

Solid Solutions Group Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 12408109

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Solid Solutions Group Limited

Report and financial statements for the year ended 31 December 2021

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Directors

A Sampson
S Turner
P Byerley
J Hines

Registered office

Building 500, Abbey Park, Stareton, Kenilworth, Warwickshire, CV8 2LY

Company number

12408109

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Solid Solutions Group Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report of the Company and the Group for the year ended 31 December 2021.

Principal Activities and Business Review

The Group provides engineering and product design solutions to more than 15,000 customers with services ranging from engineering software sales and consultancy, training services and 3D printers. With the world's most highly certified SOLIDWORKS support team, the Group are also able to provide best-in-class technical support to customers. During the year the Group acquired Design Rule Limited and Desktop Engineering Limited, both of which deliver sophisticated design, engineering, and enterprise-wide solutions, and enhance the range of products available to the Group's customers.

Having adapted the business during the Covid-19 pandemic, with employees able to work remotely from home, and with employees also having made sacrifices during that period, the business was in a strong position as the UK started to return to normality. Whilst 2021 still had some challenges, as local restrictions were in place in some areas, the measures taken during the pandemic put the Group in a good position to bounce back strongly, as shown in the results for 2021.

Revenue increased to £73.2 million (2020: £45.2 million), with gross profit increasing to £37.1 million (2020: £22.6 million). It should be noted that the 2020 amounts only reflect the trading of the group for c. 11 months from acquisition. The gross profit margin increased slightly from 50.0% to 50.7%. Whilst this is not back to pre-pandemic levels, this reflects the impact of the acquisitions of Design Rule Limited and Desktop Engineering Limited. Profit before tax increased significantly from a loss of £4.7 million in 2020 to a profit of £2.9 million.

The profit before tax figure is net of amortisation costs of £6.3 million (2020 - £4.2 million) relating to the write-off of goodwill for the main Solid Solutions group of companies over a 20-year period, as well as for the new acquisitions, over a 5-year period.

No dividends were proposed or paid in the year, with the money generated from profits available for re-investment going forwards. Most of the cash generated from the underlying operations has been used to fund the acquisitions of Design Rule Limited and Desktop Engineering Limited. As such, the cash balance at 31 December 2021 of £11.7 million is broadly similar to 31 December 2020 (£11.2 million).

With the increased levels of trading, along with the reinvestment of the cash generated from the business and the payment of bank interest, the consolidated balance sheet shows net liabilities have remained broadly similar at £4.4 million (2020 – £4.9 million).

On 24 June 2022 Solid Solutions Group Limited was acquired by TriMech UK Holdings Limited, which is ultimately owned by TriMech Parent, LLC.

Stakeholder statement

The Directors of the Company must act in accordance with a set of general duties as detailed in section 172 of the Companies Act 2006 in order to promote the success of the Company and Group (hereafter "the Company"). The following paragraphs detail how the Directors have fulfilled these duties:

The Directors are responsible for the overall strategy of the Company and delegate the execution of the strategy and the day-to-day management of the Company's business to senior management.

The senior management team along with members of the Board of Directors meet regularly and review current and forecast trading, finances, employee matters, marketing initiatives and technological developments. During the pandemic, the senior management team held regularly meetings in order to remain agile as the situation developed. This enabled the team to monitor and review the impact that the pandemic was having on the business, and to make appropriate decisions in order to steer the business through this period.

Solid Solutions Group Limited

Strategic report for the year ended 31 December 2021 *(continued)*

Stakeholder statement *(continued)*

The overall strategy is set with a view to creating value for the members of the Company over the long term. As such, decisions made by the Company take account of both the short and long term impact that these decisions will have on the value to the Company. Whilst it is often self-evident, the decisions made by senior management and the Board are taken having carefully identified any potentially affected stakeholders and the consequence of any decision on them.

As disclosed elsewhere in this report, on 24 June 2022 there was a change in the ownership structure of the Group. This was an important decision that the Board took and in making this decision the impacts on all stakeholders were considered with the Board concluding that the future of the Group would be further secured by this change.

The Board place great importance on the Company's reputation. This reputation has been built and continues to be reinforced by the Board's focus on ensuring that the Company maintains very high standards of business conduct. Internally there are well-established controls and processes in place to ensure good business practice is followed. Further, the Company is supported by a number of external professional advisors who ensure compliance with all laws, regulations and professional standards relevant to the Company's operations.

In addition to the above, the Directors recognise their responsibilities with regard to a wider range of stakeholders, including employees, customers, suppliers and the community.

The Company engages with these stakeholders through a variety of channels:

Employees

The Company has regular communication with all employees, as well as providing information through an intranet platform. During 2020, and continuing in 2021, regular communications with employees have been important in order to ensure everyone was aware of the latest developments arising as a result of the pandemic. As such, monthly presentations to the whole team were initiated in 2020, and these have continued through 2021.

A number of staff training courses continue to be run to enable employees to develop their skills and an annual staff survey is completed to ensure the Company understands the views of its employees. We are pleased to note that as part of the staff survey the Company has once again been accredited by the Sunday Times 'Best Companies' as one of the 75 Best Companies to work for in the Midlands.

