant Accounting Policies

Cash

The Company maintains cash in various United States financial institutions that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash. As a subsidiary of Delinian Holdco Ltd, the Company has a daily sweep agreement whereby the Company's operating funds are swept in or out as needed on a daily basis. As such, the Company's operating bank account generally maintains a zero-dollar daily balance.

Use of Estimates

The preparation of a balance sheet in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed when incurred and improvements that enhance the property and equipment are capitalized if they materially extend the life of an asset. The cost of assets sold, retired, or

otherwise disposed of and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Property and equipment are depreciated over their estimated useful lives ranging from three to four years, using the straight-line method.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the long-lived assets may not be recovered. The carrying amount of an asset or asset group is deemed not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. When the carrying amount is determined to be not recoverable, an impairment charge is recognized in an amount equal to the excess of the carrying amount of the asset or asset group over its fair value.

Income Taxes

The Company accounts for income taxes under the liability method, which recognizes deferred tax assets or liabilities for the expected future tax consequences based on the differences between the financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate, in effect when the differences are expected to reverse. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Significant management judgment is required in determining the Company's provision for income taxes, the Company's deferred tax assets and liabilities and any valuation allowance recorded against those net deferred tax assets.

The Company accounts for uncertainty in income taxes following guidance that prescribes a recognition threshold which a tax position is required to meet before being recognized on the balance sheet and provides guidance on de-recognition measurement, classification, interest and penalties, disclosure and transition issues. Based on the Company's evaluation, it has concluded that as of September 30, 2024, there are no uncertain tax positions that met the threshold for recognition or disclosure in the balance sheet or related notes.

Revenue and Deferred Revenue Recognition

The Company primarily derives its revenue from subscriptions. Subscription revenues for print and online publications and memberships are recognized on a straight-line basis over the period of the subscription and the satisfaction of the performance obligation, reflecting the pattern over which the customer receives benefits. These revenues are due in advance on a monthly or annual basis. When the Company collects revenue in advance of being earned, a deferred revenue liability is recorded for the unearned portion.

The Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers*, ("ASC 606") on October 1, 2018. There is no material impact on the timing of revenue recognition arising from the implementation ASC 606. Vote revenue is treated as variable consideration under ASC 606. This requires the Company to include an estimate of the variable consideration in the transaction price to the extent that it is highly probable that the related revenue, if recognized, would not be reversed. Any incremental amounts would be included in the transaction price once the confirmation of the vote revenue is given. The assessment of whether an amount of revenue is highly probable may require significant judgement. In some instances, the amount may not be highly probable until the Company has received specific notification of the amount from the customer or has received the payment. In other cases, established relationships, past patterns of behavior or informal correspondence with the customer may provide sufficient evidence that at least an element of revenue is highly probable before the amount is formally confirmed.

Ned Davis Research, Inc.

Notes to Balance Sheet

September 30, 2024

The Investment Solutions business is where the Company provides models/signals to Exchange Traded Funds, Fund Issuers, platforms, networks, and wealth managers and in return is paid basis points on total assets under advisement of our strategies. Assets under management revenue ("AUM") clients are billed on a monthly or quarterly basis for the services delivered based on client delivery, with the majority done quarterly. Fees are billed quarterly in arrears but accrued as earned. AUM revenue is recognized as the service is provided in accordance with ASC 606 following the right to invoice practical expedient. Earned but unbilled fees are included in accounts receivable, net allowance for credit losses on the balance sheet. The Company recognizes all costs and commissions to obtain contracts with a term of one year or less when incurred. The Company does not have significant costs and commissions to obtain contracts with a term of more than one year.

Recently Adopted Accounting Standard

ASC 326 – Financial Instruments – Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses. Among other things, this ASU requires the measurement of all expected credit losses for assets held at the reporting date, including accounts receivable, to be based on historical experiences, current conditions, and reasonable and supportable forecasts. The Company adopted this guidance in fiscal 2024. Under the new standard, the allowance for credit losses is based on the creditworthiness of customers, each customer's expected ability to pay and historical collection experience, the age of the receivable and current market and economic conditions. The adoption of this standard did not have a material impact on the Company's balance sheet.

