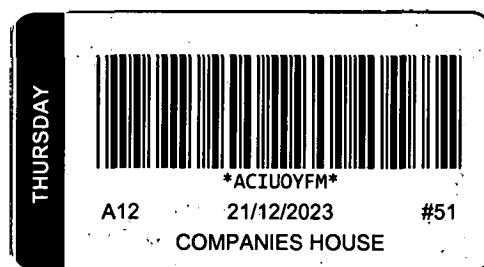


Consolidated Financial Statements

Precisely Software Limited

For the financial year ended 31 December 2022

Registered number: 01373158



Company Information

| | |
|----------------------------|---|
| Director | Joseph David Rogers |
| Registered number | 01373158 |
| Registered office | 3rd Floor The Pinnacle 20 Tudor Road Reading Berkshire RG1 1NH United Kingdom |
| Independent auditor | Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2 Ireland |
| Bankers | JP Morgan Chase Bank 25 Bank Street London E14 5JP United Kingdom |

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Group strategic report

For the financial year ended 31 December 2022

The director is pleased to present the strategic report and the financial statements for the financial year ended 31 December 2022.

Principal activities

The Group's principal activities are marketing, sale, development, and supply of computer products for performance management of all major physical and virtual computer systems, and related support and training services.

Business overview and future developments

The Group made a profit after tax during the financial year, amounting to £7,058,160 (Restated 2021 profit: £14,443,899).

Turnover for the financial year was £110,818,875 (Restated 2021: £103,654,734). The net assets of the Group at 31 December 2022 were £4,819,872 (Restated 2021: net assets £(784,842)).

Both the level of business and the year-end financial position are satisfactory. In 2022, specific subsidiaries and fellow group companies of Precisely Software Limited transferred certain assets and liabilities, and their trading activities, to Precisely Software Limited. This is in line with the Director's plan to consolidate operations, whether by voluntarily liquidation or merger of specific subsidiaries and fellow group companies, in the foreseeable future. As of date of reporting, Trillium Software Limited, Metron Technology Limited, Real Time Content Limited, Vision Solutions UK Limited, Portrait Software International Limited, and Cogito Limited are currently in the process of winding up by way of Members' Voluntary Liquidation.

Aside from the fellow subsidiaries merged into the Parent Company during the year, which drove a change in assets, liabilities and trading activities, there were no significant changes to the product mix, customers or markets that the Group operated in comparative to prior year. Primarily, the changes in Turnover and Cost of Sales are a result of the fellow subsidiaries merged. Results are consistent with the legacy subsidiaries of the consolidated Group.

Principal risks and uncertainties

The director considers that the principal risks and uncertainties faced by the Group are in the following categories:

Competition

The business competes with a number of companies, the competitors ranging from large multinationals to smaller, more narrowly focused regional and local firms. The Group must continue to invest in its technologies, products and solutions and in the development of new technologies, products and solutions in order to maintain and improve its competitive position.

Postal regulations and processes

A significant portion of revenue and profitability is directly or indirectly subject to regulation and oversight by postal authorities. The Group depends on a healthy postal sector which could be influenced, positively or negatively, by legislative or regulatory changes.

Lower profit margins

As the business transforms to more digital and commerce services, the profit margins will be lower and, if the costs cannot be reduced, the earnings could be impacted. The director expects overall profit margins to continue to be impacted as a result of a change of mix from higher margin Small and Medium Business Solutions to Digital Commerce Solutions.

Group strategic report (continued)

For the financial year ended 31 December 2022

Principal risks and uncertainties (continued)

Customs and regulatory risks

The international nature of the Group's Global Ecommerce business subjects us to increased customs and regulatory risks from cross-border transactions and fluctuations in foreign currency exchange rates.

Interest rate risk

The Group's cash flow interest rate risk arises from cash deposits. Deposits placed at variable rates expose the Group to cash flow interest rate risk. The Group's cash equivalents are held at floating interest rates.

Currency exposures

The Group operates internationally and is exposed to foreign exchange risk from various currency exposures, primarily with respect to the Euro, the US Dollar and the Singaporean Dollar. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. There were no hedging transactions in place at 31 December 2022 (2021: none).

Liquidity risk

The director is confident that available funds are in place for existing operations as Starfish Holdco LLC has stated that it intends to provide adequate financial support to enable the Group to meet its financial obligations as they fall due for a period of at least twelve months from the date of signing these financial statements.

Credit risks

Financial instruments which potentially expose the Group to a concentration of credit risk, comprise primarily of cash equivalents and debtors. Cash equivalents are deposited with high credit quality financial institutions. The Group provides credit to customers in the normal course of business. Collateral is not required from those debtors, but ongoing credit evaluations of customers' financial conditions are performed. The Group maintains a provision for impairment based upon the expected collectability of debtors. The Group sells products and services to a wide range of customers around the world and, therefore, believes there is no material concentration of credit risk.

Director's statement of compliance with duty to promote the success of the Group

From the perspective of the director, the matters for consideration under Section 172 of the Companies Act 2006 ("S172") have been considered to an appropriate extent by the Group. Such consideration is included in the statements set out below, noting the director's duty under S172 to act in good faith to promote the success of the Group for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

For the Group, compliance is one of its cornerstone values and forms the basis for all decisions and activities. It is key to integrity in conducting its business and as a global Group. The director is committed to ensuring that all business is carried out in full accordance with the law as well as internal rules and principles.

Future developments

The director plans to continue to invest in the development of software products in anticipation of customers' future requirements and aspirations.

Group strategic report (continued)


For the financial year ended 31 December 2022

Financial key performance indicators

Key performance indicators used by management include the following:

| | 2022 | 2021 (as restated) |
|------------------------|---------|-----------------------|
| | £'000 | £'000 |
| Turnover | 110,819 | 103,655 |
| Profit before taxation | 9,892 | 13,391 |
| EBITDA | 15,514 | 22,173 |

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



.....
Joseph David Rogers
Director

Date: 14 December 2023

Director's report

For the financial year ended 31 December 2022

The director presents the report and the financial statements for the financial year ended 31 December 2022.

Results

The profit for the financial year, after taxation, amounted to £7,058,160 (2021 - £14,443,899).

Dividends

Dividends paid during the year amounted to £Nil (2021 - £Nil)

Director

The director who served during the financial year was:

Joseph David Rogers

Research and development activities

The Group continues to invest in the development of software products and constantly monitors customer requirements and aspirations. The director regards the investment in research and development as integral to the success of the business. In 2022 the Group's research and development costs amounted to £7,349,922 (2021 - £6,993,786).

Going concern

During the year, the Group made a profit after tax of £7,058,160 (Restated 2021 profit: £14,443,899) and at the financial year end had net assets of £4,819,872 (Restated 2021 net assets: £(784,842)). Included in creditors at year-end is amount owed to group undertakings of £88,175,135 (Restated 2021: £77,074,969).

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the director has a reasonable expectation that Group has adequate resource to continue in operational existence for the foreseeable future. Starfish Holdco LLC has stated that it intends to provide adequate financial support to enable the Group to meet its financial obligations as they fall due for a period of at least twelve months from the date of signing of the consolidated financial statements. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Greenhouse gas emissions, energy consumption and energy efficiency action

The nature of the Group is a non-manufacturing and service-based entity. During the year, the employees of the Group are working from home. This resulted in the Group's energy and carbon emissions to be unquantifiable as employees are not working in one location for the Group to determine the energy and carbon emissions.