Customers

The Company regularly engages with our customers through a range of means. We have a well utilised website and have also now moved the previous, in-person annual launch events to a virtual conference, with over 2,000 customers attending. We have also created a series of webcasts for our customers and prospects which have been very well received during the pandemic and continue to be utilised through 2021. We also help customers on a day-to-day basis through our best-in-class technical support and training courses, providing insight and assistance on an ongoing basis. The level of customer service we offer is highlighted through our Feefo Platinum Trusted Service award, obtained for having an average service rating of at least 4.5/5 from our customer reviews.

Suppliers

The Company has a strong relationship with our key suppliers and we conduct regular business reviews as well as attending supplier-led training courses and conferences. The relationships we have with our suppliers has been particularly important as we have worked through the pandemic. We also work collaboratively with our suppliers, both on product development and helping to resolve technical queries our customers may have.

Community

The Company recognises the important role it can play in the community and supports its employees in charitable events in which they participate, through the provision of a matched-funding sponsorship scheme.

Solid Solutions Group Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Outlook

Whilst the pandemic impacted the results for 2020, through the support of our employees and the decisions that the board and management team took during this difficult time, we put the business in a strong position for 2021 as we started to exit the pandemic. This has been shown through the strong results delivered in 2021, and which we will continue to build on through 2022. The pandemic accelerated the use of 'Zoom-style' digital engagement with customers and this in turn improved the productivity of our sales engagement whilst also reducing our travel expenses. In addition, the acquisitions of Design Rule Limited and Desktop Engineering Limited continue to expand the portfolio of products available to the customers of the wider Group. 2022 has started well and we hope to continue to grow through the rest of the year.

On 24 June 2022 Solid Solutions Group Limited was acquired by TriMech UK Holdings Limited, which is ultimately owned by TriMech Parent, LLC.

On 26 July 2022 the Group acquired the Dassault Systemes business of Majenta Solutions Limited. This trade is similar to that of the acquisitions in 2021 of Design Rule Limited and Desktop Engineering Limited and further strengthens the sophisticated design, engineering, and enterprise-wide solutions offered by the Group.

Principal Risks and Uncertainties

The Board regularly reviews the risks faced by the Group and Company and the following are regarded as the main risks and uncertainties faced at this time:

- **Economic** - The Covid-19 pandemic has had a significant impact on the UK economy, however we have been able to negotiate our way through this and with the decisions made by the business during that difficult time we have put ourselves in a good position entering 2021, as shown by the results achieved. 2022 has continued in this vein and we look forward to this continuing. The Company does not have any significant exposure to interest rate risk, liquidity risk, credit risk or foreign currency risk at the current time.
- **Changes in technology** - The CAD industry is highly competitive and potential risks arise as new products and technologies enter the market. SOLIDWORKS does, however, remain the leading brand with over 4 million users worldwide. The suite of products on offer is continually developed and enhanced, ensuring that the technology remains relevant and up-to-date and provides opportunities for growth. As a business we also invest in applying our staff and technological resources to identifying and responding to critical changes within the market. In addition, through the acquisitions of Design Rule Limited and Desktop Engineering Limited the Group has broadened the range of products available to our customers, which further mitigates this risk.
- **Integration of subsidiaries** - Acquisitions inevitably bring inherent risks associated with staff retention and running a larger, more geographically diverse business using different systems. To mitigate this, we have retained much of the previous management structure and have drawn up a longer-term programme of investment to integrate systems and staff, which we continue to work through.

In summary we remain optimistic about the future and our ability to meet targets and are fully committed to the continued growth of the business.

By order of the board



P Byerley
Director

Date 30.09.2022

Solid Solutions Group Limited

Directors' report for the year ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Strategic report

The Strategic report is set out on pages 1-3 and includes particulars of significant events which have occurred since the last financial period and an indication of likely future developments in the business.

Directors

The directors who held office during the year were as follows:

A Sampson	
S Turner	
P Byerley	
J Hines	
K Sampson	(resigned 24 June 2022)
C Garrett	(resigned 24 June 2022)
R Schofield	(resigned 24 June 2022)
R Whitwell	(resigned 24 June 2022)

Proposed dividend

No dividends were paid by the Company in the year (2020 – £nil).

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

Financial risk management

The Group is in a net debt position, however the borrowings of the Group are long-term and the Group has a healthy cash balance. There were covenants in place in relation to the borrowings of the Group at 31 December 2021, however the Group has significant headroom in relation to these covenants.

These facilities were repaid on the acquisition of the Group by TriMech UK Holdings Limited on 24 June 2022 and there are no longer any banking covenants.

The Group's debtors consist of a large volume of smaller value balances and as such the directors consider the liquidity and credit risk of the Group to be low.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Group's financial position or result.

Going concern

A review of the forecast trading, profitability and cash flows of the Group has been performed, including sensitivity analysis. Based on this modelling, with the significant cash held by the Group, and the long-term nature of the borrowings, the directors have concluded that even in a worst-case scenario they expect the Group to have enough cash to manage the business through such a scenario. Consequently, the directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Solid Solutions Group Limited

Directors' report for the year ended 31 December 2021 (*continued*)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Streamlined Energy and Carbon Reporting

Whilst the consolidated accounts of Solid Solutions Group Limited only include in 2020 the operations of the trading entities from acquisition on 6 February 2020, for comparison purposes the 2020 information relates to the full year to 31 December 2020 for the trading operations of the Group.

