

REGISTERED NUMBER: 07352898 (England and Wales)

Directors' Report and  
Unaudited Financial Statements for the Year Ended 31 December 2022  
for  
d-Wise Technologies UK Limited

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**d-Wise Technologies UK Limited**  
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# **d-Wise Technologies UK Limited**

## **Company Information**

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### **DIRECTORS**

F M Whitmeyer (resigned on 21 June 2023)

M A Gare

N J Goldsmith

### **SECRETARY**

Oakwood Corporate Secretary Limited

### **REGISTERED NUMBER**

07352898 (England and Wales)

### **REGISTERED OFFICE**

Diamond Way

Stone Business Park

Stone

Staffordshire

ST15 0SD

### **BANKER**

HSBC UK Bank Plc

9th Floor, Liver Building

Pier Head

Liverpool L3 1JH

# **d-Wise Technologies UK Limited**

## **Directors' Report**

For the year ended 31 December 2022

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The directors present their report with the financial statements of d-Wise Technologies UK Limited (the "Company") for the year ended 31 December 2022.

### **PRINCIPAL ACTIVITIES**

The Company is part of the Instem plc group (the 'Group'), which is a leading supplier of IT applications to the life sciences healthcare market, delivering compelling solutions for data collection, management and analysis across the R&D continuum. The principal activity of d-Wise Technologies UK Limited is providing clinical and healthcare systems technology, support and consultancy activities on clinical trial analysis.

### **REVIEW OF THE BUSINESS**

The Company's turnover decreased to £1,714,000 (2021: £2,141,000) due to a material decrease in outsourced services. Loss for the year was £1,008,000 (2021: £195,000) mainly attributable to negative foreign exchange movement.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2021: £nil).

### **POLITICAL DONATIONS**

The Company made no political donations in 2022 or 2021.

### **DIRECTORS' RESPONSIBILITY UNDER GREEN HOUSE GAS EMISSIONS AND ENERGY CONSUMPTION**

The Company has reviewed the requirements of the Environmental Reporting guidelines. The Company did not qualify as a large Company as of 31 December 2021 and therefore was exempted from preparation of an Energy and Carbon Report.

However, in 2022 the Group met the regulatory threshold and has produced a GHG report disclosing energy and carbon data across its UK business. The report forms part of the assessment in the Group's consolidated financial statements. The report can be obtained at [www.instem.com](http://www.instem.com).

### **FUTURE DEVELOPMENTS**

The directors consider that the continued investment in product and market development will allow the business to grow organically in its core markets. Investment in business growth initiatives will also allow the business to move into new product and market areas.

Increasing levels of SaaS-driven business and strong client retention rates continue to be the cornerstone of the model. The Company will continue to build on the fact that the solutions remain critical in shortening the time taken for drugs to come to market, resulting in significant revenue growth for our blue-chip client base as they provide life changing new products for consumers world-wide.

### **RESEARCH AND DEVELOPMENT**

The Company continues its development programme of software for the global pharmaceutical market including the research and development of new products and enhancement to existing products. The directors consider the investment in research and development to be fundamental to the success of the business in the future.

# **d-Wise Technologies UK Limited**

## **Directors' Report**

For the year ended 31 December 2022

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### **EMPLOYEES**

The Company's employees are critical to the success of the business and the Company focuses considerable attention on their positive engagement. This commences from their initial induction into the Group where new joiners are introduced to the Group Values and Culture Handbook, which provides a framework for ensuring an alignment between Group and employee interests. There is frequent and open communication with employees, who are encouraged to share their opinions, informally and through regular surveys. Instem has consistently used the Gallup Q12 engagement questions in its surveys to identify trends and its survey questions have been expanded over recent years to align with those used by the Great Place to Work® organisation. Employee-led, location specific Action Groups propose and implement changes to address employee identified opportunities for improvement.

The Company made LinkedIn Learning available to every employee during 2022, providing free access to expert courses on subjects relating to work or personal development topics.

An internal Kudos Award programme has been implemented allowing staff and managers to recognise exceptional individual and team performance.

### **STATEMENT ON ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY**

The directors acknowledge the importance of forming and retaining a constructive relationship with all stakeholder groups. Effective engagement with stakeholders enables the Board to ensure stakeholder interests are considered when making decisions and is crucial for achieving the long-term success of the Company.

### **DIRECTORS**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

F M Whitmeyer (resigned on 21 June 2023)

M A Gare

N J Goldsmith

### **INDEMNITY OF DIRECTORS**

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors and other officers against liability incurred in the execution or discharge of their duties or the exercise of their powers, including but not limited to any liability for the costs of any legal proceedings. The Group has purchased and maintains appropriate insurance cover against legal action brought against directors or officers.