3. Accounts Receivable, net

Accounts receivable consist of the following:

Trade accounts receivable	\$ 1,590,644
Contract assets	642,808
Less: Allowance for doubtful accounts	<u>(78,142)</u>
Accounts receivable, net of allowance for credit losses	<u>\$ 2,155,310</u>

Trade accounts receivable consist of amounts due from customers generally in the financial services industry. The Company performs ongoing evaluations of its customers' financial condition in estimation of credit losses. The Company does not require collateral. The Company maintains an allowance for credit losses resulting from the inability of its customers to make contractually obligated payments. When evaluating the adequacy of the allowance for credit losses, the Company makes judgments regarding the collectability of accounts receivable by specifically analyzing historical credit losses, customer concentrations, current economic trends, changes in the customer payment terms and reasonable and supportable forecasts. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional reserves may be required and if the financial condition of the Company's customers were to improve, the reserves may be reduced accordingly.

As of September 30, 2024, the Company had no single customer that represented more than 10% of the Company's total accounts receivable.

Ned Davis Research, Inc.
Notes to Balance Sheet
September 30, 2024

4. Property and Equipment, net

The components of property and equipment are as follows:

Computer equipment	\$ 95,786
Internally developed software	2,950,159
Right-of-use-asset	<u>96,608</u>
	3,142,553
Less: Accumulated depreciation	(76,880)
Less: Amortization of software	(2,099,324)
Less: Accumulated amortization	<u>(32,202)</u>
Property and equipment, net	<u>\$ 934,147</u>

5. Retirement Plan

The Company offers a 401(k) profit-sharing plan to eligible employees. The Company matches 50% of all qualifying employee contributions up to a maximum of 6% of the employee's compensation in accordance with Internal Revenue Service regulations.

6. Commitments and Contingencies

From time-to-time, the Company may be subject to legal or regulatory proceedings, arising out of the ordinary course of its business. Management believes that any losses resulting from the resolution of such proceedings would not have a material adverse effect on the Company's balance sheet.

7. Related Party Transactions

The Company has agreed to loan up to \$15,000,000 to Delinian Holdco Limited and affiliates. As of September 30, 2024, the Company had advanced \$6,040,167. The loan matures on September 30, 2025. The borrower, Delinian Holdco Limited can pay all or any part of the loan at any time before the repayment date with the agreement of the Company. If the borrower repays the entire loan, the amount repayable will be principal plus all interest accrued, which at the end of September 30, 2024 is \$6,040,167. Because the intent is to roll the balance forward from year-to-year, the note receivable is classified as a noncurrent asset.

In November 2023, the Company received a support letter from Delinian Holdings US LLC stating that Delinian Holdings US LLC will, and has the ability to, provide liquidity and financial support to the Company to meet its financial obligations through December 2024 as needed.

8. Income Taxes

The Company previously filed consolidated income tax returns with its former parent corporation, EII US Inc. Following a corporate restructuring during the prior fiscal year, the Company now files its returns on a separate basis from other entities in the Delinian (formerly Euromoney) group and therefore records its provision for income taxes accordingly. During the prior fiscal year, the Company also made certain Federal Income Tax elections which resulted in an additional amortizable intangible assets which will give rise to a tax benefit until May 2038 and the restructuring generated net operating losses with an no expiration date.

Ned Davis Research, Inc.

Notes to Balance Sheet

September 30, 2024

The Company does not have any taxable income in the current year. In the future, should the Company have taxable income, it will not be able to offset these with net operating losses from other group entities, nor will other entities be able to utilize net operating losses from the Company. The Company has therefore considered whether to record a valuation allowance against the deferred tax assets arising during the year or existing at the year-end. The Company has determined that those deferred tax assets are unlikely to be realized in the foreseeable future and full valuation allowance has therefore been recorded reducing the net deferred tax assets to zero.

The Company is no longer subject to income tax examinations prior to 2021.

9. Stockholders' Equity

Common Stock

The Company is authorized to issue up to 96,480 shares of common stock with a par value \$0.01 per share.

Until October 6, 2023, Delinian Holdings US LLC was the sole shareholder, owning 100% of the outstanding common stock of the Company. On October 6, 2023, the Company issued non-voting Class A common stock, Class B common stock and Class C common stock to certain employees of entities in its group of companies (which Class A common stock, Class B common stock and Class C common stock is held by a third-party nominee in trust for such employees) and the common stock held by Delinian Holdings US LLC was designated as Class D common stock. As of September 30, 2024, Delinian Holdings US LLC is the controlling shareholder of the Company and is entitled to exercise 100% of the voting rights attaching to the common stock.

10. Subsequent Events

The Company evaluated subsequent events and transactions occurring after September 30, 2024, through December 13, 2024, the date this balance sheet was available for issuance.

In December 2024, the Company received a support letter from Delinian Holdco Limited stating that Delinian Holdco Limited will, and has the ability to, provide liquidity and financial support to the Company to meet its financial obligations through December 31, 2025 as needed.