The level of greenhouse gas emissions for the year, relating to activities that the Group is responsible for in the UK was 123 tCO₂e (2020: 252 tCO₂e). This is a total of 522,919 kWh (2020: 1,032,751 kWh) and is the equivalent of 0.017 tonnes per £100,000 of revenue (2120: 0.502 tonnes per £100,000 of revenue). In line with reporting guidelines the emissions have been further categorised as 51 tCO₂e (2020: 184 tCO₂e) from business travel in employee owned vehicles and 72 tCO₂e (2020: 68 tCO₂e) from purchased electricity. The significant reduction in 2021 is due to reduced travel arising as a result of changes in working practices since the pandemic.

Greenhouse gas emissions sources have been reported in line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which apply to financial years starting on or after 1 April 2019.

Data has been compiled based on electricity used, as reported in usage reports and bills provided by landlords, and based on business travel mileage recorded by the Group. Greenhouse Gas Emission figures have been calculated using the UK Government emission conversion factors for company reporting.

During the year the Group have continued to take energy saving measures where possible.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the board



P Byerley
Director

Date 30.09.2022

Solid Solutions Group Limited

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (*UK Generally Accepted Accounting Practice*) including *FRS 102 Financial Reporting Standard* applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Solid Solutions Group Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLID SOLUTIONS GROUP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Solid Solutions Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Solid Solutions Group Limited

Independent auditor's report (continued)

Other information (continued)

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Solid Solutions Group Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates in, and considered the risks of acts by the Company which were contrary to the applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and FRS 102.

We designed audit procedures to respond to the risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- Agreement of financial statement disclosures to underlying supporting documentation;
- Enquiries of management;
- Review of minutes of Board meetings throughout the year;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

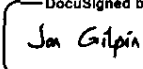
We also addressed the risk of management override in internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

397C313CDCBF48A
Jonathan Gilpin (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date 30 September 2022

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

Solid Solutions Group Limited

Consolidated income statement and other comprehensive income for the year ended 31 December 2021

	Note	2021 £	16 January to 31 December 2020 £
Turnover		73,234,021	45,215,893
Cost of sales		(36,103,041)	(22,570,363)
Gross profit		37,130,980	22,645,530
Administrative expenses – underlying costs		(25,752,194)	(17,465,391)
Administrative expenses – exceptional costs		-	(2,139,878)
Total administrative expenses		(25,752,194)	(19,605,269)
Other operating income		-	405,231
Group operating profit	3	11,378,786	3,445,492
Fair value profit/(loss) on interest rate swap		634,291	(217,344)
Net interest payable and similar expenses and similar income	4	(9,149,141)	(7,963,775)
Profit/(loss) on ordinary activities before taxation		2,863,936	(4,735,627)
Taxation	6	(2,384,614)	(633,199)
Profit/(loss) for the financial year		479,322	(5,368,826)
Attributable to:			
Owners of the parent		358,571	(5,432,408)
Non-controlling interests		120,751	63,582
		479,322	(5,368,826)

All of the Group's operations are derived from continuing operations.

There were no recognised gains or losses for the current or preceding years, other than those presented above, therefore no separate statement of other comprehensive income has been presented.

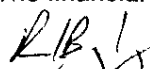
The notes on pages 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Consolidated balance sheet at 31 December 2021

<i>Company number 12408109</i>	<i>Note</i>	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Goodwill	9		87,112,274		87,334,462
Tangible assets	10		767,037		516,650
			87,879,311		87,851,112
Current assets					
Debtors (including £478,996 (2020 - £273,140) due in more than one year)	12	20,918,164		13,984,767	
Inventory	13	850,472		136,906	
Cash at bank and in hand	14	11,657,372		11,238,635	
		33,426,008		25,360,308	
Creditors: amounts falling due within one year	15	(26,295,429)		(19,382,912)	
Net current assets			7,130,579		5,977,396
Total assets less current liabilities			95,009,890		93,828,508
Creditors amounts due after more than one year	16		(99,411,159)		(98,684,378)
Provisions for liabilities					
Deferred tax liability	17		-		(24,721)
Net liabilities			(4,401,269)		(4,880,591)
Capital and reserves					
Called up share capital	20		15,350		15,350
Share premium account	20		474,650		474,650
Employee Share Option Plan reserve			(39,999)		(39,999)
Profit and loss account			(5,073,837)		(5,432,408)
Shareholders' funds attributable to the owners of the parent			(4,623,836)		(4,982,407)
Non-controlling interests			222,567		101,816
Total equity			(4,401,269)		(4,880,591)

The financial statements were approved by the Board of Directors and authorised for issue on 30.09.2022


P Byerley
Director

The notes on pages 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Company balance sheet at 31 December 2021

