

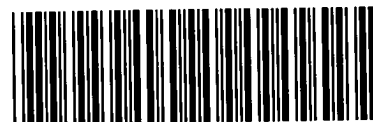
---

DEXT SOFTWARE LIMITED

---

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

THURSDAY



\*ABJV2DD4\*

A26

29/12/2022

#102

COMPANIES HOUSE

---

DEXT SOFTWARE LIMITED

---

COMPANY INFORMATION

---

Directors	S S Gill (appointed 7 December 2022) N A Gilhespie S P Rowley
Company secretary	Oakwood Corporate Secretary Limited
Registered number	07361080
Registered office	Unit 1.2 Techspace Shoreditch 25 Luke Street London EC2A 4DS
Independent auditor	CLA Evelyn Partners Limited Statutory Auditor & Chartered Accountants 45 Gresham Street London EC2V 7BG
Bankers	Canadian Imperial Bank of Commerce 150 Cheapside London England EC2V 6ET

---

DEXT SOFTWARE LIMITED

---

CONTENTS

---

	Page
Strategic Report	1 - 4
Directors' Report	5 - 8
Directors' Responsibilities Statement	9
Independent Auditor's Report	10 - 13
Statement of Comprehensive Income	14
Statement of Financial Position	15 - 16
Statement of Changes in Equity	17 - 18
Notes to the Financial Statements	19 - 49

---

## DEXT SOFTWARE LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### Introduction

The directors present their Strategic Report for the year ended 31 December 2021.

#### Principal activity

Dext Software Limited provides accounting software to enable its customers (primarily accountants, bookkeepers and SMEs) to automate their processes, save significant amounts of time and money and gain enhanced financial insight of their organisations.

The objective is to advance and improve the accounting process for our customers through building effective solutions that deliver exceptional user experiences through the enhancement of financial data workflow processes.

The three primary Dext products are:

**Prepare** – Makes manual data entry a thing of the past, capturing client data (eg invoices, receipts and bank statements) and using automation and artificial intelligence to post data rapidly and accurately to their accounting system.

**Precision** – Analyses the data fed into a client's accounting system to help them better understand performance within their business and quickly identify issues or discrepancies.

**Commerce** – Helps to manage digital sales, through the automated extraction of itemised transactions from e-commerce platforms, retailers and marketplaces.

#### Business review

The Company continued to grow turnover in the year, with the full year outturn of £27.9m representing an increase of 17% over the prior year (2020 - £23.8m).

The increased operating loss of £17.0m (2020 - loss of £11.4m) was largely due to a considerable increase in share-based payment charges of £8.7m (2020 - £2.6m), relating to employee share options and growth shares during the year.

No dividends were paid or proposed during the year (2020 - £Nil).

At December 2021, the Company had net assets of £0.2m (2020 - net assets of £4.6m).

#### Research and development activities

The Company undergoes research and development activities in connection with the continued development of its automation tools to help its customers streamline their bookkeeping and accounting processes. All costs relating to these activities are charged to Statement of Comprehensive Income as incurred.

---

## DEXT SOFTWARE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### Principal risks and uncertainties

The section below highlights the primary risks and uncertainties inherent within the Company and the associated mitigations in place. These are additional to the risks disclosed in note 18.

#### Strategic risks

***Product – The Company's products become less relevant to its customer base (existing or prospective), with its main competitors gaining market share at the Company's expense.***

This is mitigated through continued investment in research and development into our products, focused on delivering improvements that deliver material performance and efficiency improvements for our customers. Additional to this, it is essential that we build and maintain strong relationships with our customers, to ensure we understand their issues and hopefully exceed their expectations.

#### Economic risks

***Downturn in key markets – Challenging macroeconomic conditions adversely affects the Dext customer base creating downward pressure on revenue and growth.***

Central to the Dext product offering is how they can save the customers time and money, through the implementation of automated tools and processes replacing manual, time-consuming activities. Despite very tough economic conditions in the last few years, Dext, through its innovative and market leading product set, has continually delivered strong customer and revenue growth.

#### Operational and regulatory risks

***Cyber security / Data protection – Inadequate cyber defences result in a material security breach, with the potential loss of access to internal systems, customer data being compromised and GDPR breaches that result in significant fines for the organisation.***

This is mitigated through considerable internal focus in this area led by the Director of IT and Infosec, but supported at all levels across the Company, including the delivery of regular training programmes on cyber security and data protection to our employees. We also work closely with our technology partners to ensure that our cyber defences are fit for purpose.

***Employee retention – Key employees leave the organisation prematurely, resulting in knowledge and experience being lost, impacting adversely on both Company performance and customer experience.***

Mitigations include timely reviews of remuneration packages to ensure the employee rewards are competitive within the sector and building a positive and creative work environment for our staff, where employee wellbeing is extensively promoted. We also conduct regular staff surveys to ensure we hear what's important to our employees and wherever possible respond rapidly to their concerns.

---

## DEXT SOFTWARE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### Financial risks

***Liquidity – The Company doesn't have sufficient cash available to fund growth***

This is mitigated through ensuring that sufficient headroom around future cashflow is in place. The refinancing exercise completed in December 2021 provided this headroom plus flexibility for further investment if required. Bank balances and cashflows across the Company are monitored very closely, to ensure there are no surprises and bank covenants are not breached.

***Acquisition – New businesses acquired by the Company are not effectively integrated and fail to meet original performance expectations***

This risk is mitigated through undergoing considerable due-diligence prior to any acquisition to ensure there are realistic expectations around performance and synergies. Also providing significant internal resources and support post-acquisition to help the integration to progress as smoothly as possible.

#### Impact of COVID-19

There was significant impact on the Company from the pandemic during the year, including the temporary closure of offices, staff working from home and the cancellation of many in-person trade shows and customer events. Despite these challenges, the Company continued to deliver strong growth in both customer volume and revenue.

The directors have reviewed cash flow forecasts for a period at least 12 months beyond the date of signing of these financial statements, including any impacts of the pandemic, to ensure the Company can maintain its day-to-day services, fulfil its statutory obligations to investors and other stakeholders.