The Group pays particular adherence to environmental regulations to minimise impacts on the environment from its activities, whilst continuing to address health, safety and economic issues.

Branches outside the State

In 2022, the Group established Precisely Software Limited - Ireland branch to develop and sell software products and provide related services.

Director's report (continued)

For the financial year ended 31 December 2022

Employment of disabled persons

The Group is an equal opportunity employer. This means that selection and placement of an individual is based upon the training, experience, qualifications, and overall performance of that individual for the particular job opening. Under no circumstances will race, religion or belief, colour, nationality, ethnic or national origin, disability, marital or civil partner status, sex, pregnancy or maternity, sexual orientation, gender reassignment, age or any other legally protected characteristics be a factor in an employment or promotion decision unless required by law or regulation.

The Group will make reasonable adjustments in accordance with the Equality Act 2010 for the known physical or mental impairments of otherwise qualified individuals with a disability who are applicants or employees. Applicants or employees seeking a reasonable adjustment should make their request in writing to the Human Resources Department.

Employees

The Group is committed to achieving the highest practicable standards in health and safety management. Retention of key staff is critical, and the Group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Engagement with suppliers, customers and others

The director of the Group confirmed that he has acted in the way considers, in good faith, would be most likely to promote success of the Group for the benefit of its members as a whole (having a regard to the stakeholders and matters set out in The Large and Medium-sized Companies and Groups Regulation 2008 Section 7 paragraph 11b) in the decisions taken during the year ended 31 December 2022. The following paragraphs summarise how the director fulfilled his duties:

- My intention is to behave responsibly and ensure that management operate the business in a responsible manner.
- I am committed to openly engage with our shareholders. It is important to me that shareholders understand our strategy and objectives, so these must be clearly communicated, feedback heard and issues or questions raised properly considered.
- As our services provided grow, our risk environment also becomes more complex. It is therefore, important that we effectively identify, evaluate, manage and mitigate the risks the Group faces. For details of our principal risks and uncertainties, please see previous paragraphs of our Group strategic report.
- Our employees are vital to the services provided by the Group. We aim to be a responsible employer in our approach to the pay and benefits for our employees. For our business to succeed, we need to manage our employee's performance and develop talent while ensuring the Group operates as efficiently as possible.
- The health and safety of our employees is very important to us.
- In order to grow our business, we need to develop and maintain strong business relationships. We value all of our suppliers and customers.

Director's report (continued)

For the financial year ended 31 December 2022

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Significant events during the financial year

Certain subsidiaries of the Company were liquidated voluntarily in 2022 or were in the process of being liquidated voluntarily as part the Group's reconstruction. Accordingly, the trading and assets and liabilities of these entities were transferred to the Company. As a result, these entities were merged into the Group and the results and cashflows of all combining entities were brought into the financial statements of the Company from the beginning of the financial year in which the combination occurred.

Post balance sheet events

Subsequent to the 2022 year-end, the Group continued its restructuring plan to streamline its Group operations. Part of the restructuring plan is to consolidate its operations in the UK market. Accordingly, the Group entered into the following transactions post the 2022 year-end:

In January 2023, Precisely notified approximately 4% of its workforce of furloughs in an effort to restructure operations. The total restructuring charge and related liability of £381,000 was recorded in January 2023 which includes severance pay and fringe benefits to respective employees.

In January 2023, Precisely Software Limited acquired the entire issued share capital of affiliated companies Infogix Limited and New Lavastorm (2017) Limited from Precisely Software Incorporated. Precisely Software Limited is the indirect parent company of Lavastorm Analytics Limited, subsidiary of New Lavastorm (2017) Limited.

In 2023, Winshuttle France SAS, Cilasoft SAS, Infogix SARL, Precisely Software and Data France SAS, and Trader's SAS were merged into Precisely Software SAS. Accordingly, all of the respective assets and liabilities of Winshuttle France SAS, Cilasoft SAS, Infogix SARL, Precisely Software and Data France SAS, and Trader's SAS were transferred to Precisely Software SAS.

In February 2023, Precisely Software SAS transferred the entire issued share capital of Cilasoft USA Incorporated to Precisely Software Incorporated.

In April 2023, the entire issued share capital of Winshuttle Deutschland GmbH was transferred from Winshuttle UK Limited to Precisely Software GmbH. In May 2023, Winshuttle Deutschland GmbH merged into Precisely Software GmbH. Accordingly, all assets and liabilities of Winshuttle Deutschland GmbH were transferred to Precisely Software GmbH.

In June 2023, the following shares were allotted: 24,957 ordinary shares were issued by Precisely Software Limited to Precisely Software Incorporated for £24,957,000 (settled in Euros (€29,059,000) in January 2023); and 137 ordinary shares were issued by Precisely Software Limited to Precisely Software Incorporated for £137,000 (settled in Euros (€160,000) in January 2023).

In July 2023, Precisely Software SAS sold its 15% interest in QSL Pacific and Overseas SARL to an external party for EUR 1,257(£1,076).

Director's report (continued)

For the financial year ended 31 December 2022

Auditor

The auditor, Grant Thornton, continues in office in accordance with section 485 of the Companies Act 2006.

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



Joseph David Rogers
Director

Date: 14 December 2023

Director's responsibilities statement

For the financial year ended 31 December 2022

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these consolidated financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

On behalf of the board



.....
Joseph David Rogers
Director

Date: 14 December 2023

Independent auditor's report to the members of Precisely Software Limited

Unqualified Opinion

We have audited the financial statements of Precisely Software Limited (the 'parent Company') and its subsidiaries (the 'Group') which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statement of financial position, the Consolidated and Company Statement of changes in equity and the Consolidated Statement of cash flows for the financial year ended 31 December 2022, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice)

In our opinion, Precisely Software Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Group and the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditor's report to the members of Precisely Software Limited (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Director's report and the Strategic Report. The director is responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Director's report and the Strategic Report.

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

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



Independent auditor's report to the members of Precisely Software Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

Independent auditor's report to the members of Precisely Software Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Postal Regulations, Data Privacy Law and Employment Law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- Inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- Inspection of the Group's regulatory and legal correspondence during the year to corroborate inquiries made;
- Gaining an understanding of the internal controls established to mitigate risk related to fraud;
- Discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- Identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Challenging assumptions and judgments made by management in their significant accounting estimates, including impairment of tangible and intangible assets, revenue recognition, deferred tax and recoverability of trade debtors and amounts owed by group undertakings; and
- Review of the financial statement disclosures to underlying supporting documentation and inquiries of management.



Independent auditor's report to the members of Precisely Software Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read "Michael Shelley".

Michael Shelley (Senior statutory auditor)
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Auditors
Dublin

Date: 14 December 2023

Consolidated statement of comprehensive income

For the financial year ended 31 December 2022

| | Note | 2022 £ | 2021 (as restated) £ |
|---|------|--------------------|----------------------------|
| Turnover | 4 | 110,818,875 | 103,654,734 |
| Cost of sales | | (64,230,758) | (41,499,615) |
| Gross profit | | 46,588,117 | 62,155,119 |
| Administrative expenses | | (37,282,211) | (48,672,595) |
| Other operating income | 5 | 64,307 | 13,814 |
| Operating profit | 6 | 9,370,213 | 13,496,338 |
| Interest receivable and similar income | 8 | 1,545,483 | 876,093 |
| Interest payable and similar expenses | 9 | (1,023,769) | (981,884) |
| Profit before taxation | | 9,891,927 | 13,390,547 |
| Tax (expense)/benefit on profit | 10 | (2,833,767) | 1,053,352 |
| Profit for the financial year | | 7,058,160 | 14,443,899 |
| Currency translation differences | | (1,454,159) | (489,133) |
| Other comprehensive (loss)/Income for the financial year | | (1,454,159) | (489,133) |
| Total comprehensive income for the financial year | | 5,604,001 | 13,954,766 |
| Profit for the financial year attributable to: | | | |
| Owners of the parent Company | | 7,058,160 | 14,443,899 |
| Comprehensive income for the financial year attributable to: | | | |
| Owners of the parent Company | | 5,604,001 | 13,954,766 |

All amounts relate to continuing operations.