Company number 12408109	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	11		2		2
			<u>2</u>		<u>2</u>
Current assets					
Debtors	12	54,565,368		60,239,995	
		<u>54,565,368</u>		<u>60,239,995</u>	
Net current assets			54,565,368		60,239,995
Total assets less current liabilities			<u>54,565,370</u>		<u>60,239,997</u>
Creditors amounts due after more than one year	16		(65,960,286)		(65,324,167)
			<u>(65,960,286)</u>		<u>(65,324,167)</u>
Net assets			<u>(11,934,916)</u>		<u>(5,084,170)</u>
Capital and reserves					
Called up share capital	20		15,350		15,350
Share premium account	20		474,650		474,650
Profit and loss account – opening			(5,574,170)		-
Profit and loss account – current year			(6,310,746)		(5,574,170)
			<u>(11,394,916)</u>		<u>(5,084,170)</u>
Shareholders' funds			<u>(11,394,916)</u>		<u>(5,084,170)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30.09.2022


P Byerley
Director

The notes on pages 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Consolidated statement of changes in equity For the year ended 31 December 2021

	Called up share capital £	Share premium account £	Employee Share Option Plan reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
For the period 16 January 2020 to 31 December 2020:						
Issue of shares	15,350	474,650	-	-	-	490,000
On acquisition	-	-	-	-	38,234	38,234
(Loss)/profit for the period	-	-	-	(5,432,408)	63,582	(5,368,826)
Purchase of own shares	-	-	(39,999)	-	-	(39,999)
Total contributions by and distributions to owners	15,350	474,650	(39,999)	(5,432,408)	101,816	(4,880,591)
At 31 December 2020	15,350	474,650	(39,999)	(5,432,408)	101,816	(4,880,591)
At 1 January 2021	15,350	474,650	(39,999)	(5,432,408)	101,816	(4,880,591)
Total comprehensive income for the year – profit	-	-	-	358,571	120,751	479,322
At 31 December 2021	15,350	474,650	(39,999)	(5,073,837)	222,567	(4,401,269)

The notes on pages 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Company statement of changes in equity For the year ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
For the period 16 January 2020 to 31 December 2020				
Issue of shares	15,350	474,650	-	490,000
Loss for the period	-	-	(5,574,170)	(5,574,170)
Total contributions by and distributions to owners	15,350	474,650	(5,574,170)	(5,084,170)
At 31 December 2020	15,350	474,650	(5,574,170)	(5,084,170)
At 1 January 2021	15,350	474,650	(5,574,170)	(5,084,170)
Total comprehensive income for the year – loss	-	-	(6,310,746)	(6,310,746)
At 31 December 2021	15,350	474,650	(11,884,916)	(11,394,916)

The notes on pages 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 £	16 January to 31 December 2020 £
Cash flows from operating activities			
Profit/(loss) for the year		479,322	(5,368,826)
Adjustments for:			
Depreciation and amortisation		6,620,703	4,577,187
(Gain)/loss on sale of tangible fixed assets		(2,885)	181
Interest payable		9,161,639	7,996,584
Interest receivable and other income		(12,498)	(32,809)
Taxation		2,384,614	633,199
		18,630,895	7,805,516
Decrease/(increase) in trade and other debtors		2,310,488	(13,984,767)
Increase in inventory		(713,566)	(136,906)
(Decrease)/increase in trade and other creditors		(4,901,029)	21,020,564
		15,326,788	14,704,407
Tax paid		(2,375,909)	(1,204,719)
Net cash from operating activities		12,950,879	13,499,688
Cash flows used in investing activities			
Proceeds from sale of tangible fixed assets		23,124	24,721
Interest received		12,498	32,809
Proceeds from issue of shares		-	490,000
Acquisition, net of cash received		(3,425,837)	(92,336,584)
Purchase of own shares by Employee Share Option Plan		-	(39,999)
Payment of deferred consideration		-	(2,611,364)
Purchase of tangible fixed assets	10	(611,408)	(198,219)
Net cash used in investing activities		(4,001,623)	(94,638,636)
Cash flows (used in)/from financing activities			
Interest paid		(2,525,519)	(2,422,414)
Bank loan drawn down		-	35,050,000
Bank loan repayment		(5,000)	-
Issue of loan notes		-	59,749,997
Loan note repayment		(6,000,000)	-
Net cash (used in)/from financing activities		(8,530,519)	92,377,583
Net increase in cash and cash equivalents		418,737	11,238,635
Cash and cash equivalents at 1 January 2021/16 January 2020		11,238,635	-
Cash and cash equivalents at 31 December	14	11,657,372	11,238,635

The notes on page 16 to 34 form part of these financial statements.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Solid Solutions Group Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- no separate parent company Cash Flow Statement with related notes is included; and
- key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

1.2 *Going concern*

A review of the forecast trading, profitability and cash flows of the Group has been performed, including sensitivity analysis. Based on this modelling, and with the significant cash held by the Group, and the long-term nature of the borrowings, the directors have concluded that even in a worst-case scenario they expect the Group to have enough cash to manage the business through such a scenario. Consequently, the directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated income statement from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The parent Company's loss for the year was £6,310,746 (2020 – £5,574,170).