#### Financial key performance indicators

	2021 £m	2020 £m
Turnover	27.9	23.8
Gross profit	17.2	12.0
Gross margin	62%	50%
Operating loss	(17.0)	(11.4)

A further increase in turnover (up £4.1m year-on-year) across the Company largely reflected continued success of its core product Dext Prepare. This uplift, combined with continued focus on cost control has helped to improve underlying margins, excluding share-based payment charges of £8.7m (2020 - £2.6m) during the year ended 31 December 2021. Excluding share based payment charges the operating loss for the year ended 31 December 2021 was £8.3m reduced from £8.8m in the prior year.

---

DEXT SOFTWARE LIMITED

---

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

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



N A Gilhespie  
Director

Date: 23/12/2022

---

## DEXT SOFTWARE LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

---

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

#### Results and dividends

The loss for the year, after taxation, amounted to £16,031,892 (2020 - £11,120,495).

No dividends were paid or proposed during the year (2020 - £Nil).

#### Directors

The directors who served during the year were:

M C Wood (resigned 6 May 2021)  
H L Zidel (resigned 6 May 2021)  
A P Blair (resigned 7 December 2021)  
J A Ewell (resigned 6 May 2021)  
N A Gilhespie (appointed 7 December 2021)  
J Green (resigned 28 January 2021)  
C R G Mullin (resigned 30 June 2021)  
T Norris (appointed 28 January 2021, resigned 6 May 2021)  
A D S Prenn (resigned 6 May 2021)  
P A Robert-Tissot (resigned 6 May 2021)  
S P Rowley

#### Energy and carbon reporting

In terms of SECR legislation, companies that meet the qualifying criteria are required to report their carbon footprint within the United Kingdom for Scope 1, 2 and 3 emissions. Alternatively, where a company's total UK energy use is 40 MWh or less the company is a low energy user and is not required to disclose the company's energy and carbon information. The Company is below the minimum threshold of 40 MWh or less and therefore the Company is a low energy user.

#### Future developments

The directors foresee no change in the Company's activities. The Company will continue to invest in research and development to both improve current and develop new products for our customers. Additional to this, targeted acquisitions will also be considered where appropriate to accelerate growth in relevant markets.

Through the continued development of our product set, we anticipate that the company will continue to deliver significant revenue growth over the next few years and build its market share. Although we expect the Company to make continued losses (albeit declining), this performance improvement will be a major factor in transforming the Company into sustainable profitability.



---

DEXT SOFTWARE LIMITED

---

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**Engagement with employees**

It is the Company's policy that the selection of employees for recruitment, training, development and promotion should be determined solely on skills, abilities and other requirements that are relevant to the role, regardless of their sex, race, religion or disability.

The Company recognises the value of its employees and places importance on communications with employees, which take place at many levels throughout the organisation on both a formal and informal basis. The personal development of employees is closely monitored so that appropriate training can be designed with a view to assisting employees in achieving both their own and the Company's objectives.

**Disabled employees**

The Company's policy is to ensure disabled workers have equal opportunities to be appointed to roles they are able to fill. Once employed, all necessary assistance with initial training courses is given and a career plan is developed to ensure suitable development opportunities are provided.

Arrangements are made whenever possible for retraining employees who become disabled, to enable them to perform work appropriate to their skills or experience.

---

## DEXT SOFTWARE LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### S172 reporting disclosure

As required by Section 172 of the UK's Companies Act, directors of a Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the directors must have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interest of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- Need to act fairly between members of the Company.

#### Decision making

The board undertakes monthly meetings in which the performance against budget and strategic plans of the business are reviewed in detail.

#### Interests of the Company's employees

Monthly employee engagement surveys are undertaken in order to capture the views of employees on key areas impacting their development and wellbeing. The results of these surveys are reviewed at board and operational management level to ensure that appropriate actions are taken to address these key areas.

#### Fostering business relationships

The directors actively manage our customers, suppliers and other key stakeholders. The board is appraised of all key developments with our various stakeholders.

#### Impact on Community and environment

The business allows each employee one day special leave per year to attend to charity work of their choice. The Company also conducts various fund-raising events during the year.

#### Reputation

The Company and the directors have invested heavily in its values programme and all employees are encouraged to operate within the values framework. All employees are required to undertake annual performance reviews and this process requires employees to directly assess how their performance and behaviours have been in line with the Company's values, whilst ensuring that standards are maintained through assessment of performance and corrective action where deemed necessary.

#### Acting fairly

All employees are treated equally, regardless of their sex, race, religion or disability.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

---

DEXT SOFTWARE LIMITED

---

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**Events after the reporting date**

Details of post balance sheet events can be found in note 26.

**Auditor**

The auditor, CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



N A Gilhespie  
Director

Date: 23/12/2022

---

DEXT SOFTWARE LIMITED

---

DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

---

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED

---

### Opinion

We have audited the financial statements of Dext Software Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

### 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

---

## DEXT SOFTWARE LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (CONTINUED)

---

#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

#### Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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.

---

## DEXT SOFTWARE LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE 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.

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

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The engagement of external experts to ensure ongoing tax compliance.

In the context of the audit, we have considered those laws and regulations which determine the form and content of the financial statements, and which are central to the Company's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- GDPR compliance in respect of data protection; and
- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

We performed the following procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Enquired of management and those charged with governance as to the risks of non-compliance and any instances thereof;
- Reviewed minutes of meetings of those charged with governance; and
- Obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and incorrect recognition of revenue.

---

DEXT SOFTWARE LIMITED

---

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (CONTINUED)

---

The procedures carried out to gain evidence in the above areas included:

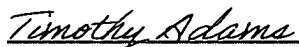
- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the entity's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive testing of revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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.

  
Timothy Adams, 23 Dec 2022 11:50 GMT

Timothy Adams (Senior Statutory Auditor)

for and on behalf of  
**CLA Evelyn Partners Limited**

Statutory Auditor  
Chartered Accountants

45 Gresham Street  
London  
EC2V 7BG

Date: 23/12/2022



DEXT SOFTWARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	27,879,410	23,821,698
Cost of sales		(10,648,274)	(11,805,666)
<b>Gross profit</b>		<b>17,231,136</b>	<b>12,016,032</b>
Administrative expenses		(34,220,808)	(23,582,741)
Other operating income	5	4,751	149,178
<b>Operating loss</b>	6	<b>(16,984,921)</b>	<b>(11,417,531)</b>
Interest receivable and similar income		38,297	422
Interest payable and similar expenses	10	(865,802)	(683,414)
<b>Loss before taxation</b>		<b>(17,812,426)</b>	<b>(12,100,523)</b>
Tax on loss	11	1,780,534	980,028
<b>Loss for the financial year</b>		<b>(16,031,892)</b>	<b>(11,120,495)</b>

The notes on pages 19 to 49 form part of these financial statements.