### **GOING CONCERN**

The Directors have assessed the Group's financial position and liquidity at the end of the reporting period and for the forecast period up to 31 December 2024. The going concern period covered the 14 months from the date of signing the Group's financial statements. For the going concern assessment please refer to page 12.

### **SECTION 479A OF THE COMPANIES ACT 2006**

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the audited, consolidated accounts of the parent company, Instem plc.

# **d-Wise Technologies UK Limited**

Directors' Report

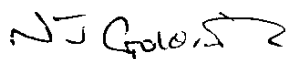
For the year ended 31 December 2022

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## **SUBSEQUENT EVENTS**

Events occurring after the balance sheet date have been disclosed in accordance with IAS 10, 'Events after the reporting period'. Details are provided in note 21 to the Financial Statements.

By order of the board



**N J Goldsmith**

Director

23 October 2023

## **d-Wise Technologies UK Limited**

### **Statement of Directors' Responsibilities**

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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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and profit or loss of the Company for that year.

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-adopted international 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 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.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

## d-Wise Technologies UK Limited

Statement of Comprehensive Income  
For the year ended 31 December 2022

	Notes	2022 £000	2021 £000 as restated
<b>REVENUE</b>	3	1,714	2,141
Staff costs	4	(1,423)	(1,467)
Depreciation	9	(50)	(50)
Other operating expenses		(610)	(924)
<b>OPERATING LOSS</b>		(369)	(300)
Interest receivable and similar income	5	-	113
Interest payable and similar expense	6	(844)	(8)
<b>LOSS BEFORE TAXATION</b>	7	(1,213)	(195)
Taxation	8	205	-
<b>LOSS FOR THE YEAR</b>		(1,008)	(195)
OTHER COMPREHENSIVE INCOME		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(1,008)	(195)

The notes on pages 10 to 33 form part of these financial statements.



# d-Wise Technologies UK Limited

## Statement of Financial Position

At 31 December 2022

	Notes	2022 £000	2021 £000 As restated, note 10
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible assets	9	17	19
Right of use assets	12	159	195
Deferred tax asset	17	207	-
		<u>383</u>	<u>214</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	411	490
Cash and cash equivalents	14	461	243
		<u>793</u>	<u>733</u>
<b>TOTAL CURRENT ASSETS</b>		<u>793</u>	<u>733</u>
<b>TOTAL ASSETS</b>		<u>1,176</u>	<u>947</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	2,404	1,167
Lease liabilities	12	40	39
Deferred income	16	337	245
		<u>2,702</u>	<u>1,451</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,702</u>	<u>1,451</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	12	<u>150</u>	<u>190</u>
<b>TOTAL LIABILITIES</b>		<u>2,852</u>	<u>1,641</u>
<b>EQUITY</b>			
Called-up share capital	18	-	-
Capital contribution reserve		26	-
Retained earnings		(1,702)	(694)
		<u>(1,676)</u>	<u>(694)</u>
<b>TOTAL EQUITY</b>		<u>(1,676)</u>	<u>(694)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,176</u>	<u>947</u>

Company Registration No. 07352898

The notes on pages 10 to 33 form part of these financial statements.

# **d-Wise Technologies UK Limited**

## **Statement of Financial Position**

**At 31 December 2022**

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The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022.

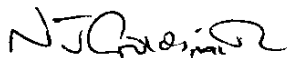
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 33 were approved by the board of directors and authorised for issue on 23 October 2023 and are signed on its behalf by:



**N J Goldsmith**  
Director

Company Registration No. 07352898

## d-Wise Technologies UK Limited

### Statement of Changes in Equity

	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total £000
<b>Balance as at 1 January 2021 as originally reported</b>	-	-	(465)	(465)
Effect of the IFRS transition – note 10	-	-	(34)	(34)
Loss for the financial year – as restated note 11	-	-	(195)	(195)
<b>Adjusted balance as at 31 December 2021 -as restated note 10</b>	-	-	(694)	(694)
Share based payment	-	26	-	26
Loss for the financial year	-	-	(1,008)	(1,008)
<b>Balance as at 31 December 2022</b>	-	26	(1,702)	(1,676)

The notes on pages 10 to 33 form part of these financial statements

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 1. STATUTORY INFORMATION

d-Wise Technologies UK Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The principal activity of d-Wise Technologies UK Limited is providing clinical and healthcare systems technology, support, and consultancy activities on clinical trial analysis.

The address of the Company's registered office is Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK.