1.4 *Foreign currency*

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

1.5 Basic financial instruments

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors and bank loans are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

Motor vehicles	- 3 years
Computer equipment and Fixtures and fittings	- 2 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

1.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be five years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Inventory

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, inventories are assessed for impairment and any impairment loss is recognised immediately in profit or loss.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit income statement in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements, whereby the Company receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions. The fair value of the amount payable under such arrangements and any changes to the fair value of the liability are recognised as an expense in the income statement, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is recalculated at each balance sheet date and at settlement date.

1.11 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.12 Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, except in respect of training and consultancy service contracts where turnover is recognised when the Company obtains the right to consideration through the performance of the contract. Revenue invoiced in advance of entitlement to the consideration is shown as deferred income.

1.13 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

1.14 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough') and the Irish Government Temporary Wage Subsidy Scheme. The group has not directly benefited from any other forms of government assistance.

1.15 Employee Share Ownership Plan ("ESOP")

The cost of the Company's shares held by the ESOP is deducted from equity in the Group balance sheet. Any gain or loss on disposal of these shares by the ESOP is also recognised directly in equity. Other assets and liabilities of the ESOP are recognised as assets and liabilities of the Group.

1.16 Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

1.17 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Judgements and key sources of estimation uncertainty

Goodwill and impairment

Every year the directors determine whether there are indicators of impairment of the Group's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. In determining the useful life of the asset, consideration is taken of the period over which related cash flows are expected to arise, taking into account the expected future performance of the combined entities.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

2 Judgements and key sources of estimation uncertainty (continued)

Bad and doubtful debts

The Group and Company have recognised provisions for bad and doubtful debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Operating profit and auditor's remuneration

	2021	16 January to 31 December 2020
	£	£
Included in profit is the following:		
Operating lease expenses	595,526	559,152
Depreciation of owned tangible fixed assets	368,235	382,082
Amortisation charges	6,252,468	4,195,105
Government grants – furlough	-	(390,845)
Government grants – Irish temporary wages subsidy scheme	-	(14,386)
Fees payable to the auditor:		
- Audit of the company's financial statements	6,400	11,250
- Audit of the financial statements of subsidiaries	44,100	40,301
- Non-audit fees: other services	22,450	13,409
	<u>6,636,120</u>	<u>(7,963,775)</u>

Government grants relate to employee wages reclaimed under the Government Coronavirus Job Retention Scheme ('Furlough') and the Irish Government Temporary Wages Subsidy Scheme.

Exceptional costs

Included within administrative expenses in 2020 are exceptional costs of £2,139,878 which related to professional fees associated with the acquisition of the Solid Solutions Management Limited group of companies.

4 Net interest payable and similar expenses

	2021	16 January to 31 December 2020
	£	£
Interest receivable	12,498	32,809
Interest payable on loan notes	(6,636,120)	(5,574,170)
Interest payable on bank loans	(2,524,921)	(2,420,002)
Other interest payable	(598)	(2,412)
	<u>(9,149,141)</u>	<u>(7,963,775)</u>

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Sales, technical and administration	217	213
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	14,037,682	9,073,175
Social security costs	1,550,678	997,174
Contributions to defined contribution plans	292,565	225,932
	15,880,925	10,296,281

5 Directors' remuneration

	2021 £	16 January to 31 December 2020 £
Directors' remuneration	1,092,371	562,625
Company contributions to money purchase pension plans	14,394	10,170
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	293,760	149,290
Company contributions to money purchase pension plans		-
	Number	Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

7 Taxation

Total tax expense recognised in the income statement, other comprehensive income and equity.

	2021 £	2021 £	16 January to 31 December 2020 £	16 January to 31 December 2020 £
<i>Current tax</i>				
Current tax on income for the year	2,691,236		734,727	
Adjustments in respect of prior years	(31,862)		(81,070)	
Total current tax		2,659,374		653,657
<i>Deferred tax (see note 17)</i>				
Origination and reversal of timing differences	(289,428)		(25,851)	
Effect of tax rate change on opening balance	12,126		5,343	
Adjustments in respect of prior years	2,542		50	
Total deferred tax		(274,760)		(20,458)
Total tax		2,384,614		633,199

The total Group tax expense for the year has been recognised in the income statement.

Reconciliation of effective tax rate

	2021 £	16 January to 31 December 2020 £
Profit/(loss) before tax	2,863,936	(4,735,627)
Tax using the UK corporation tax rate of 19% (2020 – 19%)	544,148	(899,769)
Non-deductible expenses	2,340,206	2,144,800
Other permanent differences	(294,163)	(525,684)
Difference in tax rates	(57,420)	(92,899)
Deferred tax not recognised	(125,094)	123,640
Adjustments to the charge in respect of prior periods	(23,063)	(81,020)
Other differences	-	(35,869)
Total tax expense included in profit or loss	2,384,614	633,199

Factors that may affect future tax charges

The main rate of UK corporation tax in force at the Balance Sheet date was 19%. The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date, and as a result deferred tax balances as at 31 December 2021 have been measured at 25%. Whilst an announcement was made on 23 September 2022 that this increase will not now take place, this has not been substantively enacted at the balance sheet date.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

8 Dividends

No dividends were paid by the Group or Company in the period.

