

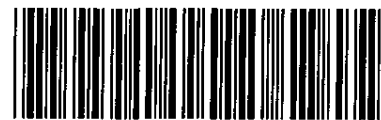
BigHand UK Topco Limited
Annual reports and consolidated financial
statements

Registered number: 12832924

For the year ended 31st March 2022

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Corporate Information

Registered Office:
27 Union Street
London
SE1 1SD

Directors:

James Davis
Sam Toulson
Josh Kaufman
John O’Neill

Bankers:

National Westminster
Bank Plc (NatWest)
135 Bishopsgate,
London
EC2M 3UR

Lawyers:

Willkie Farr &
Gallagher
City Point
1 Ropemaker Street
London
EC2Y 9AW

Auditors:

Ernst & Young LLP
1 More London Place
London
SE1 2AF



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Strategic Report

The Directors present their Strategic Report for the year ending on 31 March 2022.

Business Review

BigHand is a customer-centric global software business with a primary focus on the legal market with an expanding range of innovative solutions specifically designed to create value and tangible return on investment. With our focused solutions, we are empowering the business of law.

BigHand's Mission: To help law firms around the globe optimise their business by increasing professional productivity and enhancing profitability.

We do this through offering four categories of productivity tools, 1) People Productivity (workflow management and resource management), 2) Financial Productivity (business intelligence and pricing & profitability), 3) Document Productivity (document creation and metadata management) and 4) Business Productivity (pitching & proposals). Our deep domain knowledge across all our solutions means we act as trusted advisors to our customers. This ensures high levels of customer satisfaction, a market leading net promoter score and, accordingly, high levels of retention and renewal.

BigHand's Vision: To be regarded as the first choice globally for each key solution we offer, whilst being the most respected software partner to law firms globally.

Staff

A critical contributor to the success of BigHand is the enthusiasm, commitment, and talent of our staff.

The Group makes considerable efforts around staff engagement, including regular communications, events, awards for staff achievements, external staff events, innovation competitions, and making time available for the development team to innovate.

In the technology sector, talent is at a premium and the Group continues to improve its reward, recognition, and talent management initiatives for staff. We have done extensive work around our Employee Value Proposition, ensuring we leverage its strengths and identify enhancements, to support in the attraction and retention of talent.

The Group runs a confidential staff survey each year, as well as pulse surveys throughout the year, to gather feedback on key topics, and the results show very positive feedback. This positive staff sentiment was re-affirmed publicly, as BigHand has been named as the 25th UK's Best Workplace™, by Great Places to Work®, in the Medium category (organisations with 50-499 employees), for a sixth year running.

Environmental, Social and Governance

The Group has continued to develop and implement our Environmental Social and Governance strategy, with progress formally reported to the Board on a quarterly basis.

These initiatives include robust governance measures to ensure our staff act in an ethical manner in all their dealings with external parties, continued focus on ensuring our high data security standards are maintained, charitable activities, and environmental initiatives to help establish strong environmental performance standards.

The Group has an Information Security Committee which meets regularly to assess risks and threats, and implement appropriate actions.



Strategic Report (continued)

Financial Overview

The results for the year are set out in the Consolidated Income Statement. The Group loss after tax was £23,945,000.

A number of subsidiaries are exempt from the requirement of an audit of their individual accounts in compliance with s479A-C of the Companies Act 2006. Parental Guarantee has been given by BigHand UK Topco Limited to each of the subsidiaries listed in note 21.

Key Performance Indicators

Proforma results of the BigHand Group

The below table shows the full year results of BigHand Group for the year ending 31st March 2021 and 31st March 2022 had the income statement been prepared on a consistent basis as BH Group Topco Limited in the year ended 31st March 2021 and excluding any accounting adjustments made under IFRS 3. By law the financial statements have been prepared for the period since incorporation on the 24th August 2020 and include trading from the 13th October 2020 which is due to the change in ownership. However, unaudited full year results have been included as they provide a more informative view to the reader of the underlying business performance year on year.