### 2. ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

#### BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC).

These financial statements of d-Wise Technologies UK Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). This framework is issued by the FRC incorporating 'The Amendments to FRS 101' issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

In the previous year, the Company have been prepared the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

During the period, the directors agreed to change the accounting policies to FRS 101 to align with Instem plc group. The IFRS 1 First time Adoption of International Financial Reporting Standards was followed to prepare the financial statements for the period ended 31 December 2022. The effect of IFRS adoption for the statement of financial position and Equity and Statement of Comprehensive Income has been disclosed in note 10 and 11 (respectively).

The financial statements have been prepared on a going concern basis and prepared on the historical cost basis. Further details are contained in the Going Concern section of the Accounting Policies.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the parent company's consolidated accounts.

## d-Wise Technologies UK Limited

### Notes to the Financial Statements

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#### 2. ACCOUNTING POLICIES – continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

#### ADOPTION OF IFRS

The Company financial statements have been prepared in accordance with IFRS, IAS and International Financial Reporting Interpretations Committee (IFRICs) effective as at 31 December 2022. The Group and Company have chosen not to adopt any amendments or revised standards early.

#### IFRSs ADOPTED IN THE YEAR

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB which are all effective from 1 January 2022. The most significant of these are as follows:

- **Reference to the Conceptual Framework (Amendments to IFRS 3)**
- **COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)**
- **Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)**
- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)**
- **Annual Improvements (2018-2020 Cycle):**
- **Subsidiary as a First-time Adopter (Amendments to IFRS 1)**
  - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41).

Those standards, amendments to standards, and interpretations have been adopted and did not have a material impact on the accounting policies of the Company.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2 ACCOUNTING POLICIES – continued

#### IFRSs ISSUED BUT NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2023:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 'Insurance Contracts' (Amendments to IFRS 17 and IFRS 4)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### GOING CONCERN

The Company's assessment for going concern relies on the financial position of Instem plc (Group). A letter of support was provided by Instem plc such that, if the Company found itself in a difficult financial position, the Group would become responsible for the going concern of the subsidiary.

#### *Background*

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 December 2024, including sensitivity analysis. The going concern period covers the 14 months from the date of signing the financial statements. The process and key judgments in coming to this conclusion are set out below.

#### *Current trading and liquidity*

The Group's trading performance for the year ended 31 December 2022 has been strong with Revenues of £58.9m and Adjusted EBITDA of £10.9m. For this measure of earnings, the margin as a percentage of revenue increased in the period to 18.4% compared with 17.9% in 2021. The Group managed to increase its revenue in line with the salary inflation through sales price increases.

The Group signed a new financing arrangement on 8 April 2022, which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance.

#### *Sensitivity Analysis*

The Group has considered two scenarios the (a) Base Case Scenario and (b) Sensitised Scenario which are also linked to the company's risks when modelling the forecast results and cash flow.

The uncertainty as to the future impact on the Group of the current inflation outlook has been considered as well as negative impact of foreign exchange movements, particularly between USD and GBP. Thus far we have not observed any material impact on our overall existing business or in the level of new business opportunities that are being presented to us in the markets in which we operate.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2 ACCOUNTING POLICIES – continued

#### *Conclusion and Going Concern Statement*

After considering the uncertainties described above, the directors have a reasonable expectation that the Group and consequently the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing d-Wise Technologies UK Limited annual report and accounts.

#### **REVENUE RECOGNITION**

The Company generates revenue from the provision of annual support, professional services and technology enabled outsourced services.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied.

At contract inception, the transaction price is determined, being the amount that the Company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative standalone selling prices. The Company has determined that the contractually stated price represents the standalone selling price for each performance obligation.

Revenue is recognised when a performance obligation has been satisfied by transferring the promised product or service to the customer.

#### *Annual support*

Customers typically enter into a support contract for a period of twelve months. This contract provides the customer with access to technical support and software upgrades. The promises in these contracts constitute a single performance obligation, which is satisfied over time as the customer consumes the benefits of the service consistently over the contract term. Revenue in respect of the single performance obligation is recognised evenly over the contract term.

#### *SaaS subscription and support*

Customers typically enter into a SaaS contract for a period of twelve months and pay a fixed amount in exchange for the usage of software on a hosted server over a specified period of time along with access to maintenance and support. Initial SaaS contracts may also include some installation or customisation of the software and training for staff. The promises in this contract are considered to be a single performance obligation as the subscription and support are highly interdependent on one another given that the customers are required to take the full package of both the software and support services i.e the Company would not be able to provide the support services without the provision of the software nor provide the software without the support services.