The notes on pages 21 to 50 form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2022

| | Note | 2022 £ | 2021 (as restated) £ |
|---|------|-------------------------|----------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 15,052,496 | 21,325,321 |
| Tangible assets | 12 | 1,176,356 | 1,578,509 |
| | | <u>16,228,852</u> | <u>22,903,830</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 14 | 2,308,628 | 1,469,783 |
| Debtors: amounts falling due within one year | 14 | 93,169,310 | 90,711,285 |
| Cash at bank and in hand | 15 | 32,033,162 | 16,840,514 |
| | | <u>127,511,100</u> | <u>109,021,582</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 16 | (134,704,474) | (128,635,303) |
| Net current liabilities | | <u>(7,193,374)</u> | <u>(19,613,721)</u> |
| Total assets less current liabilities | | <u>9,035,478</u> | <u>3,290,109</u> |
| Creditors: amounts falling due after more than one year | 17 | (4,215,606) | (3,945,384) |
| Provisions for liabilities | | | |
| Deferred taxation | 18 | - | (129,567) |
| | | <u>-</u> | <u>(129,567)</u> |
| Net assets/(liabilities) | | <u><u>4,819,872</u></u> | <u><u>(784,842)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 8,192 | 7,192 |
| Share premium account | 20 | 1,132,304 | 1,132,591 |
| Merger reserve | 20 | 1,684,308 | 1,684,308 |
| Profit and loss account | 20 | 1,995,068 | (3,608,933) |
| Shareholders' funds | | <u><u>4,819,872</u></u> | <u><u>(784,842)</u></u> |

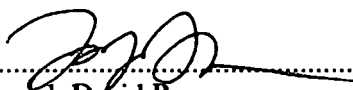
Precisely Software Limited

Registered number:01373158

Consolidated statement of financial position (continued)

As at 31 December 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


.....
Joseph David Rogers
Director

The notes on pages 21 to 50 form part of these financial statements.

Precisely Software Limited

Registered number:01373158

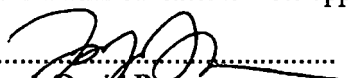
Company statement of financial position

As at 31 December 2022

| | Note | 2022 £ | 2021 (as restated) £ |
|---|------|--------------------------|----------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 828,748 | 1,487,707 |
| Tangible assets | 12 | 965,215 | 1,366,484 |
| Investments | 13 | 11,292,180 | 11,298,874 |
| | | <u>13,086,143</u> | <u>14,153,065</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 58,081,062 | 56,456,103 |
| Cash at bank and in hand | 15 | 5,432,605 | 5,253,362 |
| | | <u>63,513,667</u> | <u>61,709,465</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 16 | (41,540,351) | (47,558,967) |
| Net current assets | | <u>21,973,316</u> | <u>14,150,498</u> |
| Total assets less current liabilities | | <u>35,059,459</u> | <u>28,303,563</u> |
| Creditors: amounts falling due after more than one year | 17 | (2,237,290) | (1,540,832) |
| Net assets | | <u><u>32,822,169</u></u> | <u><u>26,762,731</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 8,192 | 7,192 |
| Share premium account | 20 | 1,132,304 | 1,132,591 |
| Merger reserve | 20 | 19,085,829 | 19,085,829 |
| Profit and loss account | 20 | 12,595,844 | 6,537,119 |
| Shareholders' funds | | <u><u>32,822,169</u></u> | <u><u>26,762,731</u></u> |

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in these financial statements. The parent company's profit for the year was £6,058,727 (Restated 2021 profit: £10,181,877).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


.....
Joseph David Rogers
Director

The notes on pages 21 to 50 form part of these financial statements.

Consolidated statement of changes in equity

For the financial year ended 31 December 2022

| | Called up share capital | Share premium account | Merger reserve | Profit and loss account | Total equity |
|--|-------------------------------|-----------------------------|-------------------|-------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2022 (as restated) | 7,192 | 1,132,591 | 1,684,308 | (3,608,933) | (784,842) |
| Comprehensive income for the financial year | | | | | |
| Profit for the financial year | - | - | - | 7,058,160 | 7,058,160 |
| Foreign exchange translation differences | - | - | - | (1,454,159) | (1,454,159) |
| Shares issued during the financial year (Note 19) | 1,000 | (287) | - | - | 713 |
| At 31 December 2022 | 8,192 | 1,132,304 | 1,684,308 | 1,995,068 | 4,819,872 |

Consolidated statement of changes in equity

For the financial year ended 31 December 2021

| | Called up share capital | Share premium account | Merger reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2021 (as restated) | 7,192 | 1,132,591 | 1,684,308 | (17,563,699) | (14,739,608) |
| Comprehensive income for the financial year | | | | | |
| Profit for the financial year | - | - | - | 14,443,899 | 14,443,899 |
| Foreign exchange translation differences | - | - | - | (489,133) | (489,133) |
| At 31 December 2021 (as restated) | 7,192 | 1,132,591 | 1,684,308 | (3,608,933) | (784,842) |

The notes on pages 21 to 50 form part of these financial statements.

Company statement of changes in equity

For the financial year ended 31 December 2022

| | Called up share capital | Share premium account | Merger reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2022 (as restated) | 7,192 | 1,132,591 | 19,085,829 | 6,537,119 | 26,762,731 |
| Comprehensive income for the financial year | | | | | |
| Profit for the financial year | - | - | - | 6,058,725 | 6,058,725 |
| Shares issued during the financial year (Note 19) | 1,000 | (287) | - | - | 713 |
| At 31 December 2022 | 8,192 | 1,132,304 | 19,085,829 | 12,595,844 | 32,822,169 |

Company statement of changes in equity

For the financial year ended 31 December 2021

| | Called up share capital | Share premium account | Merger reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2021 (as restated) | 7,192 | 1,132,591 | 19,085,829 | (3,644,756) | 16,580,856 |
| Comprehensive income for the financial year | | | | | |
| Profit for the financial year | - | - | - | 10,181,875 | 10,181,875 |
| At 31 December 2021 (as restated) | 7,192 | 1,132,591 | 19,085,829 | 6,537,119 | 26,762,731 |

The notes on pages 21 to 50 form part of these financial statements.