	Proforma 2022 £'000	Proforma 2021 £'000
Support revenue	24,697	23,541
Subscription revenue	5,039	3,279
Total recurring revenue	29,736	26,820
Licence revenue	3,996	3,716
Services revenue	3,700	3,123
IT hardware revenue	326	583
Other	279	244
Total revenue	38,037	34,486
Cost of sales	(3,522)	(3,479)
Gross profit	34,515	31,007
Administrative expenses	(18,835)	(16,946)
Adjusted EBITDA: earnings before non-recurring, acquisition, depreciation, amortisation, finance and tax costs	15,680	14,061





Strategic Report (continued)

Proforma results of the BigHand Group (continued)

- Revenues grew to £38m (2021: £34.5m) in the period to 31 March 2022. The Group's recurring revenues, made up of annual maintenance support and SaaS revenues, increased to £29.7m (2021: £26.8m) an increase of 11%. Recurring revenues in the year represented 78% of total revenues (2021: 78%), providing strong forward revenue visibility. The Group maintained its strong track record of low customer attrition
- Gross profit of £34.5m (2021: £31m) increased by £3.5m.
- EBITDA of £15.7m (2021: £14.1m) increased by £1.6m.

Principal Risks & Uncertainties

Financial Risks and Going Concern

The directors, in their consideration of whether the Business is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions, and believe, based on those forecasts and projections and the Group's current committed debt position and projected strong cash generation from trading, that it is appropriate to prepare the financial statements of the Company and Group on a going concern basis. The directors have assessed the going concern period up to 31st March 2024.

Management is currently of the opinion that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within its current facilities and comply with its bank covenants. In arriving at their conclusion that the Group has adequate resources, the directors were mindful that the Group has a strong focus on liquidity and cash flow management and that it is currently financed through facilities committed to 2028.

During the year, the Group made a loss of £23.9m and as at the balance sheet date the Group had net liabilities of £44.5m. The directors report that they have re-assessed the principal risks, reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure, and borrowing facilities. The Group and company have financing arrangements comprising loans and other funding which are subject to periodic review and are subject to certain covenants. The directors are of the opinion that the necessary finance and other facilities will continue to be made available and the Group and company will have the funding necessary to continue to trade. The Group complied with the requirements of the loan covenants during the period and the directors believe this will continue in the foreseeable future.

The Group's activities expose it to a number of financial risks, including cash flow risk, credit risk and liquidity risk. The Group does not use derivative financial instruments for speculative purposes.

Cash Flow Risk

The Group's cash flow risk is its exposure to variability in cash flows associated with a recognised asset or liability, such as future interest payments on a debt, the Group manages this risk, by monitoring cash flow projections on a regular basis to ensure that appropriate facilities are available to be drawn upon, as necessary.





Strategic Report (continued)

Principal Risks & Uncertainties (continued)

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of a provision for doubtful receivables. A loss allowance is required to be made and measured at the 12-month expected credit losses that result from the event of a reduction in the recoverability of the balance due.

Very few customers receive greater than 30 days credit terms and this minimises the risk of any non-payment. We closely monitor the payment history of all customers and communicate with a customer very early if payment is not received on the due date.

Liquidity Risk and Interest Risk

The cash generated by operations is monitored closely and all funds are held in readily accessible bank accounts with a group netting facility in place. The Group's cash flow forecasts are updated regularly to ensure that sufficient funds are available to meet all financial commitments.

Foreign Currency Risk

Sales outside of the UK are typically made in the local currency relevant to the market. The Group is therefore exposed to movements in the international currency markets against Sterling.

These foreign exchange transactions are hedged through a combination of expenditure also being incurred in the local currency and appropriate financial currency contracts.

Commercial Risk

BigHand seeks to mitigate commercial and operational risks through ensuring operational policies are followed, ensuring strong credit control procedures are in place and by an ongoing review of changes in the industry. All new customer contracts are subject to internal legal, commercial, operational and finance sign off at different levels dependent on product, complexity, and scale.

Business Interruption Risk

The Group has a framework of operational procedures and business continuity plans that are regularly reviewed, updated and tested. Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that business interruptions are minimised. The Group's IT invests in its infrastructure to ensure that they are able to respond to the needs of the business. Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that data is protected from corruption or unauthorised use.

Technology / Cyber Risk

The Group's Information Security Committee meets quarterly to assess risks and threats and implement appropriate actions. An Annual Management Review is also held between the Information Security Committee and Senior Management to provide assurance to the Board that significant technology risks to the business are being identified and appropriate mitigations have been implemented, and that the Group's Information Security Management System remains effective.

Building on BigHand's current ISO27001 and Cyber Essentials Plus certifications, in February 2022 the group undertook an ISO27001 gap analysis with the intention to bring Iridium into BigHand's Information Security Management System. A roadmap has been drafted with the aim of aligning Iridium by the end of 2022. This work will ensure that the entire business remains compliant with our information security standards.