DEXT SOFTWARE LIMITED  
REGISTERED NUMBER: 07361080

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	12	154,314	93,676
Investments	13	4,644,994	3,345,021
		<u>4,799,308</u>	<u>3,438,697</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	12,607,986	4,869,816
Bank and cash balances		5,557,023	17,617,185
		<u>18,165,009</u>	<u>22,487,001</u>
Creditors: amounts falling due within one year	15	(8,037,373)	(11,711,188)
<b>Net current assets</b>		<u>10,127,636</u>	<u>10,775,813</u>
<b>Total assets less current liabilities</b>		<u>14,926,944</u>	<u>14,214,510</u>
Creditors: amounts falling due after more than one year	16	(14,677,205)	(9,590,441)
<b>Net assets</b>		<u><u>249,739</u></u>	<u><u>4,624,069</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	2,944	2,787
Share premium account	20	62,879,785	60,878,285
Merger reserve	20	2,418,182	-
Warrants reserve	20	-	300,518
Foreign exchange reserve	20	(14,629)	-
Deferred consideration - shares to be issued	20	-	2,082,353
Share-based payment reserve	20	-	3,943,227
Capital contribution reserve	20	-	299,599
Profit and loss account	20	(65,036,543)	(62,882,700)
<b>Shareholders' funds</b>		<u><u>249,739</u></u>	<u><u>4,624,069</u></u>

---

DEXT SOFTWARE LIMITED  
REGISTERED NUMBER:07361080

---

STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2021

---

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



N A Gilhespie  
Director

Date: 23/12/2022

The notes on pages 19 to 49 form part of these financial statements.

DEXT SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Warrants reserve	Merger reserve	Deferred consideration - shares to be issued	Foreign exchange reserve	Share-based payment reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£	£	£
At 1 January 2021	2,787	60,878,285	300,518	-	2,082,353	-	3,943,227	299,599	(62,882,700)	4,624,069
<b>Comprehensive income for the year</b>										
Loss for the year	-	-	-	-	-	-	-	-	(16,031,892)	(16,031,892)
Foreign exchange during the year	-	-	-	-	-	(14,629)	-	-	(12,875)	(27,504)
<b>Contributions by and distributions to owners</b>										
Shares issued during the year	111	821,048	-	-	-	-	-	-	-	821,159
Transfer of options exercised during the year	-	-	-	-	-	-	(12,627,132)	(1,263,792)	13,890,924	-
Share based payments	-	-	-	-	-	-	9,648,098	-	-	9,648,098
Warrants exercised during the year	11	1,180,452	(300,518)	-	-	-	-	-	-	879,945
Deferred consideration shares issued during the year	35	-	-	2,418,182	(2,082,353)	-	-	-	-	335,864
Capital contribution	-	-	-	-	-	-	(964,193)	964,193	-	-
<b>At 31 December 2021</b>	<b>2,944</b>	<b>62,879,785</b>	<b>-</b>	<b>2,418,182</b>	<b>-</b>	<b>(14,629)</b>	<b>-</b>	<b>-</b>	<b>(65,036,543)</b>	<b>249,739</b>

DEXT SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Warrants reserve	Deferred consideration - shares to be issued	Share-based payment reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2020 (as previously stated)	2,315	37,008,892	148,582	-	404,377	-	(50,276,956)	(12,712,790)
Prior year adjustment	-	-	-	-	1,145,117	-	(1,657,044)	(511,927)
At 1 January 2020 (as restated)	2,315	37,008,892	148,582	-	1,549,494	-	(51,934,000)	(13,224,717)
<b>Comprehensive income for the year</b>								
Loss for the year	-	-	-	-	-	-	(11,120,495)	(11,120,495)
<b>Contributions by and distributions to owners</b>								
Shares issued during the year	472	23,869,393	-	-	-	-	-	23,869,865
Shares to be issued as consideration	-	-	-	2,082,353	-	-	-	2,082,353
Share-based payments	-	-	151,936	-	2,865,127	-	-	3,017,063
Transfer of options exercised	-	-	-	-	(171,795)	-	171,795	-
Capital contribution	-	-	-	-	(299,599)	299,599	-	-
At 31 December 2020	2,787	60,878,285	300,518	2,082,353	3,943,227	299,599	(62,882,700)	4,624,069

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1. General information

Dext Software Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07361080). The registered office address is Unit 1.2 Techspace Shoreditch, 25 Luke Street, London, EC2A 4DS.

#### 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).

In the prior year the Company's accounts were consolidated, however the current year accounts are for single entity due to a group reconstruction. Therefore the current year results are not directly comparable with prior year.

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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Dext Topco Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

##### 2.3 Exemption from preparing consolidated financial statements

The directors have taken advantage of the exclusion allowed by section 9.3 of FRS 102 and section 401 of the Companies Act 2006 from preparing consolidated accounts, as the Company and its subsidiaries are wholly owned subsidiaries of Dext Topco Limited and are included in the consolidated financial statements of Dext Topco Limited, the Company's ultimate parent undertaking (note 27).

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 2. Accounting policies (continued)

##### 2.4 Going concern

As at 31 December 2021, the Company had net current assets of £10.1m (2020 - £10.8m), net assets of £0.2m (2020 - £4.6m) and cash at bank and in hand of £5.6m (2020 - £17.6m).

The Company has bank loans of £38m due for repayment in December 2026 which have been fully drawn down at the time of approving the financial statements, with £23m of this being drawn down subsequent to the year end in February 2022 (note 26). The loan amount drawn down as at 31 December 2021 was £15m. Additionally, the Company also has the availability of an additional £5m operating facility which has not yet been drawn down.

The Company also owes £2.1m (2020 - £2.0m) to group undertakings as at 31 December 2021, with £8.4m (2020 - £3.7m) being owed by group undertakings as at 31 December 2021.

The directors have prepared cashflow forecasts for at least 12 months from the date of signing the financial statements to ensure the Company can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to shareholders and other stakeholders.