Consolidated statement of cash flows

For the financial year ended 31 December 2022

| | 2022 £ | 2021 (as restated) £ |
|---|--------------------|----------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 7,058,160 | 14,443,899 |
| Adjustments for: | | |
| Amortisation of intangible assets | 5,213,394 | 7,715,568 |
| Depreciation of tangible assets | 930,241 | 961,542 |
| Loss/(gain) on transfer of intangible assets | 1,059,432 | (6,414,544) |
| Interest paid | 1,023,769 | 981,884 |
| Interest received | (1,545,483) | (876,094) |
| Taxation charge | 2,833,767 | (1,053,352) |
| (Increase)/decrease in debtors | (2,666,178) | 27,971,694 |
| Increase/(decrease) in creditors | 2,387,600 | (41,111,018) |
| Bad debt expense | 357,768 | 44,617 |
| Net cash generated from operating activities | 16,652,470 | 2,664,196 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (534,754) | (1,013,152) |
| Sale of tangible fixed assets | 6,666 | - |
| Interest received | 1,545,483 | 876,094 |
| Net cash from investing activities | 1,017,395 | (137,058) |
| Cash flows from financing activities | | |
| Share purchase | 712 | - |
| Interest paid | (1,023,769) | (981,884) |
| Net cash used in financing activities | (1,023,057) | (981,884) |
| Net increase in cash and cash equivalents | 16,646,808 | 1,545,254 |
| Cash and cash equivalents at beginning of financial year | 16,840,514 | 15,784,393 |
| Translation reserve | (1,454,159) | (489,133) |
| Cash and cash equivalents at the end of financial year | 32,033,163 | 16,840,514 |
| Cash and cash equivalents at the end of financial year comprise: | | |
| Cash at bank and in hand | 32,033,163 | 16,840,514 |

The notes on pages 21 to 50 form part of these financial statements.

Notes to the financial statements

For the financial year ended 31 December 2022

1. General information

Precisely Software Limited (formerly known as "Syncsort Limited") is a private company limited by shares and incorporated in England and Wales. The registered office is 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH. The Company is tax resident in United Kingdom.

The principal activities of the Group are the development and sale of computer products and software and the related support and training services.

On 22 April 2021, the Group filed a resolution with the Companies House to change its name from Syncsort Limited to Precisely Software Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the applicable accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Precisely Software Limited (formerly known as "Syncsort Limited") and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in these financial statements. The parent company's profit for the year was £6,058,726 (Restated 2021 profit: £10,181,875).

The Group did not prepare a consolidated analysis of net debt for this year as there were no non-cash movements that need to be disclosed.

FRS 102 allows certain disclosure exemptions and the Company has taken advantage of the following exemptions for the Company financial statements:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- From the financial instruments disclosures required under FRS102 paragraphs 11.39 to 11.48A and paragraph 12.26 - 12.29, as the information is provided in the consolidated statement disclosures; and
- From disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the information is included within the consolidated statement disclosures.

The following principal accounting policies have been applied:

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated balance sheet immediately below goodwill.

2.3 Going concern

During the year, the Group made a profit after tax of £7,058,160 (Restated 2021 profit: £14,443,899) and at the financial year end had net assets of £4,819,872 (Restated 2021 net assets: £(784,842)). Included in creditors at year-end is amount owed to group undertakings of £88,175,135 (Restated 2021: £77,074,969).

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the director has a reasonable expectation that Group has adequate resource to continue in operational existence for the foreseeable future. Starfish Holdco LLC has stated that it intends to provide adequate financial support to enable the Group to meet its financial obligations as they fall due for a period of at least twelve months from the date of signing of the consolidated financial statements. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.4 Group reconstruction

Group reconstructions are accounted for using merger accounting method where the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value. The difference between the nominal value of the shares transferred plus fair value of any other consideration given, and the carrying value of the net assets transferred in exchange shall be shown as a movement on other reserves in the Statement of changes in Equity.

The results and cashflows of all combining entities shall be brought into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies. The comparative information shall be restated by including the total comprehensive income for all the combining entities for the previous reporting period and their statement of financial position for the previous reporting date, adjusted as necessary to achieve uniformity of accounting policies.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.5 Turnover

The Group derives its income from the sale and marketing of computer products and the provision of maintenance service contracts. The revenue from sale of computer products is recognised in the month of sale on the basis that no further services nor costs incurred are required to be performed once the software licence has been sold.

Maintenance service contract revenue that is sold separately from software licenses is recognised pro rata over the term of the contract. For multi-element term licences that include software licences and maintenance services, revenue is recognised on the software license element in the month of sale on the basis that no further services nor costs incurred are required to be performed once the software licence has been sold. The maintenance service element of the contract is recognised equally over the term of the agreement.

Revenue from software arrangements involving elements is allocated to each element based on the vendor-specific objective evidence of fair values of the respective elements. For software sales with multiple elements (for example, software licenses with undelivered post-contract customer support or "PCS"), revenue is allocated to each component of the arrangement using the residual value method based on the fair value of the undelivered elements. The fair value of PCS is based upon separate sales of renewals to other clients. The fair value of services, such as training and consulting, is based upon separate sales of these services to other clients.

2.6 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Interest payable and expenses

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.12 Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss except for a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Dividends

Dividends are accounted for on a paid basis through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved and declared.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.14 Intangible assets

Intangible assets represent trademarks, patents and licence, contractual customer relationships, technology and customer list. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

The Group classifies intangible assets as intangible assets with definite lives subject to amortisation.

The Group tests intangible assets with definite lives for impairment if conditions exist that indicate the carrying value may not be recoverable. The Group records an impairment charge when the carrying value of the definite-lived intangible asset exceeds the undiscounted cash flows generated from the use of the asset. The amount of the impairment is determined as the difference between the carrying value and the fair value of the intangible asset.

The Group provides for amortisation of intangible assets with definite lives based upon the pattern in which their economic benefit will be realised, or if this pattern cannot be reliably determined, using the straight-line methods over the following estimated useful lives:

| | | |
|------------------------------------|---|---|
| Trademarks, patents and licenses | - | 5 years from the date they are available for use |
| Contractual customer relationships | - | 10 years from the date they are available for use |
| Technology | - | 10 years from the date they are available for use |
| Customer list | - | 10 years from the date they are available for use |

2.15 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life which is considered to be 10 years.

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|------------------------|---|-----|
| Leasehold improvements | - | 17% |
| Fixtures and fittings | - | 20% |
| Computer equipment | - | 20% |
| Other fixed assets | - | 10% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Investments

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

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.19 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.23 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the director is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimate and assumptions which have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities are as follows:

Revenue recognition in respect of multiple elements

The accounting policy for revenue recognition has an impact on the Group's reported results and relies on certain estimates that require judgments on the part of management.

Revenue from software arrangements involving elements is allocated to each element based on the vendor-specific objective evidence of fair values of the respective elements. For software sales with multiple elements (for example, software licences with undelivered post-contract customer support or "PCS"), revenue is recognised on the software license element in the month of sale on the basis that no further services nor costs incurred are required to be performed once the software license has been sold. The PCS element of the contract is recognised equally over the term of the agreement. The fair value of services, such as training and consulting, is based upon separate sales of these services to other clients. This means the Group defer revenue from the contract equal to the fair value of the maintenance element.

Goodwill amortisation

The estimate of the useful economic life of goodwill is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generation units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Notes to the financial statements

For the financial year ended 31 December 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment that technical 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 amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Allowance for impairment of trade debtors

The Group estimates the allowance for doubtful trade debtors based on assessment of specific accounts where the Group has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship. The bad debt provision is £694,887 for financial period ended 31 December 2022 (Restated 2021: £447,681).