Strategic Report (continued)

Principal Risks & Uncertainties (continued)

Technology / Cyber Risk (continued)

BigHand has continued carrying out Phishing testing and appropriate training to reduce the risk of the business being caught out by a phishing attack or data breach. The business regularly meets its target of 5% or less of staff failing a phishing attack test, and 95% of all BigHand staff completed their Security Awareness training by end March 2022.

BigHand recognises that Cyber risk is a threat and mitigates this through investment in security technologies, and a full and comprehensive backup strategy that if required can be used to restore all business critical services. To compliment the technologies in place the Group also holds a continuous education program for staff awareness, regular penetration and application testing, business continuity plans and disaster recovery plans that cover all business areas, and the scenario-based testing of incident management plans.

Suppliers, Systems and Infrastructure Risks

There are a number of key suppliers whose services are important to BigHand. These suppliers are reviewed and risk assessed at least annually to ensure that where possible we are not reliant on a single provider, increasing business resilience. BigHand has appropriate incident escalation and disaster recovery contingency plans in place, with cyber forensic experts on retention should they be required.

The Legal and Compliance team carried out a full review of key suppliers in 2021/22. Suppliers are required to meet formal minimum requirements before being approved by the Legal and Compliance team, reducing risk of data breach throughout the supplier chain.

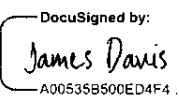
Climate Risk

BigHand strives to continuously improve its performance in the environmental arena. This is fundamentally importance to us, we believe that a safe and sustainable environment is essential to continued business sustainability and profitability. BigHand believes there are significant opportunities to move towards a zero-impact business and have established a set of overarching policies to promote zero-impact operations.

Internal Controls

The Board approves the budget for the following year and reviews the monthly management accounts and key performance indicators against the budget and obtains explanations for variances. The Board approves all large-scale capital expenditure. There is a delegation of authority matrix which governs all purchase approvals, bank payments and pricing models.

On behalf of the Board

DocuSigned by:

A00535B500ED4F4
James Davis

CFO

August 10, 2022



Director's Report

The directors present their annual report and the financial statements of the Group for the year ending 31 March 2022.

The principal activity of BigHand UK Topco Limited is as a holding company. The principal activity of the BigHand Group is the provision of software and services related to improving professional productivity (workflow management and document creation) and enhanced profitability (financial business intelligence and matter pricing & tracking).

Dividends

No dividends were proposed or paid during the year. The directors do not recommend the payment of a dividend.

Going Concern

We have assessed the group's and the parent company's ability and conclude the going concern basis is appropriate. Please see Note 1 and page 6 of the financial statements of the principal risks and uncertainties section for further detail.

Employee Involvement

A great deal of effort is devoted to providing clear and consistent communication of the Company strategy and plans to enable employees to deliver the strategy. Twice monthly meetings are held between management and employees through which we seek to keep all employees informed and involved in the progress of BigHand.

Directors

The directors who served the company throughout the year and thereafter were as follows:

J Davis

J Kaufman

S Toulson

J O'Neill

Disclosure of Information to Auditors

The directors who were members of the Board at the time of approving the Strategic Report and Directors' Report are listed above. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirm that to the best of each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s413 of the Companies Act 2006.





BigHand

BigHand UK Topco Limited

Annual reports and consolidated financial statements

31 March 2022

Director's Report (continued)

Reappointment of Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

DocuSigned by:
James Davis
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James Davis

CFO

August 10, 2022



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Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Annual Report, and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent company financial statements in accordance with International Accounting Standards in conformity with the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 Group and parent company and of their profit or loss for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- Present fairly the financial position, financial performance, and cash flows of the Group;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Make judgements and estimates that are reasonable and prudent;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- In respect of the group financial statements, state whether international Accounting Standards in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

In preparing the parent company financial statements, the directors are required to:

- Select appropriate accounting policies and apply them consistently.
- Make judgements and estimates which are reasonable and prudent; and
- State whether they have followed the applicable UK accounting standards, subject to any material departures disclosed or explained in the financial statements.