The directors have modelled a range of scenarios including a downside scenario involving significant and ongoing revenue reductions over the next 12 months, which is considered unlikely. Even under this unlikely scenario, the Dext Software Limited Group would have sufficient cash reserves to meet all current liabilities as they fall due over the next 12 months. These scenarios, including the most extreme downside scenario which is considered to be improbable, exclude any mitigating actions that would be taken in these circumstances. Consequently, the directors have prepared these financial statements on a going concern basis.

Following this review, the directors are satisfied that, after taking into consideration the current market situation and continued uncertainty, the Company has adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of signing these Financial Statements. For this reason, they continue to adopt the Going Concern Basis for preparing the Financial Statements.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

2. Accounting policies (continued)

2.5 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'administrative expenses'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.



---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. Accounting policies (continued)

### 2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

#### Rendering of services (license revenue)

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Where payments are received from customers in advance of the services being provided, these payments are accounted for as deferred income and included within creditors due within one year.

#### Recharge income

Recharges to other group companies, reflects appropriate consideration for the right to sell software owned by the Company in their respective entities or jurisdictions, resulting in the local entities receiving an arm's length operating margin in reward for the sales and marketing services they perform. Recharge income is recognised and included within turnover under the same revenue recognition policy as rendering of services (licensable revenue).

### 2.7 Operating leases: the Company as lessee

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

### 2.8 Research and development

Research and development expenditure is expensed in the year in which it is incurred.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. Accounting policies (continued)

### 2.9 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets.

Grants relating to revenue are recognised in other income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in other income in the period in which it becomes receivable.

Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

### 2.10 Interest income

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

### 2.11 Finance costs

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

### 2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Office equipment	-	25%
Computer equipment	-	50%

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

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

### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 2. Accounting policies (continued)

##### 2.14 Cash and cash equivalents

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

##### 2.15 Employee benefits

Short-term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

##### 2.16 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.17 Contingent liabilities

Contingent liabilities are possible obligations depending on the outcome of uncertain future events, or present obligations where outflows of resources are not certain or cannot be measured reliably.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. Accounting policies (continued)

### 2.18 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

### 2.19 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in profit or loss. Share options comprise of two types; employee share options and growth shares.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in profit or loss, with a corresponding adjustment to equity. Fair value of employee share options is measured by the use of a Black-Scholes model and fair value of growth shares is measured by the use of a Monte Carlo model.

The expected useful life used in the Black-Scholes model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise constrictions, and behavioural constraints. When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Where employee share options and or growth shares are granted to employees of subsidiaries, the total expense is recognised by the subsidiary company, in accordance with the above policy, and a further investment in the subsidiary is recognised by the Company.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 2. Accounting policies (continued)

##### 2.20 Warrants

Warrants issued with common shares are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise.

##### 2.21 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Relief for research and development expenditure is claimed as a cash tax credit and is recognised on a receipt basis unless the amount of the claim can be reliably measured and it is probable that the amount will be recovered, in which case it would be recognised as a receivable in the Statement of Financial Position.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 2. Accounting policies (continued)

##### 2.22 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### 2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

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

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

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

#### **Judgements**

##### *Financial instruments classification*

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

##### *Recoverability of intercompany receivables*

The recoverability of intercompany balances requires judgement as to whether the future profitability of subsidiary entities will generate sufficient capital to repay intercompany debts. Due to the continued strategic expansion of the Company, the directors have concluded that there are potential limitations on the ability of certain subsidiaries to repay intercompany balances. At 31 December 2021, the amounts owed by group undertakings in the Company was £8,433,880 (2020 - £3,679,387) after impairment, the aggregate impairment in the Company was £2,529,395 (2020 - £3,312,368). The impact to the profit and loss account during the year was £782,972 (2020 - £3,312,367).

#### **Key sources of estimation uncertainty**

##### *Bad debt provisions*

The trade debtors balance of £437,598 (2020 - £435,451) recorded in the Statement of Financial Position comprises a number of small balances. A full line by line review of trade debtors is carried out at the end of each month and the provision for bad debt is recognised as required. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

##### *Share-based payments*

Estimates have been made to value the equity settled share-based payments recognised through the issuance of share options during the period. The key assumptions used centre on the share price volatility associated with the Company's share price and the timing of a qualifying 'exit event' of the Company as options then become exercisable. Further details on share-based payments can be found within note 20.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

4. Turnover

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

	2021 £	2020 £
Software subscription revenue	22,237,196	19,706,542
Recharge income	5,642,214	4,115,156
	<u>27,879,410</u>	<u>23,821,698</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	17,606,586	15,195,712
Rest of Europe	1,160,389	245,417
Rest of the world	9,112,435	8,380,569
	<u>27,879,410</u>	<u>23,821,698</u>

5. Other operating income

	2021 £	2020 £
Other income	4,751	-
Government grants receivable	-	149,178
	<u>4,751</u>	<u>149,178</u>

In 2021, government grants of £Nil (2020 - £149,176) were received under the Coronavirus Job Retention Scheme as part of a government initiative to provide immediate financial support as a result of the COVID-19 pandemic to reimburse the Company for 80% of the wages of certain employees who were placed on a temporary period of absence but were kept on the payroll. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.



---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Operating lease rentals	307,469	468,348
Impairment of debtors	57,069	38,757
Exchange differences	573,814	10,518
R&D charged as an expense	3,719,973	3,269,501
Share-based payment charge	8,683,904	2,565,533
	<u>13,342,230</u>	<u>6,350,657</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>122,750</u>	<u>127,000</u>
Fees payable to the Company's auditor and its associates in respect of:		
Accounts preparation	<u>4,800</u>	<u>4,500</u>

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	11,198,117	10,983,574
Social security costs	1,584,064	1,418,038
Cost of defined contribution scheme	178,220	171,761
	<u>12,960,401</u>	<u>12,573,373</u>

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

	2021 No.	2020 No.
Product Development	38	41
Sales and Marketing	81	78
General Administration	39	48
	<u>158</u>	<u>167</u>

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	727,917	627,961
Company contributions to defined contribution pension schemes	1,977	3,191
	<u>729,894</u>	<u>631,152</u>

During the year retirement benefits were accruing to 2 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £397,500 (2020 - £262,500).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,315 (2020 - £1,314).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £110 (2020 - £109).