Deferred tax

Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2022 | 2021 (as restated) |
|------------------------|--------------------|-----------------------|
| | £ | £ |
| Sales of licenses | 29,025,123 | 32,192,455 |
| Rendering of services | 64,995,642 | 62,754,270 |
| Intercompany recharges | 16,798,110 | 8,708,009 |
| | <u>110,818,875</u> | <u>103,654,734</u> |

Notes to the financial statements

For the financial year ended 31 December 2022

5. Other operating income

| | 2022 | 2021 (as restated) |
|------------------------|--------|-----------------------|
| | £ | £ |
| Other operating income | 64,307 | 13,814 |

6. Operating profit

The operating profit is stated after charging/(crediting):

| | 2022 | 2021 (as restated) |
|---------------------------------------|-------------|-----------------------|
| | £ | £ |
| Amortisation of intangible assets | 5,213,394 | 7,715,568 |
| Depreciation of tangible fixed assets | 930,240 | 961,542 |
| Exchange differences | (1,052,554) | 848,830 |
| Auditor's remuneration | 323,410 | 226,677 |
| Operating lease | 870,932 | 1,102,194 |

7. Employees

Staff costs including director's remuneration were as follows:

| | 2022 | 2021 (as restated) |
|--------------------------------------|------------|-----------------------|
| | £ | £ |
| Wages and salaries | 34,833,824 | 36,885,429 |
| National insurance costs | 4,300,933 | 3,585,302 |
| Costs of defined contribution scheme | 1,030,324 | 1,436,251 |
| | 40,165,081 | 41,906,982 |

The average monthly number of employees, including the director, during the financial year was as follows:

| | 2022 No. | 2021 (as restated) No. |
|-------------------------------|-------------|------------------------------|
| Finance and administration | 66 | 57 |
| Sales and marketing | 125 | 129 |
| Consulting and other services | 113 | 104 |
| Development | 86 | 77 |
| Operations | 12 | 4 |
| | 402 | 371 |

Notes to the financial statements

For the financial year ended 31 December 2022

7. Employees (continued)

The director is US based and not paid by the Group, they are paid by Precisely Software Incorporated.

The Group operates a defined contribution pension scheme. The pension cost for the year amounted to £1,030,324 (Restated 2021: £1,436,251) and contributions payable by the Group to the scheme as at 31 December 2022 amounted to £1,582,850 (Restated 2021: £1,857,757).

8. Interest receivable

| | 2022 £ | 2021 (as restated) £ |
|--|-----------|----------------------------|
| Interest receivable from group companies | 1,545,483 | 876,093 |

9. Interest payable and similar expenses

| | 2022 £ | 2021 (as restated) £ |
|-------------------------------|-----------|----------------------------|
| Loans from group undertakings | 1,023,769 | 981,884 |

10. Taxation

| | 2022 £ | 2021 (as restated) £ |
|--|------------------|----------------------------|
| Corporation tax | | |
| Current tax on profits for the year | 3,243,032 | 3,891,460 |
| Adjustments in respect of previous periods | 825,015 | (1,119,223) |
| Total current tax | 4,068,047 | 2,772,237 |
| Origination and reversal of timing differences | 151,326 | (5,142,282) |
| Adjustment in respect of prior year | (1,385,606) | 1,316,693 |
| Taxation on profit on ordinary activities | 2,833,767 | (1,053,352) |

Notes to the financial statements

For the financial year ended 31 December 2022

10. Taxation (continued)

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than (2021 - lower than) the profit for the year multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | 2021 (as restated) £ |
|--|-------------|----------------------------|
| Profit on ordinary activities before tax | 9,891,927 | 13,390,547 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 1,879,466 | 2,544,204 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 315,748 | 233,339 |
| Fixed assets timing differences | - | 107,518 |
| Capital allowances | - | (8,765) |
| Other timing differences | 736,241 | 864,444 |
| Adjustment to tax charge in respect of prior year - deferred tax | (1,385,606) | 1,205,461 |
| Adjustment to tax charge in respect of prior year - current tax | 825,015 | (1,119,223) |
| Decrease from effect of different UK rates in some earnings | - | (78,940) |
| Non-taxable income | 21,209 | (377,600) |
| R&D expenditure credits | (45,750) | 4,393 |
| Remeasurement of deferred tax for changes in tax rates | - | (988,377) |
| Effect of difference in overseas tax rates | 479,594 | 346,533 |
| Other tax adjustments, reliefs and transfers | 7,850 | (3,637,860) |
| Effects of prior year restatement | - | (148,479) |
| Total tax charge for the financial year | 2,833,767 | (1,053,352) |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Precisely Software Limited

Notes to the financial statements
For the financial year ended 31 December 2022

11. Intangible assets

Group

| | Customer list £ | Development expenditure £ | Trademarks £ | Customer relationships £ | Goodwill £ | Technology £ | Total £ |
|-----------------------------------|-----------------------|---------------------------------|-----------------|--------------------------------|---------------|-----------------|-------------|
| Cost | | | | | | | |
| At 1 January 2022 (as restated) | 296,285 | 54,119,295 | 24,375,464 | 10,236,830 | 23,312,844 | 8,705,776 | 121,046,494 |
| Transfers | - | - | (2,277,190) | - | (1,531,708) | - | (3,808,898) |
| At 31 December 2022 | 296,285 | 54,119,295 | 22,098,274 | 10,236,830 | 21,781,136 | 8,705,776 | 117,237,596 |
| Amortisation | | | | | | | |
| At 1 January 2022 (as restated) | 251,690 | 54,119,295 | 23,116,607 | 5,537,879 | 11,878,205 | 4,817,497 | 99,721,173 |
| Charge for the financial year | 44,595 | - | 1,258,857 | 973,641 | 1,952,572 | 983,729 | 5,213,394 |
| Transfers | - | - | (2,277,190) | - | (472,277) | - | (2,749,467) |
| At 31 December 2022 | 296,285 | 54,119,295 | 22,098,274 | 6,511,520 | 13,358,500 | 5,801,226 | 102,185,100 |
| Net book value | | | | | | | |
| At 31 December 2022 | - | - | - | 3,725,310 | 8,422,636 | 2,904,550 | 15,052,496 |
| At 31 December 2021 (as restated) | 44,595 | - | 1,258,857 | 4,698,951 | 11,434,639 | 3,888,279 | 21,325,321 |

Notes to the financial statements

For the financial year ended 31 December 2022

11. Intangible assets (continued)**Company**

| | Customer list £ | Development expenditure £ | Trademarks £ | Customer relationships £ | Goodwill £ | Total £ |
|-----------------------------------|-----------------------|---------------------------------|------------------|--------------------------------|------------------|-------------------|
| Cost | | | | | | |
| At 1 January 2022 (as restated) | 296,285 | 54,119,295 | 1,373,996 | 1,058,958 | 7,157,458 | 64,005,992 |
| Transfers | - | - | 612,131 | - | - | 612,131 |
| At 31 December 2022 | <u>296,285</u> | <u>54,119,295</u> | <u>1,986,127</u> | <u>1,058,958</u> | <u>7,157,458</u> | <u>64,618,123</u> |
| Amortisation | | | | | | |
| At 1 January 2022 | 251,690 | 54,119,295 | 1,373,996 | 1,058,958 | 5,714,346 | 62,518,285 |
| Charge for the year | 44,595 | - | 612,131 | - | 614,364 | 1,271,090 |
| At 31 December 2022 | <u>296,285</u> | <u>54,119,295</u> | <u>1,986,127</u> | <u>1,058,958</u> | <u>6,328,710</u> | <u>63,789,375</u> |
| Net book value | | | | | | |
| At 31 December 2022 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>828,748</u> | <u>828,748</u> |
| At 31 December 2021 (as restated) | <u>44,595</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,443,112</u> | <u>1,487,707</u> |