The revenue is recognised over the period of the contract on a straight-line basis as the customer simultaneously receives and consumes the benefits of the software and services provided by the Company consistently over the contract term.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### *Professional services and technology enabled outsourced services*

Customers typically enter into a service contract to provide distinct service work based on clear statements of work. Service work includes, but is not limited to, implementation services, training and outsourced services work relating to Blur. The promises in this contract are considered to be a single *performance obligation given the services are interdependent and the revenue is recognised on a percentage completion basis for fixed price contracts or as services are provided in respect of time and materials contracts.*

The Company has elected to take the practical expedient to apply this policy to its portfolio distinct service contracts given the similar characteristics in these types of contracts.

#### *Consultancy services*

Customers typically enter into a service contract to provide distinct service work based on clear statements of work which include consulting services for clinical trial applications. The consultancy services are contracted for on either a time and materials or fixed priced basis. Time and materials consultancy is recognised in the period in which it is performed. Fixed price work is recognised on a percentage completion basis of the remaining unbilled milestones. The percentage completed is determined with reference to time incurred to date and time required to complete the development or consultancy.

#### *Bundled contracts*

Professional services, cloud based statistical computing environment – and annual support are often bundled together in a contract.

Where the contract assessment identifies that the sale does not meet the criteria to be a distinct performance obligation, due to a lack of interdependence between performance obligations, promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied. Revenue in respect of this bundled performance obligation is recognised over the period of the contracted obligation on a straight-line basis.

Where the contract assessment identifies that the sale does not meet the criteria to be a distinct performance obligation, due to a lack of interdependence between performance obligations, promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied. Revenue in respect of this bundled performance obligation is recognised over the period of the contracted obligation on a straight-line basis.

#### *Amounts recoverable on contracts and deferred income*

In most cases, customers are invoiced and payment is received in advance of revenue being recognised in the income statement. Amounts recoverable on contracts and deferred income is the difference between amounts invoiced to customers and revenue recognised under the policy described above.

For professional services and technology enabled outsourced services the Company will raise an invoice to the customer only if the **performance obligation based on the agreement would be met.**

Consequently, if the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within amounts recoverable on contracts.

In comparison if customers are invoiced and payment is received in advance of revenue being recognised in the income statement then deferred income is recognised.



# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES – continued

#### *Contract fulfilment asset*

Contract fulfilment assets are amortised over the expected contract period on a systematic basis representing the pattern in which control of the associated service is transferred to the customer.

#### *Practical exemptions*

The Company has taken advantage of the following practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less;
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less; and
- to not disclose information relating to performance obligations for contracts that had an original expected duration of one year or less or where the right to consideration from a customer is an amount that corresponds directly with the value of the completed performance obligations.

#### **INTEREST RECEIVABLE AND SIMILAR INCOME**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Finance income includes exchange gains (including exchange gains on the translation of intra-group funding balances).

#### **INTEREST PAYABLE AND SIMILAR EXPENSES**

Net finance costs include interest payable, arrangement and service fees, exchange losses (including exchange losses on the translation of inter-company funding balances), unwinding discount from future deferred consideration payments, finance charges on leases and net interest on pension scheme liabilities. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

#### **FOREIGN CURRENCIES**

The company's functional and presentation currency is the pound sterling.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### **OPERATING PROFIT AND LOSS BEFORE INTEREST RECEIVABLE AND PAYABLE**

Operating profit and loss before interest receivable and payable is profit and losses arising from the Company's normal trading activities, after charges for depreciation of tangible and right of use assets and amortisation of intangibles.

#### **TAXATION**

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES – continued

Income tax credits for research and development activities are recognised on a cash basis or when their receipt is reasonably certain.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

#### SHARE-BASED PAYMENT TRANSACTIONS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. Fair values are measured by use of the Binomial, Monte Carlo or Black Scholes models. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the option at grant date. *Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.* Market vesting conditions are linked to the Group's share price performance. Non-market vesting conditions are linked to trading performance and service over defined time periods.

Cancelled or settled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled or settled. Where the terms of the options are modified and the modification increases the fair value or number of equity instruments granted, measured immediately before and after the modification, the incremental fair value is spread over the remaining vesting period.

Options over the Group's shares granted to employees of subsidiaries are recognised by the Company as a capital contribution.

#### TANGIBLE ASSETS

Tangible assets are stated in the statement of financial position at cost less accumulated depreciation and provision for impairments.

Depreciation is provided on all assets so as to write off the cost less estimated residual value on a straight-line basis as follows:

Computer equipment	- 33% on cost and 25% on reducing balance
Short leased property	- Over term of lease

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2 ACCOUNTING POLICIES – continued

The expected useful lives and residual values of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

#### IMPAIRMENT OF FIXED ASSETS

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

#### FINANCIAL INSTRUMENTS

##### *Financial assets*

The Company classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Financial assets at amortised cost*

These assets arise principally from the provision of goods and services to customers (for example, trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, less provision for impairment.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### *Trade debtors*

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets, if not, they are presented as non-current assets.