During the year, nil (2020 - 730,137) growth shares were issued to nil director (2020 - 1 director).

Two directors received termination payments totalling £88,951 during the year ended 31 December 2021. Termination payments of £52,028 were paid by Dext Bidco Limited during the year ended 31 December 2021. Termination payments of £36,923 are included within accruals in Dext Bidco Limited as at 31 December 2021. This accrual was subsequently paid in full post year end.

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	837,855	614,417
Bank charges	27,947	68,997
	<u>865,802</u>	<u>683,414</u>

DEXT SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(980,028)
R&D tax refund relating to previous periods	(1,780,534)	-
<b>Total current tax</b>	<b>(1,780,534)</b>	<b>(980,028)</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(17,812,426)	(12,100,523)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(3,384,361)	(2,299,099)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,805,398	672,388
R&D tax refund relating to previous periods	(1,782,691)	-
Fixed asset differences	641	-
Additional deduction for R&D expenditure	-	(723,483)
Surrender of tax losses for R&D tax credit refund	-	288,745
Non-taxable income	(148,765)	(358,607)
Timing not recognised in the computation	111,692	(146,588)
Remeasurement of deferred tax for changes in tax rates	(2,748,227)	(632,710)
Movement in deferred tax not recognised	4,363,621	2,222,335
Other	2,158	(3,009)
<b>Total tax credit for the year</b>	<b>(1,780,534)</b>	<b>(980,028)</b>

**Factors that may affect future tax charges**

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

DEXT SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2021	-	475,393	475,393
Additions	22,145	170,568	192,713
Disposals	(1,157)	(4,603)	(5,760)
At 31 December 2021	20,988	641,358	662,346
<b>Depreciation</b>			
At 1 January 2021	-	381,717	381,717
Charge for the year	1,867	124,448	126,315
At 31 December 2021	1,867	506,165	508,032
<b>Net book value</b>			
At 31 December 2021	19,121	135,193	154,314
At 31 December 2020	-	93,676	93,676

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

13. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2021	3,345,021
Additions	1,299,973
At 31 December 2021	<u>4,644,994</u>

Additions of £335,863 relate to the Company's investment in Hatch Apps Ltd following the issue of share consideration during the year.

Additions of £436,715 relate to an accelerated employee share option expense in Dext BG (formerly RB Sofia EOOD) and further investment in the subsidiary entity by the Company.

Additions of £60,824 relate to an accelerated employee share option expense in 1Tap App Limited and further investment in the subsidiary entity by the Company.

Additions of £466,654 relate to an accelerated growth share expense in Receipt Bank Inc and further investment in the subsidiary entity by the Company.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Receipt Bank Inc	1209 Orange Street, Wilmington, New Castle, Delaware, 19801, USA	Ordinary	100%
Dext Australia PTY Limited (formerly Receipt Bank Australia Pty Limited)	Level 14, 15 Castlereagh Street Sydney NSW 2000, Australia	Ordinary	100%
Dext BG (formerly RB Sofia EOOD)	Asparoukh Street No 7 fl. Slavyanska" 19, fl.2, office 26, 1000 Sofia Center, Sofia, Bulgaria	Ordinary	100%
1Tap App Limited	Unit 1.2 Techspace Shoreditch, 25 Luke Street, London, EC2A 4DS, United Kingdom	Ordinary	100%
Dext France SARL (formerly Receipt Bank France SARL)	34-40 rue Guynemer 92130 Issy-les- Moulineaux, France	Ordinary	100%
Dext South Africa (PTY) Limited (formerly Receipt Bank SA PTY Limited)	Central Office Park Unit 4, 257 Jean Avenue, Centurion, Gauteng, 0157, South Africa Postal: PO Box 7750, Centurion, Gauteng, 0046, South Africa	Ordinary	100%
Dext Canada Limited (formerly RBK Software Limited)	700 West Georgia Street Suite 2200 Vancouver, British Columbia V7Y 1K8, Canada	Ordinary	100%
Hatch Apps Ltd	Unit 1.2 Techspace Shoreditch, 25 Luke Street, London, EC2A 4DS, United Kingdom	Ordinary	100%

The principal activity for all subsidiaries is that of bookkeeping and accounting software services.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

14. Debtors: Amounts falling due within one year

	2021 £	2020 £
Trade debtors	437,598	435,451
Amounts owed by group undertakings	8,433,880	3,679,387
Other debtors	2,222,138	116,710
Prepayments and accrued income	1,514,105	638,003
Tax recoverable	265	265
	<u>12,607,986</u>	<u>4,869,816</u>

Amounts owed to the Company of £10,963,275 (2020 - £6,991,755) have been impaired by £2,529,395 (2020 - £3,312,368), with £8,433,880 (2020 - £3,679,387) balances being shown as amounts owed to company undertakings as at 31 December 2021, as noted within note 3. The amounts owed to the Company, are interest free, unsecured and repayable on demand.

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	-	5,000,000
Trade creditors	404,316	181,136
Amounts owed to group undertakings	2,068,384	1,973,745
Other taxation and social security	797,319	947,666
Other creditors	57,408	108,615
Accruals and deferred income	4,709,946	3,500,026
	<u>8,037,373</u>	<u>11,711,188</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

On 24 December 2021, the Company refinanced its pre-existing bank loans. Under the terms of the new agreement, both the Term loan and operating facility are due after 5 years. Consequently, all bank loans have been presented as falling due after more than one year and £Nil (2020 - £5m) have been presented as due within one year.

Key terms and details of the bank loans are provided in note 16.



---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

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

	2021 £	2020 £
Bank loans	<u>14,677,205</u>	<u>9,590,441</u>

Under the terms of the previous agreement, Term loans A & B, both for £5m, attracted an interest rate of 4.5% plus LIBOR per annum, were repayable in December 2023 and September 2024 respectively, and were secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

Under the terms of the agreement, warrants over equity instruments in the Company were also issued to the loan holders in relation to Term loans A & B and treated as a transaction cost, and amortised over the terms of the loans.

On 11 December 2020, the Company agreed a further Term C loan facility of £10m, with an agreed drawdown date by 11 June 2021, and issued additional warrants with a fair value of £127,030. The Company did not draw down on the Term C loan facility by the agreed closing date and consequently forfeited its right to the loan facility. As a result of the forfeiture, an impairment charge of £127,030 was recognised during the year in respect of the Term C warrants.

