

SmartComms SC Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 04303041

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SmartComms SC Limited

Company Information

Directors	J Brown J Stratford
Registered number	04303041
Registered office	Catalyst House 720 Centennial Court Centennial Park Elstree Hertfordshire WD6 3SY
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

SmartComms SC Limited

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SmartComms SC Limited

Strategic Report For the Year Ended 31 December 2020

CEO's Report

The Smart Communications business traded strongly in the year, including entering into a definitive agreement to acquire Assentis Technologies AG and its subsidiaries ("Assentis"), subject to certain closing conditions. Those closing conditions were satisfied after 31 December 2020 year end. The strategic acquisition of Assentis was completed on 8 February 2021 and will enable the Smart Communication business to further empower financial service firms to engage in smarter customer conversations. Bookings reached the highest level in Smart Communications' history including many new customers, which serves as a sign of the continued confidence customers have in the company, and is a testament to the strength of the product and the value proposition for those customers. We grew revenues by 8%, delivered a strong gross profit margin and generated significant operating cash flows. This performance enables us to continue to invest in strategic acquisitions, further developing our products and delivering growth in 2021 and beyond.

We are seeing a strong market for our product suite (SmartCOMM, SmartDX and SmartIQ), which is driven by the acceptance of the benefits of cloud-based customer communication management and collaboration. Last year's acquisition of Intelledox has enabled us to deliver best-in-class, two-way conversations throughout the entire customer lifecycle. Our combined solutions help our customers redefine their customer engagement, while also improving internal efficiency and delivering a compelling commercial return.

- Our ability to give enterprise customers true business control over the development of their transaction documents and customer communications and enable omnichannel output from a single template, all in the cloud, is unique.
- Our cloud services are flexible, and we are able to address customers' requirements around data privacy and data protection through our hybrid cloud offering. With this approach sensitive information remains within the customers' firewalls while allowing them to secure the benefits of our SaaS cloud-based service. Our AWS deployment options enable our customers to deliver large scale batch communications in the cloud.
- Our online, and mobile guided forms and adaptive interview capabilities enable intuitive data capture from end users in a workflow where existing customer data and relevant external data are pre-populated to ensure those customers receive a relevant and personalized digital customer experience.
- The collaboration features of our product suite enable our customers to negotiate and conclude agreements with their counterparties in a controlled, auditable and efficient manner.

Overall, our products enable our customers to reduce cost, complexity and risk whilst improving the quality of engagement with their customers. The strategic acquisitions of Intelledox and Assentis continue to enable us to deepen and widen both our value proposition and market positioning consistent with our long-term, high growth strategy.

We continue to expand our Partner model, where we embed our products in market-leading business platforms and software solutions. This extends our direct model into our partners' customer base and their ecosystems.

Our professional services, customer success and support teams are delivering real value to new and existing customers ensuring smooth product implementation, training and ongoing service assurance. During the year, we continued to invest significantly in resources to further support our existing customers and deliver a long-term high growth strategy.

Our employees are fundamental to both our success and our customers' success, and I'm proud of their capabilities as well as the real breadth and depth of their skills.

SmartComms SC Limited

Strategic Report (continued) For the Year Ended 31 December 2020

CEO's Report (continued)

As predicted last year, the Covid-19 pandemic presents Smart Communications with risks and opportunities which we continue to monitor closely. Staff remain engaged working from home full-time, which has proved very effective due to the skills of our employees, teams and the processes and IT infrastructure already in place. We closely monitor our financial performance and key performance indicators to enable us to identify risks and manage them appropriately. Because the Smart Communications solutions are critical to our customers, we typically contract our products for multiple years and operate with more than 85% recurring revenues. We believe this supports our resilience during the wider market uncertainty caused by Covid-19. Smart Communications is recognised and recommended as the market leader¹ in terms of its strategic approach to cloud based / interactive requirements.

Customers have increasingly been looking to move to cloud-based solutions, and over time we expect additional demands for this as a result of the operational impacts our customers have felt due to Covid-19. Competitively, Smart Communications is extremely well-positioned to service the increased demand from existing customers and industries and has identified opportunities in new industry segments, all of which is borne out by the growth of the Smart Communications business during 2020.