Notes to the financial statements

For the financial year ended 31 December 2022

12. Tangible fixed assets

Group

| | Leasehold improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|--------------------------------|-------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2022 (as restated) | 493,767 | 91,417 | 4,185,682 | 4,770,866 |
| Additions | 4,781 | 108 | 529,865 | 534,754 |
| Transfers | - | - | (78,920) | (78,920) |
| At 31 December 2022 | 498,548 | 91,525 | 4,636,627 | 5,226,700 |
| Depreciation | | | | |
| At 1 January 2022 (as restated) | 347,114 | 83,832 | 2,761,411 | 3,192,357 |
| Charge for the financial year | 29,630 | 2,359 | 898,251 | 930,240 |
| Transfers | - | - | (72,253) | (72,253) |
| At 31 December 2022 | 376,744 | 86,191 | 3,587,409 | 4,050,344 |
| Net book value | | | | |
| At 31 December 2022 | 121,804 | 5,334 | 1,049,218 | 1,176,356 |
| At 31 December 2021 (as restated) | 146,653 | 7,585 | 1,424,271 | 1,578,509 |
| Loss on disposal/scrap of assets amounted to £nil (Restated 2021: £74,555). | | | | |

Notes to the financial statements

For the financial year ended 31 December 2022

12. Tangible fixed assets (continued)

Company

| | Leasehold improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------------------|--------------------------------|-------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2022 (as restated) | 171,047 | 31,723 | 2,539,689 | 2,742,459 |
| Additions | 4,728 | - | 342,509 | 347,237 |
| At 31 December 2022 | 175,775 | 31,723 | 2,882,198 | 3,089,696 |
| Depreciation | | | | |
| At 1 January 2022 (as restated) | 39,229 | 26,339 | 1,310,407 | 1,375,975 |
| Charge for the financial year | 24,235 | 1,987 | 722,284 | 748,506 |
| At 31 December 2022 | 63,464 | 28,326 | 2,032,691 | 2,124,481 |
| Net book value | | | | |
| At 31 December 2022 | 112,311 | 3,397 | 849,507 | 965,215 |
| At 31 December 2021 (as restated) | 131,818 | 5,384 | 1,229,282 | 1,366,484 |

Notes to the financial statements

For the financial year ended 31 December 2022

13. Investments

Company

| | Investments in subsidiary companies £ |
|-----------------------------------|--|
| Cost or valuation | |
| At 1 January 2022 (as restated) | 11,298,874 |
| Additions | 713 |
| Disposals | (7,407) |
| At 31 December 2022 | <u>11,292,180</u> |
| Net book value | |
| At 31 December 2022 | <u>11,292,180</u> |
| At 31 December 2021 (as restated) | <u>11,298,874</u> |

Notes to the financial statements

For the financial year ended 31 December 2022

13. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|--|---|--|-----------------|---------|
| *Trillium Software Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| *Metron Technology Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| *Real Time Content Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| *Metron-Athene Inc. | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| *Cogito Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| Precisely Software SAS | 23 Rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |
| Precisely Software and Data France SAS | 23 Rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |
| Precisely Software GmbH | Ungelsheimer Weg 14, 40472 Dusseldorf, Germany | Development and sale of software products and provision of related services | Ordinary | 100% |
| ^Trillium Software Germany GmbH | Ungelsheimer Weg 14, 40472 Dusseldorf, Germany | Development and sale of software products and provision of related services | Ordinary | 0% |
| Precisely Software and Data Singapore Pte. Ltd. | 1 Wallich Street, Guoco Tower, Level 14-01, Singapore 078881 | Development and sale of software products and provision of related services | Ordinary | 100% |
| Group 1 Software China Limited | Unit A, 8/F., Nathan Commercial Building, 430-436 Nathan Road, Yaumatei, Kowloon, Hong Kong | Development and sale of software products and provision of related services | Ordinary | 100% |

Notes to the financial statements

For the financial year ended 31 December 2022

13. Investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Principal activity | Class of shares | Holding |
|--|--|---|-----------------|---------|
| **Precisely Software and Data Holdings Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| **Precisely Europe Software and Data Limited | 3rd Floor, The Pinnacle, 20 Tudor Road, Reading, Berkshire, RG1 1NH | Development and sale of software products and provision of related services | Ordinary | 0% |
| **Winshuttle UK Limited | Mansel Court, 2A Mansel Road, London, SW19 4AA | Development and sale of software products and provision of related services | Ordinary | 100% |
| Winshuttle Deutschland GmbH | Sonnenstrasse 19, 80331, Munchen, Deutschland | Development and sale of software products and provision of related services | Ordinary | 100% |
| Winshuttle France SAS | 23 Rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |
| Cilasoft SAS | 23 Rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |
| Traders SAS | 23 rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |
| Cilasoft USA, Inc. | 1700 District Ave. #300Burlington, MA 01803 | Development and sale of software products and provision of related services | Ordinary | 100% |
| QSL Northern Europe BV | Achterdijk 3, Rossum, 5328JL, Netherlands | Development and sale of software products and provision of related services | Ordinary | 100% |
| Precisely Software Italy SRL | Via San Gerolamo Emiliani, 12, 20135, Milano, Italy | Development and sale of software products and provision of related services | Ordinary | 100% |
| Infogix SARL | 23 Rue Taitbout, 75009, Paris, France | Development and sale of software products and provision of related services | Ordinary | 100% |

Notes to the financial statements

For the financial year ended 31 December 2022

13. Investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Principal activity | Class of shares | Holding |
|------------------------------|---|---|-----------------|---------|
| Precisely Software Norway AS | Bygg 1, Maridalsveien 87, Oslo, Norway 0461 | Development and sale of software products and provision of related services | Ordinary | 100% |

*Subsidiary is currently in the process of winding up by way of Member's Liquidation in 2022.

**Management is currently planning to wind subsidiary up by way of Member's Voluntary Liquidation.

^Subsidiary merged into Precisely Software GmbH in 2022.

Assets and liabilities of certain entities were merged into the Company in 2022 by merger accounting method. Please refer to Note 23 for the details of these accounting method mergers.

In 2022, Precisely Software Limited acquired the entire issued share capital of the affiliated company Winshuttle UK Limited from Precisely Software Incorporated.

In 2022, Precisely Software Limited acquired the entire issued share capital of affiliated companies, Precisely Software Norway AS from Portrait Software International Limited and Precisely Software and Data Holdings Limited from Precisely Software Incorporated.

In 2022, the shares of Winshuttle France SAS, a subsidiary of Winshuttle UK Limited, were transferred to Precisely Software SAS, a subsidiary of Precisely Software Limited. Further in 2022, Precisely Software SAS acquired the entire share capital of Infogix SARL and Cilasoft SAS from Precisely Software Incorporated.

In 2022, Metron Technology Limited, a subsidiary of Precisely Software Limited, transferred the entire issued share capital of Metron-Athene Inc. to Precisely Software Limited, which then subsequently transferred the entire issued share capital of Metron-Athene Inc. to Precisely Software Incorporated.

The Parent Company registered a branch of Precisely Software Limited in Ireland in 2022.