On 6 May 2021, all warrants (Terms A, B & C) were fully exercised by virtue of the qualifying event, as discussed in note 20. At the year end, the Company's lenders held no shares in the Company as these transferred to the acquirer on acquisition of the Company.

On 24 December 2021, the Company agreed a new loan facility with its existing lender (Canadian Imperial Bank of Commerce), secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group. This involved the replacement of the existing bank loans (Term loans A & B of £5m each and the operating facility of £5m totalling £15m) with a new £38m term loan and £5m operating facility.

The £38m Term loan is repayable in December 2026 and attracts an interest rate of 3.25% plus the Sterling Overnight Interbank Average (SONIA) rate per annum. At the year end, £15m of the Term loan was immediately drawn down. The additional £23m was drawn down in February 2022.

The £5m operating facility is also repayable in December 2026 and attracts an interest rate of 3.00% plus SONIA per annum. At the year end, the £5m operating facility was not drawn down and remains available to be drawn down by the Company.

Unamortised debt fees of £322,795 (2020 - £409,559) are costs associated with accounting for the Term loan at amortised cost. Additionally, included within prepayments is £494,953 (2020 - £Nil) in respect of legal fees attributable to the undrawn down amount of the Term loan of £23m as at 31 December 2021.

The amounts owed to lenders falling due after more than one year including unamortised debt fees as at the year end was £14,677,205 (2020 - £9,590,441).

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

17. Loans

	2021 £	2020 £
Amounts falling due within one year		
Bank loans - operating facility (note 15)	-	5,000,000
Amounts falling due 2-5 years		
Bank loans - term loans (note 16)	14,677,205	9,590,441
	<u>14,677,205</u>	<u>14,590,441</u>

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**18. Financial instruments**

The Company's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the Company's finance department.

*Credit risk*

The Company's credit risk is primarily attributable to its trade debtors. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company's credit control function actively manages credit risk exposure at the counterparty level, reporting to management on at least a monthly basis.

The carrying amount of financial assets represents the maximum credit exposure.

*Liquidity risk*

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

*Interest rate risk*

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Company has a policy of maintaining debt at fixed rates where possible to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Details of the terms of the Company's borrowings are disclosed in Note 17.

*Foreign currency exchange rate risk*

The Company is exposed to foreign currency exchange rate risk as a result of trade debtors and trade creditors which will be settled in foreign currencies. The Company does not hedge any of its trading activities.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

19. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
22,977,939 (2020 - 13,998,345) Ordinary shares of £0.0001 each	2,298	1,400
4,042,300 (2020 - 3,998,900) Series A shares of £0.0001 each	404	399
Nil (2020 - 3,840,972) Series B shares of £0.0001 each	-	384
1,826,628 (2020 - 2,206,968) Growth shares of £0.0001 each	183	221
592,313 (2020 - 211,973) Deferred shares of £0.0001 each	59	21
Nil (2020 - 3,616,244) Series C shares of £0.0001 each	-	362
	<hr/>	<hr/>
	2,944	2,787
	<hr/>	<hr/>

On 12 February 2021, the Company issued 4,194 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.01. The total subscription value was £41.94.

On 20 February 2021, the Company issued 48,676 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.0001. The total subscription value was £4.87. These shares were issued as contingent share consideration in connection with the acquisition of Hatch Apps Ltd, a subsidiary of the Company.

On 6 May 2021, the Company issued 301,790 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.0001. The total subscription value was £30.18. These shares were issued as deferred and contingent share consideration in connection with the acquisition of Hatch Apps Ltd, a subsidiary of the Company.

On 6 May 2021, the Company issued 1,167,718 ordinary shares with a nominal value of £0.0001 at a subscription price ranging between £0.01 and £23.50. The total subscription value was £1,621,082.

On 6 May 2021, the Company issued 43,400 Series A shares with a nominal value of £0.0001 at a subscription price £1.84. The total subscription value was £79,944.

On 6 May 2021, the Company re-designated 380,360 growth shares with a nominal value of £0.0001 to deferred shares with a nominal value of £0.0001, which have no voting right or dividend rights attached to them.

On 6 May 2021 all Series B shares of £0.0001 and Series C shares of £0.001 were re-designated as Ordinary shares of £0.001, which have attached to them full voting rights and full dividend rights.

**Rights, preferences and restrictions**

The Ordinary, Series A, Series B and Series C shares confer on each holder the right to attend general meetings and vote on proposed resolutions. These shareholders also participate *pari passu* in dividends declared by the Company.

On exit, liquidation or return of capital any surplus will be paid out first to Series C shareholder, second to Series B shareholders, and third to the Series A shareholders until they have received an amount equal to the subscription price and thereafter any remaining assets will be paid *pro rata* to the Ordinary and Growth shareholders, except as disclosed below in relation to growth shares.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 19. Share capital (continued)

Growth shares have no voting rights or dividend rights attached to them. Growth shares have no specific rights of redemption.

On exit, liquidation or return of capital Growth shareholders are entitled to receive 0.1% of any distribution due to the holders of Ordinary shares, prior to each holder of Series A and Ordinary shares receiving an amount per share equal to 99.9% of the hurdle amount. Thereafter, Growth shareholders participate pari passu with the holders of Series A and Ordinary shares.

Deferred shares have no voting right or dividend rights attached to them. At the option of the Company, the deferred shares may be redeemed and cancelled by the Company without the consent of the holder.

On a capital distribution, Deferred shareholders are entitled to receive £0.01 in aggregate for the entire class held by that holder, prior to each holder of any other class of share then in issue. Any deferred shares may be redeemed by the Company at any time at its option of £0.01 for Deferred shares held by any holder without obtaining the sanction of the holder.

#### 20. Reserves

##### Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

##### Warrants reserve

This reserve relates to the fair value of the warrants granted to the Company's lenders and was measured using the Black Scholes model.

On 6 May 2021, the Company was acquired by HG Capital via Hg Pooled Management Limited, who obtained a controlling stake in the Company which gave rise to a qualifying event and the right to the ordinary shares became exercisable. As a result, the warrant reserve was transferred to share premium on exercise of the warrants and issue of shares.

There were no warrants outstanding at 31 December 2021.

##### Merger reserve

The reserve relates to the difference between the nominal and fair value of shares acquired on initial recognition of the business combination.