In summary we have a resilient business, great products, world class partners, a set of customers we are proud to serve, a well-funded and supportive shareholder and a dedicated and industry -leading group of employees. I am confident that we enter 2021 in a good position and, despite the wider uncertainties that remain due to Covid-19, we are in a robust financial position and we have many opportunities ahead of us.

Business model

The principal activity of the company is the development of computer software for customer communication management (CCM) and related services. Our software is used to improve the way our customers engage with their customers through transaction and other customer related documents and communications. The software is predominantly licensed and delivered on a subscription basis to customers as Software-as-a-Service (SaaS) based on multi-tenant cloud infrastructure.

Strategy

The strategy of the Company is to continue to develop world-class next generation customer communications management software for target end customer markets that have good growth potential and where our products can deliver real value to our customers. We will continue to develop our products with features and functionality that will improve our value proposition and we will incorporate the latest innovations where it will drive a higher quality, more co-ordinated and larger scale conversation between our customers and their customers to improve their digital customer experience. We will also look for additional use cases for our software within existing customers as well as targeting new customers. We will seek new partnerships to continue to integrate into our customers' technology and operational ecosystems.

Financial review

The controlling shareholders of the Company's ultimate parent, Platinum Topco Ltd, are funds managed by Accel-KKR. For over 20 years Accel-KKR has focused on investing in mid-market software and technology enabled growth companies. The firm has significant committed capital across its buyout, growth and credit funds and a track record of supporting the development of its investee companies.

The company's performance for continuing operations for the year ended 31 December 2020 was good, generating revenue in the period of £20.4m (2019: £18.9m) and operating profit (before reorganisations costs) of £18.9m (2019: £12.0m).

SmartComms SC Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Key performance indicators

Revenue

As the prime measure of the value our customers see in our products, revenue and revenue growth are key to measuring the success of our business and our growth strategies.

Operating profit (before reorganisation costs and depreciation)

Operating profit (before reorganisation costs and depreciation) is a measure of the quality of our revenue and revenue growth. It is also a measure of the value added by the Company reflecting the quality of our products and our organisational effectiveness.

Principal risks and uncertainties

Financial performance

Continued profitability and cash flow generation from contracts are required to enable the Company to continue to develop our products and meet our financing obligations. The Company manages this risk by ensuring commercial reviews of key contracts and ongoing monitoring of financial performance.

Product quality and functionality

Maintaining and developing high quality, value adding software products is key to ensure our existing customers continue to see the value created from the Company's products. This also enables us to win additional business from those customers and secure new customers. The Company manages this risk by following an industry standard approach to product development and support and by maintaining an awareness of the latest innovations in our market.

Data security, data protection and system availability

As a cloud-based Software as a Services (SaaS) provider it is critical that we comply with the regulators' and customers' requirements relating to data privacy, data protection and system availability. To manage this risk the group follows industry leading frameworks for the management of data and the underlying hardware systems, being ISO/IEC 27001:2013 certified and included in the SOC1 Type II and HIPAA reports for Pure Cloud AWS and the SaaS co-location offerings. In addition, on 18th February 2021 Smart Communications AWS APAC (Sydney) Region was IRAP assessed against the protected classification.

COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. Governmental responses in dealing with the pandemic have affected economic activity and the scale and duration of these affects still remains uncertain.

Whilst the impact of the pandemic, and various Governments' responses to it is ongoing, the business is monitoring both the risks and opportunities that are presented by the disruption. Risks are currently being mitigated and opportunities are being identified and targeted.

Specifically, Smart Communications software continues to be mission critical for highly regulated customers within the financial services, insurance, healthcare and government sectors. The business model has high recurring subscription revenues with strong operating cash flow generation. The leadership team and investors have managed through uncertain and difficult market conditions before and are well placed to mitigate risks and seize opportunities as they arise.