Trade and other receivables are measured at the transaction price in accordance with IFRS 15.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 5 years before 31 December 2022 (2021: 31 December 2021) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The contract assets relate to unbilled revenue, which have performance obligations to be completed. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

At each reporting date management assesses whether any events have occurred which have had a detrimental effect on the estimated future cash flows of the asset causing a financial asset to become credit impaired. If the credit risk is significant a provision is posted based on the recoverable amount the Company is expected to receive per management's assessment. Specific provisions of this nature are excluded from the simplified credit loss calculation using the provision matrix.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash. Cash and cash equivalents in the statement of financial position include bank overdrafts. An offset position is reported as the Company has a legal right to set off and any settlement would be on a net basis. For the purposes of the cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and are an integral part of Company cash management.

#### *Intercompany receivables*

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The amount of any provision is recognised in the income statement within other operating expense.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

#### *Trade and other payables*

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

#### *Ordinary share capital*

For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

### **LEASES**

The Company as a Lessee

The Company makes use of leasing arrangements principally for the provision of office space. The Company does not enter into sale and leaseback arrangements.

The Company assesses whether a contract is a lease or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices. The Company has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group could have to pay to borrow the same amount over a similar term and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and variable payments based on an index or rate.

In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

In determining the lease term, the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

The Company applies judgement in determining whether individual leases can be accounted for as a portfolio. The judgements include an assessment of whether the leases share similar characteristics and whether the financial statements would be materially different if each lease was accounted for individually.

Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect.

The Company has elected to account for short-term leases assets using practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

##### *Defined contribution schemes*

A defined contribution scheme is a pension plan under which the Company pays a fixed contribution to a scheme with an external provider. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other payables or other receivables in the statement of financial position. The Company has no further payment obligations once the contributions have been paid.

#### CAPITAL CONTRIBUTION RESERVE

The Company contributes towards equity-settled share-based payments to certain employees, made by its parent company, Instem plc. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. A cost is recognised in the Company relating to the employees of the Company who hold these instruments and an equivalent amount is recognised as a movement in the capital contribution reserve.

#### RETAINED EARNINGS

The retained earnings reserve includes the accumulated profits and losses arising from the 'Statement of Comprehensive Income' and certain items from 'Other Comprehensive Income' attributable to equity shareholders net of distributions to shareholders.

#### SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Company's accounting policies, which are described above, management have made judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

##### **Significant judgements**

The following judgement has the most significant effect on the financial statements.

##### *Revenue Recognition*

The Company generates revenue from the provision of annual support, professional services and technology enabled outsourced services. Professional services and annual support are often bundled together in a contract which do not meet the criteria to be distinct performance obligation.

Even though, the promise to transfer services to the customer are separately identifiable, the nature in the context of the contract, is to transfer combined services. The goods or services are highly interdependent, interrelated and the Group would not be able to fulfil its promise by transferring each of the goods or services independently.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2 ACCOUNTING POLICIES - continued

Judgement is applied in determining how many performance obligations there are within each contract and the period in which these obligations will be fulfilled and recognised as revenue, based on the Company's accounting policies. For SaaS subscription, subscription and support and annual support the Company determines for each contract whether the promise is considered to be a single performance obligation as the subscription and support are highly interdependent on one another given that the customers are required to take the full package of both the software and support services i.e. Instem would not be able to provide the support services without the provision of the software nor provide the software without the support services.

#### Estimation uncertainty

Information about estimations and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Revenue Recognition

For Professional services and technology enabled outsourced services revenue recognition there is a significant estimation of the planned project hours, which determines the percentage of completion of service revenue contracts. Before the project is started, the project manager estimates the budgeted hours needed for the agreed services. If the project is expected to overrun then the project manager will amend the expected budgeted hours in accordance with the new available information which also mitigates the risk of early revenue recognition.

### 3. TURNOVER

The turnover and loss before taxation of the Company is attributable to and reported within one Group business segment, Clinical Trial Acceleration.