##### Deferred consideration shares to be issued

This reserve related to the fixed number of deferred and contingent shares that were to be issued as at 31 December 2020, in consideration for the acquisition of Hatch Apps Ltd (trading as Xavier) which took place on 12 June 2020.

During 2021, the Company issued all shares and the Shares to be issued reserve has been transferred to share capital and share premium.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**20. Reserves (continued)**

**Foreign exchange reserve**

The foreign exchange reserve represents the cumulative movements in foreign exchange.

**Share-based payment reserve**

This reserve relates to the fair value of the growth shares and employee options granted which have been charged to profit or loss.

On 6 May 2021, the Company was acquired by HG Capital via Hg Pooled Management Limited, who obtained a controlling stake in the Company. As a result, the Company accelerated the vesting of the growth shares and share options and the fair value of the unvested growth shares and share options at the date of acquisition was immediately charged to profit or loss. Consequently, the share-based payment reserve was transferred to retained earnings on exercise of the options and issue of the shares.

There are no share options outstanding at the year end.

**Capital contribution reserve**

This reserve relates to share-based payments whereby subsidiary employees have been granted growth shares or share options in the Company.

On 6 May 2021, the Company was acquired by HG Capital via Hg Pooled Management Limited, who obtained a controlling stake in the Company. As a result, the Company accelerated the vesting of the growth shares and share options and the fair value of the unvested growth shares and share options at the date of acquisition was immediately charged to profit or loss. Consequently, the fair value of the unvested growth shares and share options at the date of acquisition was immediately charged to profit or loss and the capital contribution reserve was transferred to retained earnings on exercise of the options and issue of the shares.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

**21. Contingent liabilities**

The Company has provided guarantees to the Company's bankers, Canadian Imperial Bank of Commerce, which are secured by a fixed and floating charge on the Company's assets. Amounts outstanding at 31 December 2021 are disclosed within notes 15, 16, and 17.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

22. Share-based payments

The Company has a share option scheme for certain employees (including directors). Where share options are issued to employees of subsidiaries, the share option charge relating to these employees is recognised entirely by the Company.

Share options are exercisable at a price determined through each individual option agreement. Options have varying vesting terms, with the majority expiring after 10 years and becoming exercisable upon the sale or listing of the Company or in situations where the board applies its discretion to approve exercise of the options.

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	0.67	1,069,511	0.66	1,354,115
Correction of outstanding at the beginning of the year	-	-	1.41	(1,138)
Exercised during the year	0.67	(1,069,511)	0.26	(70,745)
Expired during the year	-	-	0.77	(212,721)
Outstanding at the end of the year	-	-	0.67	1,069,511

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 22. Share-based payments (continued)

##### Employee share options

The Company recognised a total expense of £562,794 (2020 - £355,375) in relation to equity settled share-based payment transactions during the year. An additional expense of £497,539 (2020 - £299,599) was recognised by the Company's subsidiaries in relation to equity settled share options granted to employees of subsidiary companies resulting in an increase in the capital contribution reserve of £497,539 (2020 - £299,599). These options grant rights over equity instruments in the Company and therefore a further investment in subsidiaries of £497,539 (2020 - £299,599) has been recognised by the Company during the year ended 31 December 2021.

All employee share options have been valued using the Black-Scholes method.

##### Growth shares

The Company recognised a total expense of £8,121,111 (2020 - £2,210,159) in relation to growth shares granted to employees which has been recognised within the share-based payment reserve. An additional expense of £466,654 (2020 - £Nil) was recognised by the Company's subsidiary in relation to growth shares granted to employees of the subsidiary company resulting in an increase in the capital contribution reserve of £466,654 (2020 - £Nil). These growth shares grant rights over equity instruments in the Company and therefore a further investment in subsidiaries of £466,654 (2020 - £Nil) has been recognised by the Company during the year ended 31 December 2021.

All growth shares have been valued using the Monte Carlo method.

The employee share options and growth share charges (2020 - charges) resulted in an increase (2020 - increase) in the share-based payment reserve to £12,627,132 (2020 - £3,943,227).

On 6 May 2021, the Company was acquired by HG Capital via Hg Pooled Management Limited, who obtained a controlling stake in the Company. As a result, the Company accelerated the vesting of the growth shares and share options and the fair value of the unvested growth shares and share options at the date of acquisition was charged to profit or loss. Consequently, the share-based payment reserve was transferred to retained earnings on exercise of the options and issue of the shares.

There are no share options outstanding at the year end.

##### Warrants

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants with a fair value of £148,582 were issued to the loan holders, with the right to subscribe for ordinary shares until December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or an IPO.

The Company recognised a total charge of £34,698 (2020 - £29,716) in relation to equity settled warrants during the year ended 31 December 2021. As discussed in note 16, the Company refinanced its previous Term A & B loans, and as a result £76,185 (2020 - £Nil) was charged to profit or loss as a loss on derecognition of a financial liability in respect of the Term A & B warrants.



---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**22. Share-based payments (continued)**

On 11 December 2020, the Company agreed a further Term C loan facility of £10m with its bankers, with an agreed draw down date by 11 June 2021. As part of the agreement £300,000 warrants with a fair value of £127,030 were issued to the loan holders in respect of the £10m Term C facility with the right to subscribe for ordinary shares until 11 December 2025 at an exercise price of £6.86 on the earlier of a qualifying event or an IPO.

The Company did not draw down the Term C loan facility by the agreed closing date and therefore recognised an impairment charge of £127,030 (2020 - £Nil) in respect of the Term C warrants.

**23. 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 £178,220 (2020 - £173,942). Contributions totalling £39,172 (2020 - £36,187) were payable to the fund at the reporting date.

**24. Commitments under operating leases**

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

	2021 £	2020 £
Not later than 1 year	600,000	-
Later than 1 year and not later than 5 years	300,000	-
	<u>900,000</u>	<u>-</u>

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 25. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

##### Transactions with key management personnel

Key management personnel are considered to be the directors of the Company. Total transactions with key management personnel for the year were £827,192 (2020 - £713,170).

##### Transactions with directors and shareholders

During the year, a director invoiced the Company £Nil (2020 - £46,350) in respect of consultancy services. At 31 December 2021 and at 31 December 2020 £nil balances were outstanding in creditors.