SmartComms SC Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in Section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in so doing have regards (amongst other matters) to:

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

The Directors fulfil their duties through ongoing discussion and review of key activities and decisions of the Company and through a governance framework that delegates appropriate day-to-day decision making to management and employees of the Company.

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

We provide business-critical services to our customers, often in highly regulated industries. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. This is achieved through the management of risk registers and ongoing executive and board level review of key matters affecting the Company.

For details of the principle risks and uncertainties, and how we manage our risk environment, please see the Directors' Report on pages 7 to 9.

Our People

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of what we do. For our business to succeed we need to manage our people's performance and develop talent while ensuring we operate as effectively as possible. We must also ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way. This is achieved in a number of ways which include regular companywide 'all hands' meetings, internal newsletters, mandatory training modules, regular employee performance reviews and feedback, skills assessment and succession planning. We have a clearly articulated set of Company policies and procedures which are regularly refreshed.

For further details on our people, please see the Directors' Report on pages 7 to 9.

Business Relationships

A key element of our strategy is organic growth driven by cross-selling and up-selling services to existing customers and contracting with new customers to the Company. To achieve this we need to develop and maintain strong customer relationships which we do through utilising the skills, processes and approach of our marketing, sales, customer success, support and services teams. Our customer relationships are critical and we have invested heavily in 2020 in building out our customer success capabilities to ensure we deliver the best value we can as a key partner to those customers. We also value all of our suppliers, we look to have appropriate contract terms in place, including multi-year agreements where it makes sense and we look to treat our suppliers as we would want to be treated.

SmartComms SC Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Community and Environment

The Company's approach to our community and our environment is to use our position as our industry's strategic leader to create positive change for the people and communities with which we interact. Our solution enables organisations to digitally transform their communication strategy which in many cases results in significant reductions in their use of paper-based communications and improves the experience of millions of people in the community each year. We also support our employees to have a positive impact on the communities around them. We actively encourage cycle to work, working from home to reduce the impact on the environment and charity donation matching to support local community initiatives.

Shareholders

The Board is committed to openly engaging with our shareholders on a regular basis, as we recognise the importance of a continuing effective dialogue. It is important to us that shareholders understand our strategy and objectives so these must be explained clearly, feedback heard, and any issues or questions raised properly considered.

Key decisions

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The Board believes that four decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders. These are:

- The decision to acquire Assentis Technologies AG and its subsidiaries ("Assentis") is entirely consistent with the Board's strategic goals and shareholder aspirations. For our customers the acquisition of Assentis enables the group to enhance the financial services capabilities we can provide and establishes a stronger presence in Continental Europe to service their local requirements. The Board also recognised the acquisition would present exciting opportunities for employees of both businesses, the communities around them and have a negligible impact on the environment.
- The decision made during the year to enable our employees to work from home effectively during the Covid-19 pandemic enabled us to demonstrate a flexible and more caring approach to our relationship with our employees. This benefited our employees during a difficult time and enabled them to support the communities around them. This implicitly supports our shareholders' objectives and had a positive environmental impact.
- The decision to continue to invest in our Customer Success team demonstrated our continued commitment to improving our customers' satisfaction. The Board recognised that, as well as this being beneficial for our customers with a follow-on impact on renewals and upselling, there are also benefits for employees and shareholders.
- The decision to continue our investment in sales and marketing enables us to deliver future growth by giving new and existing customers an insight into our ability to deliver significant value to them and supports our position as a high growth exciting business to work for.

The Board recognises the decision for our overall high growth strategy delivers benefits for our wider stakeholder community as a whole by enriching customers' experiences and developing staff capabilities with the knock on positive impact to the communities in which they live. It also strengthens and grows our supplier relationships and delivers value for our shareholders.

SmartComms SC Limited

Strategic Report (continued)
For the Year Ended 31 December 2020

Approval

This Strategic Report was approved on behalf of the Board on
its behalf.

30th September 2021

and signed on



J Stratford
Director

SmartComms SC Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors

The Directors who served during the year were:

J Brown
J Stratford

Dividends

Dividends of £nil (2019: £nil) were paid in cash in the year by the Company.