REVENUE BY PRODUCT TYPE	2022 £000	2021 £000
Licence fees	50	6
Annual support fees	240	314
SaaS subscription and support fees	36	37
Consultancy services	109	56
Technology enabled outsourced services	18	241
Intercompany revenue	1,261	1,487
	<u>1,714</u>	<u>2,141</u>
	<u><u>1,714</u></u>	<u><u>2,141</u></u>
REVENUE BY GEOGRAPHICAL LOCATION	2022 £000	2021 £000
United Kingdom	270	163
Europe	185	513
USA	1,259	1,465
	<u>1,714</u>	<u>2,141</u>
	<u><u>1,714</u></u>	<u><u>2,141</u></u>



# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 4. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including directors) employed by the Company during the year was:

	2022 Number	2021 Number
Directors and administration	6	5
Scientific and technical	14	16
	<u>20</u>	<u>21</u>

Staff costs for the above persons:

	2022 £000	2021 £000
Wages and salaries	1,167	1,246
Social security costs	173	160
Other pension costs	59	61
	<u>1,399</u>	<u>1,467</u>

The following table provides staff costs and related employee benefit expenses recognised in the income statement.

	2022 £000	2021 £000
Staff costs – see above	1,399	1,467
Share based payments	24	-
	<u>1,423</u>	<u>1,467</u>

The directors of the Company were remunerated in other companies within the Instem group during the year ended 31 December 2022.

There are no directors accruing pension benefits as at 31 December 2022 (2021: nil).

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £000	2021 £000
Foreign exchange gains	-	113
	<u>-</u>	<u>113</u>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £000	2021 £000 as restated
Foreign exchange losses	837	-
Right of use finance costs	7	8
	<u>844</u>	<u>8</u>

### 7. PROFIT BEFORE TAXATION

	2022 £000	2021 £000 as restated
Profit before taxation is stated after charging:		
Depreciation - owned assets (note 9)	13	13
Depreciation – right of use assets (note 9)	37	37
	<u>50</u>	<u>50</u>

### 8. TAXATION

	2022 £000	2021 £000
Income taxes recognised in profit or loss		
Current tax:		
UK corporation tax on profit of the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Current year credit	205	-
Total deferred tax	<u>205</u>	<u>-</u>
Total income credit recognised in the current year	<u>205</u>	<u>-</u>

## d-Wise Technologies UK Limited

### Notes to the Financial Statements

	2022 £000	2021 £000
The income tax charge can be reconciled to the accounting profit as follows:		
Loss before tax	(1,213)	(193)
Loss multiplied by standard rate of corporation tax in the UK 19.0% (2021: 19.0%)	230	37
Effects of:		
Expenses not allowable for tax purposes	(6)	-
Group loss relief	(70)	(37)
Enhanced R&D tax relief	-	-
Other temporary differences	-	-
Impact of change in tax rate	49	-
Adjustment in respect of prior years deferred tax	2	-
Total income tax credit recognised in statement of comprehensive income	205	-

The UK corporation tax is calculated at the prevailing rate of 19%. Foreign tax liabilities are calculated at the prevailing tax rates applying in the overseas tax jurisdictions.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements as a change from 19% to 25% on deferred tax.

## 9. TANGIBLE FIXED ASSETS

	Right of use assets £000	IT Equipment £000	Total £000
<b>Cost</b>			
At 1 January 2022 (as restated, note 10)	366	70	436
Additions	-	11	11
At 31 December 2022	366	81	447
<b>Depreciation</b>			
At 1 January 2022 (as restated, note 10)	170	51	221
Charge for year	37	13	50
At 31 December 2022	207	64	271
<b>Net book value</b>			
At 31 December 2022	159	17	176
At 31 December 2021 (as restated, note 10)	195	19	214

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 10. EFFECT OF IFRS ADOPTION FOR THE STATEMENT OF FINANCIAL POSITION

During the period, the directors changed the accounting policies from FRS 102 to FRS 101 to align with Instem plc group. The IFRS 1 First-time Adoption of International Financial Reporting Standards was followed to prepare the financial statements for the period ended 31 December 2022.

The following adjustment have made to the accounts:

- Compliance with the IFRS 16 Leases from the date of the transition, 1 January 2021. The financial statements have been restated accordingly.