9 Goodwill

Group	Note	£
<i>Cost</i>		
Balance at 1 January 2021		91,529,567
Acquisition through business combinations	25	6,030,280
Balance at 31 December 2021		97,559,847
<i>Amortisation and impairment</i>		
Balance at 1 January 2021		4,195,105
Amortisation for the year		6,252,468
Balance at 31 December 2021		10,447,573
<i>Net book value</i>		
At 31 December 2020		87,334,462
At 31 December 2021		87,112,274

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the income statement:

	2021	16 January to 31 December 2020
	£	£
Administrative expenses	6,252,468	4,195,105

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

10 Tangible fixed assets

Group	Computer equipment, fixtures and fittings £	Total £
<i>Cost</i>		
Balance at 1 January 2021	886,843	886,843
Assets on acquisition	27,456	27,456
Additions	611,408	611,408
Disposals	(58,537)	(58,537)
Exchange adjustments	(4,162)	(4,162)
Balance at 31 December 2021	1,463,008	1,463,008
<i>Depreciation and impairment</i>		
Balance at 1 January 2021	370,193	370,193
Depreciation charge for the year	368,235	368,235
Disposals	(38,298)	(38,298)
Exchange adjustments	(4,159)	(4,159)
Balance at 31 December 2021	695,971	695,971
<i>Net book value</i>		
At 31 December 2020	516,650	516,650
At 31 December 2021	767,037	767,037

11 Fixed asset investments

Company		
Investment in subsidiaries		
	2021	2020
	£	£
Cost and Net book value		
Balance at 1 January	2	-
Additions	-	2
Balance at 31 December	2	2

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

11 Fixed asset investments (continued)

At 31 December 2021, the Company held 100% of the equity share capital of the following subsidiaries (unless noted otherwise), registered in England and Wales:

	Principal activity
Solid Solutions International Limited	Holding company
Solid Solutions Management Limited*	Sale of software and services
Moonband Limited*	Holding company
Cadtek Systems Limited*	Sale of software and services
New Technology 2009 Limited*	Holding company
New Technology Cadcam Limited*	Sale of software and services
CAE People Limited*	Dormant company
Design Rule Limited*	Sale of software and services
DTE Solutions Limited*	Holding company
Desktop Engineering Limited*	Sale of software and services
Solid Print3D Limited**	Sale of 3D printers and services

*Indirectly held.

**51% of the equity share capital is owned by the Company.

In addition, the Company held 100% of the equity share capital of Solid Solutions Innovations Limited, a company registered in the Republic of Ireland. Solid Solutions Innovations Limited's principal activity is the sale of software and services.

The Group agrees to guarantee the liabilities of Solid Solutions International Limited, Moonband Limited, Cadtek Systems Limited, New Technology 2009 Limited, New Technology Cadcam Limited, CAE People Limited, Design Rule Limited, DTE Solutions Limited, Desktop Engineering Limited and Solid Print3D Limited, thereby allowing these companies to take exemption from an audit under Section 479A of the Companies Act 2006.

12 Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	18,855,172	13,128,265	-	-
Other debtors	267,167	84,521	-	-
Deferred tax asset	241,844	-	325,370	-
Prepayments and accrued income	1,137,034	771,981	-	-
Interest rate swap asset	416,947	-	-	-
Amounts owed from related parties	-	-	54,239,998	60,239,995
	20,918,164	13,984,767	54,565,368	60,239,995

13 Inventories

Group	2021 £	2020 £
Finished goods and goods for resale	850,472	136,906

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

14 Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	11,657,372	11,238,635	-	-
Cash and cash equivalents per cash flow statements	11,657,372	11,238,635	-	-

15 Creditors - amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	10,494,239	6,815,450	-	-
Corporation tax	758,281	368,194	-	-
Taxation and social security	5,143,239	5,490,682	-	-
Other creditors	1,451,102	46,491	-	-
Bank loans	10,000	5,000	-	-
Accruals and deferred income	8,438,568	6,657,095	-	-
	26,295,429	19,382,912	-	-

16 Creditors - amounts due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	35,035,000	35,045,000	-	-
Loan notes	65,960,286	65,324,167	65,960,286	65,324,167
Unamortised loan costs	(1,584,127)	(1,902,133)	-	-
Interest rate swap liability	-	217,344	-	-
	99,411,159	98,684,378	65,960,286	65,324,167

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

16 Creditors - amounts due after more than one year (continued)

Bank loans are due for repayment as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year	10,000	5,000	-	-
Due within 1 to 2 years	10,000	10,000	-	-
Due within 2 to 5 years	25,000	30,000	-	-
Due in more than 5 years	100,960,286	100,329,167	65,960,286	65,324,167
	<u>101,005,286</u>	<u>100,374,167</u>	<u>65,960,286</u>	<u>65,324,167</u>

In 2020 the Group borrowed funds from its lenders under two term loans of £12,500,000 and £22,500,000. The £12,500,000 loan is repayable in August 2026 and accrues interest at a variable rate of 2.75% + LIBOR. The £22,500,000 loan is repayable in February 2027 and accrues interest at a variable rate of 6.75% + LIBOR.