Political donations

During the year, the Company and its subsidiaries made no political donations (2019: £nil).

Financial risk management

The Company's activities expose it to a number of financial risks. Details of these and how the Company mitigates these risks are set out below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives regular cash flow statements as well as information regarding cash balances. At the end of the financial year, the cashflow projections indicated that the Company expected to have sufficient liquidity.

Market risk

Market risk arises from the Company's use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Cash flow interest rate risk

The Company is exposed to cash flow interest rate risk from long-term borrowings at variable rates.

During the periods under review, the Company's borrowings at variable rate were denominated in US Dollars.

SmartComms SC Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when individual company entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily US Dollar or Pound Sterling) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Research and development

The Company continues to invest in research and development expensing the costs in the income statement for the period. Total R&D costs from continuing operations totalled £5,562k (2019: £5,230k)

Employee involvement

The Company maintains an HR intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the Company. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the Company also undertakes a regular staff survey to canvas views on significant matters.

Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered where appropriate.

Subsequent events

Subsequent to the end of the financial year, the acquisition of Assentis Technologies AG was completed on 8 February 2021 which will be reported in the annual report and financial statements for 2021.

SmartComms SC Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Going concern

At 31 December 2020 the Company had net current liabilities of £6.4 million (2019: £7.5 million) and net assets of £24.2 million (2019: £9.9 million) and generated net profits of £14.3 million (2019: £8.4 million) for the year then ended. The Directors have prepared financial forecasts and are satisfied the Company will be able to operate within the existing facilities for the next twelve months following approval of these financial statements.

As a result of Covid-19 and Governments' responses there is currently disruption to the wider markets in which the Company operates. In addition to the usual going concern forecasting process, the directors have assessed additional downside scenario models. The hypothetical scenarios used are downside scenarios representing a material underperformance of the Group and Company and have been stress tested with extreme assumptions. The directors do not believe that the extreme assumptions are realistic outcomes, but if they do occur the directors have identified significant mitigating actions to maintain the Company as a going concern. It is on that basis that the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report.

Auditor

The Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.

A resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting.

This report was approved by the board on 30th September 2021 and signed on its behalf.



J Stratford
Director

SmartComms SC Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SmartComms SC Limited

Independent Auditor's Report to the Members of SmartComms SC Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Smartcomms SC Limited ("the Company") for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and 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 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 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.

SmartComms SC Limited

Independent Auditor's Report to the Members of SmartComms SC Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

SmartComms SC Limited

Independent Auditor's Report to the Members of SmartComms SC Limited (continued)

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.

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:

- Enquiring of management and obtaining and reviewing supporting documentation relating to the company's policies and procedures relating to:
 - compliance with laws and regulations and whether they were aware of any instances of non-compliance or any actual or potential litigation and claims; and
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
- Discussion within the engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations of the Company;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC, if any; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments such as evaluating entries posted especially with unusual account combinations to Revenue, journals posted by senior management and large material journals. This includes evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Further, the Company is also subject to various laws and regulations where the consequences of Non-compliance could have a material effect on amounts and disclosures in the Financial Statements, for instance through imposition of fines or litigation etc. Auditing standards limit the required audit procedure to identify non-compliance with these laws and regulations to enquiry of the Directors and the Management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

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.

SmartComms SC Limited

Independent Auditor's Report to the Members of SmartComms SC Limited (continued)

Use of our report

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.

DocuSigned by:

Julian Frost

253938774281428
Julian Frost (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London

Date: 30 September 2021

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

SmartComms SC Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £000	Restated 2019 £000
Turnover	4	20,361	18,908
Cost of sales		(7,832)	(7,187)
Gross profit		12,529	11,721
Administrative expenses		(13,583)	(14,924)
Exceptional administrative expenses	5	(356)	(367)
Other operating income	6	19,974	15,200
Operating profit	7	18,564	11,630
Interest receivable and similar income	10	17	60
Interest payable and similar expenses	11	(1,651)	(2,632)
Profit before tax		16,930	9,058
Tax on profit	12	(2,672)	(641)
Profit for the financial year		14,258	8,417

All amounts relate to continuing operations

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 18 to 33 form part of these financial statements.