	As at 01/01/2021 (date of transition)			As at 31/12/2021 (end of last period presented under FRS 102)		
	FRS 102	Effect of transition to IFRS	Opening IFRS statement of financial position	FRS 102	Effect of transition to IFRS	IFRS
	£000	£000	£000	£000	£000	£000
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Tangible assets	27	-	27	19	-	19
Right of use assets	-	231	231	-	195	195
<b>TOTAL NON-CURRENT ASSETS</b>	<b>27</b>	<b>231</b>	<b>258</b>	<b>19</b>	<b>195</b>	<b>214</b>
<b>CURRENT ASSETS</b>						
Trade and other receivables	762	-	762	490	-	490
Cash and cash equivalents	40	-	40	243	-	243
<b>TOTAL CURRENT ASSETS</b>	<b>802</b>	<b>-</b>	<b>802</b>	<b>733</b>	<b>-</b>	<b>733</b>
<b>TOTAL ASSETS</b>	<b>829</b>	<b>231</b>	<b>1,060</b>	<b>752</b>	<b>195</b>	<b>947</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	1,036	-	1,036	1,167	-	1,167
Lease liabilities	-	26	26	-	39	39
Deferred income	258	-	258	245	-	245
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,294</b>	<b>26</b>	<b>1,330</b>	<b>1,412</b>	<b>39</b>	<b>1,451</b>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities	-	229	229	-	190	190
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>229</b>	<b>229</b>	<b>-</b>	<b>190</b>	<b>190</b>
<b>TOTAL LIABILITIES</b>	<b>1,294</b>	<b>265</b>	<b>1,559</b>	<b>1,412</b>	<b>229</b>	<b>1,641</b>
<b>EQUITY</b>						
Share capital	-	-	-	-	-	-
Retained loss	(465)	(34)	(499)	(660)	(34)	(694)
<b>TOTAL EQUITY</b>	<b>(465)</b>	<b>(34)</b>	<b>(499)</b>	<b>(660)</b>	<b>(34)</b>	<b>(694)</b>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

<b>TOTAL EQUITY AND LIABILITIES</b>	829	231	1,060	752	195	947
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### RECONCILIATION OF EQUITY

	As at 01/01/2021 (date of transition)	As at 31/12/2021 (end of last period presented under FRS 102)
	£000	£000
TOTAL EQUITY UNDER FRS102	(465)	(660)
Compliance with IFRS 16 Leases	(34)	(34)
<b>TOTAL EQUITY UNDER IFRSs</b>	<b>(494)</b>	<b>(694)</b>

### 11. EFFECT OF IFRS ADOPTION FOR THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021		
	FRS 102	Effect of transition to IFRS	IFRS
	£000	£000	£000
<b>REVENUE</b>	2,141	-	2,141
Staff costs	(1,467)	-	(1,467)
Depreciation	(13)	(37)	(50)
Other operating expenses	(969)	45	(924)
<b>OPERATING (LOSS)/ PROFIT</b>	<b>(308)</b>	<b>8</b>	<b>(300)</b>
Interest receivable and similar income	113	-	113
Interest payable and similar expense	-	(8)	(7)
<b>LOSS BEFORE TAXATION</b>	<b>(195)</b>	<b>-</b>	<b>(195)</b>
Taxation	-	-	-
<b>LOSS FOR THE YEAR</b>	<b>(195)</b>	<b>-</b>	<b>(195)</b>
OTHER COMPREHENSIVE INCOME	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(195)</b>	<b>-</b>	<b>(195)</b>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 12. LEASES

#### Nature of leasing activities in the capacity of lessee

During the period, the directors agreed to change the accounting policies from FRS 102 to FRS 101 to align with Instem plc group. The IFRS 1 First-time Adoption of International Financial Reporting Standards was followed to prepare the financial statements for the period ended 31 December 2022.

The Company applied the IFRS 16 from the date of the transition which was 1 January 2021. The financial position has been restated and the effect of the IFRS adoption for the opening financial position has been analysed in the note 10.

The Company leases one office in the jurisdiction from which it operates. In this jurisdiction the periodic rent is fixed over the lease term, with inflationary increases incorporated into the fixed payments stipulated in the lease agreements. Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect. With the exception of short-term leases ie leases of low value underlying assets with less than twelve months remaining on the lease as at 31 December 2022, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. The lease is cancellable each and every year of the contractual term. For the office lease the Company must keep that property in a good state of repair and return the property in its original condition at the end of the lease.

The table below describes the nature of the Company's leasing activities by type of right of use asset recognised on the balance sheet:

<u>Right of use assets</u>	<u>No of right of assets leased</u>	<u>Range of remaining term</u>
Office buildings	1	4.4 years

#### Right of use assets

	£000
<b>Cost</b>	
At 1 January 2022 (as restated)	366
Additions	-
	<hr/>
At 31 December 2022	366
	<hr/>
<b>Depreciation</b>	
At 1 January 2022 (as restated)	170
Charge for the period	37
	<hr/>
At 31 December 2022	207
	<hr/>
<b>Net book value</b>	
At 31 December 2022	159
	<hr/>
At 31 December 2021 (as restated)	195
	<hr/>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 12 LEASES – continued

#### Lease Liabilities

	31 December 2022 £000	31 December 2021 £000 As restated
At beginning of period	229	266
Interest expense	7	8
Lease payments	(46)	(45)
At end of period	<u>190</u>	<u>229</u>

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2022 £000	31 December 2021 £000 As restated
Current liability	40	39
Non-current liability	<u>150</u>	<u>190</u>