Issue costs and fees of £1,314,431 were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge. The cash for these loans was received net of the issue costs.

The Group also has access to a £5.0m revolving credit facility with interest charged at a variable rate of 2.75% + LIBOR on any drawn amount, and a non-utilisation fee of 35% of the margin on undrawn amounts. This facility has not been utilised in 2021 (2020 – the full £5.0m was drawn on 2 April 2020 and repaid in full on 2 October 2020).

In 2020 the Company issued loan notes to Lloyds Development Capital and key management personnel to the value of £59,749,997, due for repayment in 2027. The loan notes bear interest at 10% per annum and interest is accrued and compounded on a quarterly basis. The interest is payable in full on the repayment date.

Issue costs and fees of £874,342 were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge. The cash for these loan notes was received net of the issue costs.

On 26 October 2021 £6.0m of loan note capital was repaid *pari passu* with Lloyds Development Capital and key management personnel.

The Group entered into a floating to fixed interest rate swap in 2020 with a fixed leg of 0.3454% and a variable leg equal to LIBOR. The fair value of the swap contract at 31 December 2021 was an asset of £416,947 and it has been included within debtors (2020 – a liability of £217,344, included within creditors).

Fair value of swaps	Notional Amount £	Fixed Rate	2021 Asset £
Interest rate swap	35,000,000	0.3454	416,947

A subsidiary company, Solid Print3D Limited, also took out a £50,000 loan in 2020, for which the balance at 31 December 2021 is £45,000.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Accelerated capital allowances	9,438	-	(116,750)	24,721	(107,312)	(24,721)
Short term timing differences	349,156	-	-	-	349,156	-
Net tax assets/(liabilities)	358,594	-	(116,750)	24,721	241,844	(24,721)
Company						
Short term timing differences	325,370	-	-	-	325,370	-
Net tax liabilities	325,370	-	-	-	325,370	-

The movement in deferred tax in the period includes a release of £274,760 (2020 – £20,458) of net deferred tax liability through the income statement.

18 Employee benefits

Defined contribution plans - Group

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current period was £292,565 (2020 - £225,932). At 31 December 2021 £78,978 (2020 - £47,844) was due to the scheme.

19 Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets that are debt instruments measured at amortised cost	30,779,711	24,451,421	54,239,998	60,239,995
Financial liabilities measured at amortised cost	51,488,572	45,304,338	-	-

Financial assets measured at amortised cost comprise cash at bank, trade and other debtors and amounts owed from group undertakings. Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors, amounts owed to group undertakings and accruals.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

20 Capital and reserves

Share capital

	Share class	Nominal value £	Allotted, issued and fully paid Number	Ordinary shares £
On issue at 31 December 2020	'A' ordinary	0.01	425,000	4,250
	'B' ordinary	0.02	475,001	9,500
	'C' ordinary	0.02	79,999	1,600
			980,000	15,350
On issue at 31 December 2021	'A' ordinary	0.01	425,000	4,250
	'B' ordinary	0.02	475,001	9,500
	'C' ordinary	0.02	79,999	1,600
			980,000	15,350

The voting rights of the holders of the A ordinary shares are capped at 49.9%, except where any of the loan notes have become due for repayment and have not been repaid, where an event of default has occurred under the Facilities Agreement or breach has occurred of the Investment Agreement or the Articles.

The holders of B or C shares have voting rights except where the holder was a director or employee of a Group company and has ceased to be a director or employee of a Group company, at which point they will no longer have voting rights.

On a distribution of the profits of the Company, the A, B and C ordinary shares shall rank pari passu according to the number of shares held. On a return of capital, A and B ordinary shares rank pari passu with preferential rights to receive subscription price, inclusive of any premium.

Reserves

The share premium account represents the premium paid on shares issued.

The employee share option plan reserve was established in January 2020 to provide for the future obligations of the Company for shares awarded under a share option scheme. Under the scheme the trustee, RBC cees Trustee Limited, purchased 79,999 of the Company's C ordinary shares using an interest free, unsecured loan from Solid Solutions Management Limited. At 31 December 2021 the trustee holds 79,999 C ordinary shares in Solid Solutions Group Limited of which, at 31 December 2021, 54,500 (2020 - 48,000) are under option to employees. Shares in the Company held by the trustee are deducted from equity and are shown in the Employee share option plan reserve.

The profit and loss account represents accumulated undistributed profits of the Company.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Less than one year	375,681	363,629	-	-
Between one and five years	502,637	710,408	-	-
Over five years	-	-	-	-
	<u>878,318</u>	<u>1,074,037</u>	<u>-</u>	<u>-</u>

22 Related party disclosures

Group and Company

Identity of related parties with which the Group and company has transacted

During the period, the Company incurred charges in relation to the annual management fee of £97,232 (2020 – £54,621) from Lloyds Development Capital Limited.

The Group and company have taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions between wholly owned members of the Solid Solutions Group.

23 Controlling party

At 31 December 2021 there was no one ultimate controlling party.