SmartComms SC Limited

Registered number:04303041

Statement of Financial Position As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	12,430	-
Tangible assets	14	498	305
Investments	15	17,819	17,819
		<u>30,747</u>	<u>18,124</u>
Current assets			
Debtors	16	31,233	38,814
Cash at bank and in hand	17	7,905	1,715
		<u>39,138</u>	<u>40,529</u>
Creditors: amounts falling due within one year	18	(45,510)	(48,021)
Net current liabilities		<u>(6,372)</u>	<u>(7,492)</u>
Total assets less current liabilities		<u>24,375</u>	<u>10,632</u>
Creditors: amounts falling due after more than one year	19	-	(563)
Provisions for liabilities			
Deferred tax	20	(66)	(18)
Other provisions	21	(128)	(128)
		<u>(194)</u>	<u>(146)</u>
Net assets		<u>24,181</u>	<u>9,923</u>
Capital and reserves			
Called up share capital	22	1,000	1,000
Profit and loss account	23	23,181	8,923
		<u>24,181</u>	<u>9,923</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th September 2021.


J Stratford
Director

The notes on pages 18 to 33 form part of these financial statements.

SmartComms SC Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	1,000	8,923	9,923
Comprehensive income for the year			
Profit for the year	-	14,258	14,258
Total comprehensive income for the year	-	14,258	14,258
At 31 December 2020	1,000	23,181	24,181

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	1,000	506	1,506
Comprehensive income for the year			
Profit for the year	-	8,417	8,417
Total comprehensive income for the year	-	8,417	8,417
At 31 December 2019	1,000	8,923	9,923

The notes on pages 18 to 33 form part of these financial statements.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

SmartComms SC Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand pounds.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Platinum Topco Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern

At 31 December 2020 the Company had net current liabilities of £6.4 million (2019: £7.5 million) and net assets of £24.2 million (2019: £9.9 million) and generated net profits of £14.3 million (2019: £8.4 million) for the year then ended. The Directors have prepared financial forecasts and are satisfied the Company will be able to operate within the existing facilities for the next twelve months following approval of these financial statements.

As a result of Covid-19 and Governments' responses there is currently disruption to the wider markets in which the Company operates. In addition to the usual going concern forecasting process, the directors have assessed additional downside scenario models. The hypothetical scenarios used are downside scenarios representing a material underperformance of the Group and Company and have been stress tested with extreme assumptions. The directors do not believe that the extreme assumptions are realistic outcomes, but if they do occur the directors have identified significant mitigating actions to maintain the Company as a going concern. It is on that basis that the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

2.4 Exemption from preparing consolidated financial statements

The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA consolidated financial statements of a larger group, details of which can be found in note 28.

2.5 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of value added tax. Turnover on Software as a Service (SaaS) contracts, maintenance and support services sales is recognised over the period to which it relates.

2.6 Research and development

Expenditure on research and development is charged to the Statement of Comprehensive Income in the period in which it is incurred.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, less residual value, in equal annual installments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment	-	33.33% per annum
Office equipment	-	33.33% per annum
Fixtures and fittings	-	25.00% per annum
Leasehold improvements	-	across the remaining minimum lease term

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The economic useful life is as follows:

Software	-	5 years
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2.9 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.10 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over the shorter of the lease term and the relevant asset's useful life. The capital elements of the future obligations under leases and hire purchase contracts are included as liabilities in the Statement of Financial Position. The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

2.11 Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as likely that they will be recovered. Deferred tax assets and liabilities are not discounted.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.12 Pension contributions

The Company does not operate a pension scheme but makes contributions to the personal pension plans of its employees. Contributions are recognised in the Statement of Comprehensive Income in the period in which they become payable.

2.13 Foreign currency translation

The financial statements are presented in 'Sterling', which is the Company's functional and presentational currency.

Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. These translation differences are taken to the Statement of Comprehensive Income.

2.14 Investments

Investments are shown at cost less provision for impairment.