Two directors received termination payments totalling £88,951 during the year ended 31 December 2021. Termination payments of £52,028 were paid by Dext Bidco Limited during the year ended 31 December 2021. Termination payments of £36,923 are included within accruals in Dext Bidco Limited as at 31 December 2021. This accrual was subsequently paid in full post year end.

On 6 May 2021 the Company was acquired by HG Saturn Nominees Limited via Hg Pooled Management Limited and became the controlling party (note 27).

Following acquisition of the Company by HG Saturn Nominees Limited on 6 May 2021, consideration was paid to four directors who held shares totalling £12,985,609. Of the total consideration received by directors, £8,824,173 was re-invested by three directors in exchange for 909,892 shares in the Company.

A share based payment charge was recognised in the profit and loss relating to growth shares held by one (2020 - one) director totalling £110,492 (2020 - £72,669).

##### Transactions with group entities

On 6 May 2021, the Company entered into an agreement as lender with Dext Bidco Limited, the immediate parent company as borrower for a loan totalling £1,621,118. The loan is unsecured, attracts interest of 3.7% per annum and is repayable on demand. During the period from loan advance to 31 December 2021, interest of £38,269 has been charged and is included within interest receivable within the Statement of Comprehensive income. The Company has also received repayments of £255,373. The outstanding balance of £1,404,014 is included within amounts owed by group undertakings within note 14.

During the year, the Company was charged management charges from Dext Bidco Limited, the immediate parent company. Dext Bidco Limited recharged 95% of its total administrative costs incurred at a mark-up of 10% totalling £1,311,381. As at 31 December 2021, £124,094 remains outstanding and is included within amounts owed to group undertakings within note 15.

---

## DEXT SOFTWARE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 26. Events after the reporting date

##### Loan

Following the agreement of the new £38m term loan facility on 24 December 2021 (with its existing lender Canadian Imperial Bank of Commerce), an initial £15m was drawn down on that date, replacing in full the previous term loans (A & B of £5m each) and £5m operating facility. On 1 March 2022, the remaining £23m was drawn down by the Company. Note there has been no draw down of the additional £5m operating facility available to the Company.

##### Share Pushdowns

On 30 September 2022, Dext Topco Limited, the ultimate parent company effected a corporate reorganisation by transferring (a) Dext Topco Limited's 22.69% shareholding in Dext Software Limited to Dext Bidco Limited (the "DSL Pushdown"), and (b) Dext Topco Limited's 100% shareholding in Greenback, Inc. to Dext Software Limited (the "Greenback Pushdown"). In broad terms, the corporate reorganisation was implemented on a cashless basis as set out below:

in relation to the DSL Pushdown: the shares in Dext Software Limited were sold by Dext Topco Limited to Dext Bidco Limited under a transfer agreement dated 29 September 2022 for £59,836,072, in consideration for a receivable for the same amount which was left outstanding and owed by Dext Bidco Limited to Dext Topco Limited. The receivable was contributed to Dext Midco Limited, who contributed it to Dext Holdco Limited, who contributed it Dext Bidco Limited in exchange at each stage for shares in the respective companies, following which, the receivable owed by Dext Bidco Limited was extinguished; and

in relation to the Greenback Pushdown: Dext Topco Limited (i) repaid an upstream loan owed to Dext Software Limited by transferring a portion of its shares (60) in Greenback, Inc. to Dext Software Limited, and (ii) transferred its remaining shares (40) in Greenback, Inc. to Dext Midco Limited, who transferred them to Dext Holdco Limited, who transferred them to Dext Bidco Limited, who transferred them to Dext Software Limited, with each company issuing 2 ordinary shares in return for the 40 Greenback shares. The end result of the transfers was that Dext Software Limited is the sole shareholder, holding all 100 shares in Greenback, Inc.

In summary following the DSL Pushdown, Dext Limited Bidco owns 100% of the share capital of Dext Software Limited and following the Greenback Pushdown, Dext Software Limited owns 100% of the share capital of Greenback Inc.

Following the DSL Pushdown, the immediate parent company, Dext Bidco Limited from 30 September 2022 owns 100% of the Company's share capital. Dext Topco Limited remains to be the Company's ultimate controlling parent company.

In relation to the Greenback Pushdown, on 30 September 2022, the Company issued 2 ordinary shares to Dext Bidco Limited for consideration of receiving a 60% shareholding in Greenback Inc. The 2 ordinary shares issued have a nominal value of £0.0001 per share at a subscription price of £779,936.31 per share. The total subscription value was £1,559,872.62. The Company also received a 40% shareholding in Greenback Inc. from Dext Topco Limited for consideration of settlement of the intercompany loan balance which was due to the Company. Following these transactions the Company owns 100% of the share capital of Greenback inc. and becomes the immediate parent company.

---

DEXT SOFTWARE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**26. Events after the reporting date (continued)**

**Re-designation of shares**

On 4 November 2022, the Company re-designated 1,826,628 growth shares of £0.0001 each, 592,313 deferred shares of £0.0001 each, and 4,042,300 series A shares of £0.0001 each to Ordinary shares of £0.0001 each. Following the re-designation of the growth shares, deferred shares and series A shares to Ordinary shares on 4 November 2022, the rights attached to the re-designated Ordinary shares include full voting rights and full dividend rights.

**Leases**

On 1 June 2022, the Company entered into a new lease agreement for its office until 30 June 2023 for a monthly rent of £25,900 per month. It also paid an accompanying deposit of £62,160. The previous office lease (which also was due to expire on 30 June 2023) with a monthly rent of £50,000 was terminated on 30 June 2022 through the activation of a break clause. The total lease commitments under the new lease agreement from 1 July 2022 to 30 June 2023 is £310,800.

**27. Controlling party**

The Company's immediate parent undertaking is Dext Bidco Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is Dext Topco Limited, a company registered in Jersey.

The largest and smallest group of undertakings for which group accounts for the period ended 31 December 2021 have been drawn up, is that headed by Dext Topco Limited. The registered address of Dext Topco Limited is 22 Grenville Street, St Helier, Jersey, JE4 8PX. Copies of the group accounts are attached as an addendum to the financial statements of the Company.

The Company's ultimate controlling party is HG Saturn Nominees Limited in its capacity as general partner of HG Capital, owning more than 70% but less than 75% of the shares in the Company.