On 24 June 2022 Solid Solutions Group Limited was acquired by TriMech UK Holdings Limited. TriMech UK Holdings Limited is ultimately owned by TriMech Parent, LLC., registered in the United States of America, for which there is no one ultimate controlling party.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

24 Reconciliation of net cash flow to movement in net funds and analysis of net funds

	2021 £	16 January to 31 December 2020 £
Reconciliation of net cash flow to movement in net funds		
Increase in cash and cash equivalents in the period	418,737	11,238,635
Bank loan drawn down	-	(35,050,000)
Bank loan repayment	5,000	-
Loan notes issued	-	(59,749,997)
Loan note repayment	6,000,000	-
Loan note interest accrued	(6,636,119)	(5,574,170)
Change in net debt	(212,382)	(89,135,532)
Net debt at 1 January 2021/16 January 2020	(89,135,532)	-
Net debt at 31 December	(89,347,914)	(89,135,532)

	1 January 2021 £	Cash flows £	Foreign exchange £	31 December 2021 £
Analysis of net funds				
Cash and cash equivalents	11,238,635	575,457	(156,720)	11,657,372
Bank loan due within one year	(5,000)	(5,000)	-	(10,000)
Bank loan due after one year	(35,045,000)	10,000	-	(35,035,000)
Loan notes due after one year	(65,324,167)	(636,119)	-	(65,960,286)
Net debt	(89,135,532)	(55,662)	(156,720)	(89,347,914)

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

25 Business combinations

On 2 June 2021 Solid Solutions Management Limited, a subsidiary of Solid Solutions Group Limited, acquired 100% of the share capital of Design Rule Limited, a company that delivers sophisticated design, engineering, and enterprise-wide solutions, for a net cash consideration of £2.3 million. The fair values of the net assets acquired are set out below:

	Book value £	Fair value/ accounting policy adjustment £	Fair value £
Tangible assets	93,953	(88,083)	5,870
Debtors	704,192	-	704,192
Cash at bank and in hand	1,164,137	-	1,164,137
Total assets	1,962,282	(88,083)	1,874,199
Creditors	(1,487,797)	-	(1,487,797)
Net assets	474,485	(88,083)	386,402
Goodwill			1,955,346
Total purchase consideration			2,341,748
Purchase consideration - cash			1,741,748
Purchase consideration - deferred included in creditors			600,000
			2,341,748

The adjustments consist of reduction in net assets of £57,767 arising from fair value adjustments and a reduction in net assets of £30,316 arising from accounting policy adjustments.

Solid Solutions Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

25 Business combinations (*continued*)

On 19 October 2021 Solid Solutions Management Limited, a subsidiary of Solid Solutions Group Limited, acquired 100% of the share capital of DTE Solutions Limited, and its 100% owned subsidiary Desktop Engineering Limited. DTE Solutions Limited is a holding company and Desktop Engineering Limited is a company that delivers sophisticated design, engineering, and enterprise-wide solutions. The businesses were acquired for a net cash consideration of £5.2 million. The fair values of the net assets acquired are set out below:

	Book value £	Accounting policy adjustment £	Fair value £
Tangible assets	21,586	-	21,586
Debtors	1,128,210	-	1,128,210
Cash at bank and in hand	1,539,765	-	1,539,765
Total assets	2,689,561	-	2,689,561
Creditors	(1,759,837)	164,466	(1,595,371)
Net assets	929,724	164,466	1,094,190
Goodwill			4,074,934
Total purchase consideration			5,169,124
Purchase consideration - cash			4,387,991
Purchase consideration - deferred included in creditors			781,133
			5,169,124

The adjustment is an increase in net assets of £164,466 arising from accounting policy adjustments.

Solid Solutions Group Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

26 Contingent liabilities and guarantees

At 31 December 2021 the Company was in a group guarantee with fixed and floating charges over the assets of the Company as part of the issued secured fixed rate loan notes due for repayment in 2027 by the ultimate parent undertaking, and is more fully disclosed in note 16.

At 31 December 2021 the Company was also in a group guarantee with fixed and floating charges over the assets of the Company as part of the issued secured variable rate bank loans due for repayment in 2026 and 2027 by another subsidiary undertaking, and is more fully disclosed in note 16.

On 24 June 2022 Solid Solutions Group Limited was acquired by TriMech UK Holdings Limited, which is ultimately owned by TriMech Parent, LLC. At this date the group guarantees detailed above were released.

The Company is included in a VAT group with Solid Solutions International Limited and Solid Solutions Management Limited and is jointly and severally liable for these companies' VAT debts. The VAT liability across the VAT group at 31 December 2021 was £2,954,734 (2020 – £5,170,726).

27 Post balance sheet events

On 24 June 2022 the Company was acquired by TriMech UK Holdings Limited. TriMech UK Holdings Limited is ultimately owned by TriMech Parent, LLC., registered in the United States of America. At this date, the group guarantees detailed in note 26 were released.

On 26 July 2022 the Group acquired the Dassault Systemes business of Majenta Solutions Limited. This trade is similar to that of the acquisitions in 2021 of Design Rule Limited and Desktop Engineering Limited and further strengthens the sophisticated design, engineering, and enterprise-wide solutions offered by the Group.