2.15 Financial instruments

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

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. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2.16 Finance costs

Finance costs are charged to Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

In preparing these financial statements, the directors have made the following judgements:

- *Determine whether leases entered into by the Company as a lessee are operating or finance leases.*
These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- *Estimated impairment of amounts due from Group undertakings*
The Company reviews the solvency and future trading forecasts of fellow Group undertakings to determine whether the balances due have suffered any impairment.

4. Turnover

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	<u>20,361</u>	<u>18,908</u>

5. Reorganisation costs

The reorganisation costs of £356k (2019: £367k) relate to legal and professional fees for legal Group restructuring pre and post acquisition. The costs have been charged to operating profit and included in administrative expenses in the Statement of Comprehensive Income.

6. Other operating income

	2020 £000	2019 £000
Recharges to subsidiary undertakings	<u>19,974</u>	<u>15,200</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Operating profit

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

	2020 £000	2019 £000
Research & development charged as an expense	5,562	5,230
Depreciation of tangible fixed assets	254	139
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	33	32
Exchange differences	(1,630)	(129)
Other operating lease expense - land and buildings	256	391
Defined pension contributions	1,115	1,001
	<u>1,115</u>	<u>1,001</u>

8. Employees

Staff costs, were as follows:

	2020 £000	2019 £000
Wages and salaries	12,330	11,557
Social security costs	1,666	1,448
Cost of defined contribution scheme	1,115	1,001
	<u>15,111</u>	<u>14,006</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Employees (continued)

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

	2020 No.	2019 No.
Customer success	19	17
Business administration	18	15
SaaS and information technology	24	22
Marketing	2	2
Research and development	58	56
Sales	16	13
	<u>137</u>	<u>125</u>

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	1,178	687
Company contributions to defined contribution pension schemes	29	28
	<u>1,207</u>	<u>715</u>

There was 1 director in the Company's defined contribution pension scheme (2019: 1).

Emoluments of the highest paid director were £641k (2019: £351k) and Company pension contributions of £Nil (2019: £Nil) were made on his behalf.

10. Interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	17	60
	<u>17</u>	<u>60</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Interest payable and similar expenses

	2020 £000	2019 £000
Other interest payable	4	2
Finance costs - facility fees	16	-
Loans from Group undertakings	1,629	2,630
Realised foreign exchange loss	2	-
	<u>1,651</u>	<u>2,632</u>

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	2,446	870
Adjustments in respect of previous periods	264	(142)
Research and development tax credit	(86)	(75)
Double taxation relief	(201)	(93)
	<u>2,423</u>	<u>560</u>
Foreign tax		
Foreign tax on income for the year	201	93
Total current tax	<u>2,624</u>	<u>653</u>
Deferred tax		
Origination and reversal of timing differences	48	(12)
Total deferred tax	<u>48</u>	<u>(12)</u>
	<u></u>	<u></u>
Taxation on profit	<u>2,672</u>	<u>641</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	16,930	9,058
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	3,217	1,721
Effects of:		
Expenses not deductible for tax purposes	3	65
Research and development expenditure credits	(86)	14
Deferred tax not recognised	-	(81)
Group relief claimed	(744)	(853)
Adjustments to tax charge in respect of prior periods	264	(142)
Research and development tax credit in respect of prior period	16	(75)
Adjust opening deferred tax to average rate of 19.00%	-	(6)
Adjust closing deferred tax to average rate of 19.00%	2	(2)
Total tax charge for the year	2,672	641

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was enacted in May 2021 and therefore its effects are not reflected in these financial statements. However, it is likely that the overall effect of this change would be to increase the Company's future tax charges.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Intangible assets

	Software £000
Cost	
At 31 December 2019	-
Additions	12,430
At 31 December 2020	<u>12,430</u>
Net book value	
At 31 December 2020	<u>12,430</u>
At 31 December 2019	<u>-</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

14. Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Fixtures, fittings and office equipment £000	Total £000
Cost or valuation				
At 1 January 2020	157	1,452	164	1,773
Additions	-	447	-	447
Disposals	-	(19)	-	(19)
At 31 December 2020	157	1,880	164	2,201
Depreciation				
At 1 January 2020	132	1,175	161	1,468
Charge for the year on owned assets	13	239	2	254
Disposals	-	(19)	-	(19)
At 31 December 2020	145	1,395	163	1,703
Net book value				
At 31 December 2020	12	485	1	498
At 31 December 2019	25	277	3	305

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	17,819
At 31 December 2020	<u>17,819</u>

Direct Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
*Platinum Software Limited	Dormant	Ordinary	100%
SmartComms Pty Ltd	Software sales	Ordinary	100%

Indirect subsidiary undertaking

The following was an indirect subsidiary of the Company at the end of the year:

Name	Principal activity	Class of shares	Holding
Intelledox Pty Ltd	Software sales	Ordinary	100%
Intelledox Asia Pte Ltd	Software sales	Ordinary	100%

Name	Registered office
SmartComms Pty Ltd	Level 14, 264-278 George Street, Sydney NSW2000, Australia
Intelledox Pty Limited	Level 14, 264-278 George Street, Sydney NSW 2000, Australia
Intelledox Asia Pte Ltd	10 Anson Road, 31-10 International Plaza, Singapore 079903

* The registered office for the UK entity is Catalyst House, 720 Centennial Court, Centennial Park Elstree, Hertfordshire, WD6 3SY.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

16. Debtors

	2020 £000	2019 £000
Trade debtors	5,570	4,807
Amounts owed by Group undertakings	23,991	32,668
Other debtors	74	49
Prepayments and accrued income	1,598	1,290
	<u>31,233</u>	<u>38,814</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was a gain of £396k (2019: a loss of £301k).

All amounts shown under debtors fall due for payment within one year.

17. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>7,905</u>	<u>1,715</u>

18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	697	811
Amounts owed to Group undertakings	25,370	34,312
Corporation tax	1,939	175
Other taxation and social security	1,199	474
Other creditors	408	232
Accruals and deferred income	15,897	12,017
	<u>45,510</u>	<u>48,021</u>

19. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Accruals and deferred income	<u>-</u>	<u>563</u>

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

20. Deferred taxation

	2020 £000
At beginning of year	(18)
Credited to profit or loss	(48)
At end of year	(66)

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Fixed asset timing differences	(84)	(48)
Short term timing differences	18	30
	(66)	(18)

21. Provisions

	Dilapidations £000	Long service award £000	Total £000
At 1 January 2020	117	11	128
At 31 December 2020	117	11	128

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

22. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,695,232 ordinary shares of £0.05 each	85	85
14,848,128 ordinary A shares of £0.05 each	742	742
3,456,640 ordinary B shares of £0.05 each	173	173
	<u>1,000</u>	<u>1,000</u>

All shares rank pari passu as regards to dividends, voting rights and rights upon winding up.

23. Reserves

The Company's reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Prior year adjustment

In the prior year, £1,696k has been reclassified from administrative expenses to cost of sales resulting in a prior year restatement. There has been no impact on the prior year profit for the financial year or the balance sheet.

25. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Not later than 1 year	389	242
Later than 1 year and not later than 5 years	475	227
	<u>864</u>	<u>469</u>

26. Related party transactions

As a subsidiary of Platinum Topco Limited the Company has taken advantage of the exemption allowed under FRS 102 Section 33.1A not to disclose transactions with other wholly owned members of the Group.

SmartComms SC Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

27. Subsequent events

Subsequent to the end of the financial year, the acquisition of Assentis Technologies AG was completed on 8 February 2021 which will be reported in the annual report and financial statements for 2021.

28. Controlling party

The immediate parent undertaking of the Company is Platinum Newco I Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Platinum Topco Limited, a company incorporated in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by Platinum Topco Limited. The financial statements for Platinum Topco Limited can be obtained from the registered office address shown on the Company Information page.

The ultimate controlling party of the Company is Accel-KKR Capital Partners V, LP. There is no ultimate controlling party of Accel-KKR Capital Partners V, LP.