Notes to the financial statements

For the financial year ended 31 December 2022

14. Debtors

| | Group 2022 £ | Group 2021 (as restated) £ | Company 2022 £ | Company 2021 (as restated) £ |
|-------------------------------------|--------------------|-------------------------------------|----------------------|---------------------------------------|
| Due after more than one year | | | | |
| Accrued income | 2,308,628 | 1,469,783 | 1,818,573 | 647,903 |
| Due within one year | | | | |
| Trade debtors | 29,030,780 | 36,044,026 | 13,382,386 | 15,051,752 |
| Amounts owed by group undertakings | 48,016,562 | 44,054,613 | 34,260,983 | 34,988,451 |
| Other debtors | 753,063 | 1,069,046 | 167,843 | 87,033 |
| Prepayments | 1,178,314 | 1,033,198 | 510,295 | 356,694 |
| Accrued income | 7,242,982 | 2,444,041 | 3,032,049 | 414,808 |
| Tax recoverable | - | 143,542 | - | 59,529 |
| Deferred taxation | 6,947,609 | 5,922,819 | 4,908,933 | 4,849,933 |
| | <u>95,477,938</u> | <u>92,181,068</u> | <u>58,081,062</u> | <u>56,456,103</u> |

Trade debtors include provision for doubtful debts of £694,887 (Restated 2021: £447,681), the remaining balance is considered fully recoverable.

Amounts owed by group undertakings are unsecured and repayable on demand and include balances with interest rate of 0.5% per quarter.

The terms of prepayments and accrued income are based on the underlying contracts.

15. Cash and cash equivalents

| | Group 2022 £ | Group 2021 (as restated) £ | Company 2022 £ | Company 2021 (as restated) £ |
|--------------------------|--------------------|-------------------------------------|----------------------|---------------------------------------|
| Cash at bank and in hand | 32,033,162 | 16,840,514 | 5,432,605 | 5,253,362 |

Notes to the financial statements

For the financial year ended 31 December 2022

16. Creditors: Amounts falling due within one year

| | Group | Group | Company | Company |
|------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | | (as restated) | | (as restated) |
| Trade creditors | 988,632 | 3,252,818 | 332,116 | 1,418,563 |
| Amounts owed to group undertakings | 88,175,135 | 77,074,969 | 22,220,812 | 24,704,701 |
| Corporation tax | 366,104 | - | 469,753 | 1,849,930 |
| Taxation and social security | 2,497,435 | 4,078,262 | 1,191,162 | 687,415 |
| Deferred rent | 355,174 | 140,567 | 77,917 | 140,567 |
| Other creditors | 1,999 | 1,288,445 | 2,036 | 118,535 |
| Accruals | 7,866,328 | 18,393,978 | 3,215,320 | 4,376,875 |
| Deferred income | 34,453,667 | 24,406,264 | 14,031,235 | 14,262,381 |
| | <u>134,704,474</u> | <u>128,635,303</u> | <u>41,540,351</u> | <u>47,558,967</u> |

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Amounts owed to group undertakings are unsecured and repayable on demand and include balances with interest rate of 0.5% per quarter.

Taxes including Corporation tax, PAYE/NI and VAT are payable at various dates over the coming months in accordance with the applicable statutory provisions.

The terms of accruals and deferred income are based on the underlying contracts.

17. Creditors: Amounts falling due after more than one year

| | Group | Group | Company | Company |
|-----------------|-----------|---------------|-----------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | | (as restated) | | (as restated) |
| Deferred income | 4,215,606 | 3,945,384 | 2,237,290 | 1,540,832 |

The terms of deferred income are based on the underlying contracts.

Notes to the financial statements

For the financial year ended 31 December 2022

18. Deferred taxation

Group

| | 2022 £ | 2021 (as restated) £ |
|-------------------------------------|------------------|----------------------------|
| At beginning of year | 5,793,252 | 2,089,116 |
| Charged to profit or loss | 1,234,280 | 3,825,589 |
| Charged to CTA to forex revaluation | 9,916 | (121,453) |
| Arising on business combinations | (89,839) | - |
| At end of year | <u>6,947,609</u> | <u>5,793,252</u> |

Company

| | 2022 £ | 2021 (as restated) £ |
|---|------------------|----------------------------|
| At beginning of year | 4,849,933 | 160,156 |
| Charged to CTA due to forex revaluation | - | (3,809) |
| Charged to profit or loss | 59,000 | 4,693,586 |
| At end of year | <u>4,908,933</u> | <u>4,849,933</u> |

Notes to the financial statements

For the financial year ended 31 December 2022

18. Deferred taxation (continued)

| | Group | Group | Company | Company |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | (restated) £ | £ | (restated) £ |
| Fixed asset timing differences | 223,299 | (102,781) | 264,830 | 24,278 |
| Short timing differences | 2,110,287 | 1,160,174 | 30,080 | 89,797 |
| Losses and other deductions | 4,614,023 | 4,735,859 | 4,614,023 | 4,735,858 |
| | <u>6,947,609</u> | <u>5,793,252</u> | <u>4,908,933</u> | <u>4,849,933</u> |
| Comprising: | | | | |
| Asset - due within one year | 6,947,609 | 5,922,819 | 4,908,933 | 4,849,933 |
| Liability - due within one year | - | (129,567) | - | - |
| | <u>6,947,609</u> | <u>5,793,252</u> | <u>4,908,933</u> | <u>4,849,933</u> |

19. Share capital

| | 2022 | 2021 |
|--|--------------|--------------------|
| | £ | (as restated) £ |
| Allotted, called up and fully paid | | |
| 8,192 (2021 - 7,191) Ordinary shares of £1.00 each | <u>8,192</u> | <u>7,192</u> |

In 2022, Precisely Software Limited acquired the entire share capital of Winshuttle UK Limited from Precisely Software Incorporated in exchange for the issuance of 1,000 ordinary shares.

In 2022, Precisely Software Limited acquired the entire share capital of Precisely Software and Data Holdings Limited from Precisely Software Incorporated in exchange for the issuance of 3,000 ordinary shares. A group reconstruction relief was applied for the share exchange between Precisely Software Limited and Precisely Software Incorporated.

Notes to the financial statements

For the financial year ended 31 December 2022

20. Reserves

Share premium account

The share premium account contains the amount paid for shares in excess of the par value less any associated costs.

Merger Reserve

The merger reserve arose upon the group reconstruction effected during the 2022 financial year.

Profit and loss account

The profit and loss reserve represents cumulative profits and losses net of dividends paid and other adjustments.

21. Commitments under operating leases

At 31 December 2022, the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2022 | Group 2021 (as restated) | Company 2022 | Company 2021 (as restated) |
|--|------------------|--------------------------------|-----------------|----------------------------------|
| | £ | £ | £ | £ |
| Not later than 1 year | 530,475 | 861,803 | 170,390 | 347,338 |
| Later than 1 year and not later than 5 years | 1,872,339 | 2,331,749 | 681,560 | 890,549 |
| Later than 5 years | 392,698 | 929,697 | 70,996 | 119,022 |
| | <u>2,795,512</u> | <u>4,123,249</u> | <u>922,946</u> | <u>1,356,909</u> |

22. Related party transactions

The Company is a wholly owned member of Precisely Software Incorporated and as such has taken advantage of the exemption permitted by Section 33 'Related Party Disclosures', not to provide disclosures of transactions entered into with other wholly-owned members of the group.

Key management personnel are US based and are not paid (2021: £Nil) by the Group, they are paid by Precisely Software Incorporated.

Notes to the financial statements

For the financial year ended 31 December 2022

23. Merger accounting

In 2021, the Group decided to consolidate their operations in the UK market. As part of the process, the remaining assets and liabilities of Trillium Software Limited, Metron Technology Limited, Real Time Content Limited, Cogito Limited, Portrait Software International Limited, and Vision Solutions UK Limited an affiliate Company, were transferred to the Parent Company and are currently in the process of winding up by way of Member's Voluntary Liquidation initiated in 2022.