#### Lease liability maturity analysis

As at 31 December 2022	1 year or less £000	2 to 5 years £000	After 5 years £000	Total £000
Lease liabilities	<u>40</u>	<u>150</u>	<u>-</u>	<u>190</u>
As at 31 December 2021 (as restated)	1 year or less £000	2 to 5 years £000	After 5 years £000	Total £000
Lease liabilities	<u>39</u>	<u>190</u>	<u>-</u>	<u>229</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the consolidated statement of comprehensive income:

	31 December 2022 £000	31 December 2021 £000 (as restated)
Interest expense	7	8
Depreciation of right of use assets	<u>37</u>	<u>37</u>

## d-Wise Technologies UK Limited

### Notes to the Financial Statements

The total cash outflow for leases for the year ended 31 December 2022 was £46,000 (2021: £45,000)

#### 13. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Trade debtors	79	125
Amounts owed by group undertakings	294	334
Other debtors	38	31
	<u>411</u>	<u>490</u>

Trade debtors of £nil (2021: £nil) fall due after more than one year.

Trade debtors are stated after provisions for impairment of £nil (2021: £22,000).

##### *Definition of default*

A loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

##### *Impairment of trade debtors*

The probability of default is determined at the year-end based on the ageing of the debtors, historical data about default rates. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

##### *Impairment of group receivables*

The Company assesses the expected credit loss in respect of group receivables based on their ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The Company is required to calculate expected credit losses on all financial assets, including intercompany. At the period end an allowance has been made for credit impairment of group receivables of £nil (2021: £ nil).

Amounts owed by group undertakings are unsecured, interest free have no fixed date of repayment and are repayable on demand.

#### 14. CASH

CASH AND CASH EQUIVALENTS	2022 £000	2021 £000
Cash at bank	<u>461</u>	<u>243</u>

The Group signed a new financing arrangement with HSBC UK Bank plc in April 2022, which consists of a committed facility of £10.0m for general corporate purposes, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance.



## **d-Wise Technologies UK Limited**

### Notes to the Financial Statements

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#### **15. TRADE AND OTHER PAYABLES**

	2022 £000	2021 £000
Trade creditors	60	133
Amounts owed to group undertakings	2,254	862
Other taxation and social security costs	49	100
Accrued expenses	41	72
	<u>2,404</u>	<u>1,167</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### **16. DEFERRED INCOME**

	2022 £000	2021 £000
Deferred income	<u>337</u>	<u>245</u>

Deferred income represents consideration received from customers in advance of work being completed plus maintenance and support income, which is invoiced in advance.

#### **17. DEFERRED TAX**

	2022 £000	2021 £000
Deferred tax asset		
Amounts due to be recovered after 12 months	<u>207</u>	<u>-</u>

## d-Wise Technologies UK Limited

### Notes to the Financial Statements

#### 17. DEFERRED TAX - continued

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the year:

##### *Deferred tax asset*

	Tax losses £000	Accelerated tax depreciation £000	Other timing difference £000	Total £000
At 1 January 2022	-	-	-	-
Adjustment in relation to prior year		(5)	3	(2)
Credit/(charge) to profit or loss for the year	204	1	2	207
Credit direct to equity	-		2	2
	<u>204</u>	<u>(4)</u>	<u>7</u>	<u>207</u>
At 31 December 2022	204	(4)	7	207

Other timing differences are predominantly related to share-based payment.

#### 18. SHARE CAPITAL

	2022 £	2021 £
<i>Allotted, called-up and fully paid:</i>		
1 Ordinary share of £1	1	1

The Company's ordinary share, which carries no right to fixed income, carries the right to one vote at general meetings of the Company.

#### 19. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £59,000 (2021: £61,000). Contributions totalling £nil (2021: £10,000) were payable to the fund at the balance sheet date and are included in creditors.

#### 20. ULTIMATE PARENT COMPANY

The ultimate and immediate parent company is Instem plc, a company incorporated and registered in England and Wales.

## **d-Wise Technologies UK Limited**

### **Notes to the Financial Statements**

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*Instem plc is the smallest and largest group in which the results of the Company are consolidated. The consolidated financial statements of this company may be obtained from Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK or at [www.instem.com](http://www.instem.com).*

#### **21. SUBSEQUENT EVENTS**

No adjusting events have occurred between the 31 December 2022 reporting date and the date of approval of these financial statements.

On 24 February 2023, the Group established an employee benefit trust (EBT) to subscribe for new issued shares or to acquire shares in Instem plc in the market as required, in order to satisfy awards made upon the vesting of employee share schemes.

The organisational changes affecting 2023 will reduce the number of business units from four to three and will impact future segmental disclosures of the Group.