In 2022, Winshuttle UK Limited together with its subsidiaries, Cilasoft SAS together with its subsidiaries, Infogix SARL, and Precisely Software Norway AS each became part of the Group upon the acquisition of their share capital.

In 2022, Precisely Europe Software and Data Limited and Winshuttle UK Limited each assigned their contracts with customers and suppliers to Precisely Software Limited and ceased trading.

In 2022, the assets and liabilities of the Precisely Europe Software and Data Limited were transferred to Precisely Software and Data Holdings Limited. The assets and liabilities of Precisely Software and Data Holdings Limited were subsequently transferred to Precisely Software Limited.

In 2022, the entire issued share capital of Winshuttle France SAS was transferred from Winshuttle UK Limited to Precisely Software SAS.

Trillium Software Germany GmbH and Vision Solutions GmbH, an affiliate company of Precisely Software Incorporated, each merged into Precisely Software GmbH in 2022.

The above Group reconstruction was accounted under merger accounting. Accordingly, the results and cashflows of all combining entities were brought into the financial statements of the Group from the beginning of the financial year in which the combination occurred. The Group's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity were restated.

The assets and liabilities merged into the companies from an accounting perspective were stated at their carrying values and no adjustments were necessary to achieve uniformity of accounting policies. The accounts of the merged entities from an accounting perspective have been prepared in accordance with FRS 102 and with the Companies Act 2006.

Notes to the financial statements

For the financial year ended 31 December 2022

23. Merger accounting (continued)

Below are the results of the merger accounting:

| | As previously stated 31 December 2021 | Merged entities | As restated 31 December 2021 |
|---|--|--------------------|---------------------------------|
| Group | | | |
| Turnover | 46,237,614 | 57,417,120 | 103,654,734 |
| Cost of sales | (22,264,307) | (19,235,308) | (41,499,615) |
| Gross profit | 23,973,307 | 38,181,812 | 62,155,119 |
| Administration expenses | (24,699,471) | (23,973,124) | (48,672,595) |
| Other operating income | 13,732 | 82 | 13,814 |
| Operating profit | (712,432) | 14,208,770 | 13,496,338 |
| Interest income and similar changes | - | 876,093 | 876,093 |
| Interest payable and similar changes | (919,786) | (62,098) | (981,884) |
| Loss before taxation | (1,632,218) | 15,022,765 | 13,390,547 |
| Tax on profit/(loss) | 3,744,311 | (260,959) | 3,483,352 |
| Profit/(loss) for the financial year | 2,112,093 | 14,761,806 | 16,873,899 |
| Currency translation | 755,282 | (1,244,415) | (489,133) |
| Other comprehensive profit/(loss) for the financial year | 755,282 | (1,244,415) | (489,133) |
| Total comprehensive profit/(loss) for the financial year | 2,867,375 | 13,517,391 | 16,384,766 |

Notes to the financial statements

For the financial year ended 31 December 2022

23. Merger accounting (continued)

| | As previously stated 31 December 2021 | Merged entities | As restated 31 December 2021 |
|---|--|--------------------|---------------------------------|
| Fixed assets | | | |
| Intangible assets | 11,193,891 | 10,131,430 | 21,325,321 |
| Fixed assets | 1,362,657 | 215,852 | 1,578,509 |
| | <u>12,556,548</u> | <u>10,347,282</u> | <u>22,903,830</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 37,000,589 | (35,530,806) | 1,469,783 |
| Debtors: amounts falling due more than one year | 1,469,783 | 89,241,502 | 90,711,285 |
| Cash at bank and in hand | 6,909,521 | 9,930,993 | 16,840,514 |
| | <u>45,379,893</u> | <u>63,641,689</u> | <u>109,021,582</u> |
| Current liabilities | | | |
| Creditors: amounts falling due after one year | (55,464,324) | (73,170,979) | (128,635,303) |
| | <u>(10,084,431)</u> | <u>(9,529,290)</u> | <u>(19,613,721)</u> |
| Net current liabilities | | | |
| | <u>2,472,117</u> | <u>817,992</u> | <u>3,290,109</u> |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | (2,876,619) | (1,068,765) | (3,945,384) |
| Provisions for liabilities | | | |
| Creditors: amounts falling due after more than one year | - | (129,567) | (129,567) |
| | <u>(404,502)</u> | <u>(380,340)</u> | <u>(784,842)</u> |
| Net assets | | | |
| Capital and reserves | | | |
| Called up share capital and share premium | 4,192 | 3,000 | 7,192 |
| Profit and loss account - opening | 1,971 | 1,130,620 | 1,132,591 |
| Merger reserve | - | 1,684,308 | 1,684,308 |
| Profit and loss account | (410,664) | (3,198,269) | (3,608,933) |
| | <u>(404,501)</u> | <u>(380,341)</u> | <u>(784,842)</u> |
| Shareholders' funds | | | |

Notes to the financial statements

For the financial year ended 31 December 2022

24. Post balance sheet events

Subsequent to the 2022 year-end, the Group continued its restructuring plan to streamline its Group operations. Part of the restructuring plan is to consolidate its operations in the UK market. Accordingly, the Group entered into the following transactions post the 2022 year-end:

In January 2023, Precisely notified approximately 4% of its workforce of furloughs in an effort to restructure operations. The total restructuring charge and related liability of £381,000 was recorded in January 2023 which includes severance pay and fringe benefits to respective employees.

In January 2023, Precisely Software Limited acquired the entire issued share capital of affiliated companies Infogix Limited and New Lavastorm (2017) Limited from Precisely Software Incorporated. Precisely Software Limited is the indirect parent company of Lavastorm Analytics Limited, subsidiary of New Lavastorm (2017) Limited.

In 2023, Winshuttle France SAS, Cilasoftware SAS, Infogix SARL, Precisely Software and Data France SAS, and Trader's SAS were merged into Precisely Software SAS. Accordingly, all of the respective assets and liabilities of Winshuttle France SAS, Cilasoftware SAS, Infogix SARL, Precisely Software and Data France SAS, and Trader's SAS were transferred to Precisely Software SAS.

In February 2023, Precisely Software SAS transferred the entire issued share capital of Cilasoftware USA Incorporated to Precisely Software Incorporated.

In April 2023, the entire issued share capital of Winshuttle Deutschland GmbH was transferred from Winshuttle UK Limited to Precisely Software GmbH. In May 2023, Winshuttle Deutschland GmbH merged into Precisely Software GmbH. Accordingly, all assets and liabilities of Winshuttle Deutschland GmbH were transferred to Precisely Software GmbH.

In June 2023, the following shares were allotted: 24,957 ordinary shares were issued by Precisely Software Limited to Precisely Software Incorporated for £24,957,000 (settled in Euros (€29,059,000) in January 2023); and 137 ordinary shares were issued by Precisely Software Limited to Precisely Software Incorporated for £137,000 (settled in Euros (€160,000) in January 2023).

In July 2023, Precisely Software SAS sold its 15% interest in QSL Pacific and Overseas SARL to an external party for EUR 1,257 (£1,076).

25. Controlling party

Precisely Software Limited is a wholly owned subsidiary of Precisely Software Incorporated, a company incorporated in the United States of America. The ultimate parent is Starfish Holdco LLC, a company incorporated in the United States of America. Cascade GP, LLC, a company incorporated in the United States of America is the ultimate controlling party.

Precisely Software Limited is the largest group who prepares consolidated financial statements.