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

Independent auditor's report to the members of BigHand UK Topco Limited

Opinion

We have audited the financial statements of BigHand UK Topco Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group Statement of Cash Flows, and the Group and Parent Statement of Changes in Equity and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with UK adopted international accounting standards' 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 group 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 group and parent company's ability to continue as a going concern up to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent auditor's report to the members of BigHand UK Topco Limited (continued)

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the 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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of BigHand UK Topco 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

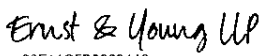
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards for the group, FRS 101 for the parent and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.
- We understood how BigHand UK Topco Limited is complying with those frameworks by making inquiries with management. We corroborated our inquiries through review of board minutes and papers provided to those charged with governance, as well as consideration of the results of our audit procedures over the company's financial statements.
- We assessed the susceptibility of the Company and Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual non-standard journals and journals indicating large or unusual transactions based on our understanding of the business; inquiries of those responsible for legal and compliance of the company and management; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

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

Independent auditor's report to the members of BigHand UK Topco Limited (continued)

Use of our report

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

DocuSigned by:

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Jonathan Gill (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Dated: August 10, 2022

Consolidated Income Statement

for the year ended 31st March 2022

	Note	2022	24 th Aug 2020 to 31 st Mar 2021
		£'000	£'000
Support revenue		22,605	5,417
Subscription revenue		5,039	1,663
Total recurring revenue		27,644	7,080
Licence revenue		3,996	1,523
Services revenue		3,700	1,641
IT hardware revenue		326	282
Other		279	134
Total revenue		35,945	10,660
Cost of sales		(3,856)	(1,738)
Gross profit		32,089	8,922
Administrative expenses	2	(18,793)	(8,061)
Adjusted EBITDA: earnings before non-recurring, acquisition, depreciation, amortisation, finance, and tax costs		13,296	861
Non-recurring costs	2	(5,339)	(10,796)
Depreciation	6 & 7	(922)	(414)
Amortisation	8	(8,429)	(2,893)
Total costs		(33,483)	(22,164)
Operating loss	2	(1,394)	(13,242)
Foreign exchange losses		(713)	(313)
Finance charges		(20,110)	(9,256)
Amortisation of debt financing costs		(1,125)	(295)
Net finance expense	4	(21,948)	(9,864)
Loss for the year/period before taxation		(23,342)	(23,106)
Tax on loss for the year/period	5	(603)	425
Loss for the year/period		(23,945)	(22,681)

Consolidated Statement of other Comprehensive Income

for year ended 31 March 2022

	2022	24 th Aug 2020 to 31 st Mar 2021
	£000	£000
Loss for the year/period	(23,945)	(22,681)
Other comprehensive income		
Items that may subsequently be reclassified to the profit and loss:		
Exchange differences on translation of foreign operations	325	389
Total comprehensive loss for the year/period	(23,620)	(22,292)



BigHand

Consolidated Balance Sheet

at 31 March 2021

	Note	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	6	665	612
Right-of-use Assets	7	1,114	1,547
Intangible assets	8	297,429	179,008
Deferred tax asset	10	6,261	2,325
Total non-current assets		305,469	183,492
Current assets			
Inventories	11	59	134
Trade and other receivables	12	13,336	9,668
Cash and cash equivalents	13	13,346	17,727
Corporation tax receivable		244	449
Total current assets		26,985	27,978
Total assets		332,454	211,470
Current liabilities			
Trade and other payables	14	(33,734)	(28,523)
Interest-bearing loans and borrowings	15	(431)	(89)
Lease liabilities	7	(487)	(478)
Corporation tax payable		-	-
Total current liabilities		(34,652)	(29,090)
Non-current liabilities			
Interest-bearing loans and borrowings	15	(311,230)	(185,571)
Lease liabilities	7	(795)	(1,220)
Deferred tax liability	10	(30,242)	(16,925)
Total non-current liabilities		(342,267)	(203,716)
Total liabilities		(376,919)	(232,806)
Net liabilities		(44,465)	(21,336)
Equity			
Share capital	16	13	10
Share premium		1,462	951
Reserves		(45,940)	(22,297)
Total equity		(44,465)	(21,336)

These financial statements were approved by the Board of directors and signed on their behalf by:

DocuSigned by:

James Davis

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James Davis

CFO

10th August 2022

Company registered number: 12832924

Authorised for issue by the Board of directors on 10th August 2022



BigHand



BigHand

Annual reports and consolidated financial statements

31st March 2022

Consolidated Statement of Changes in Equity

for year ended 31st March 2022

	Share Capital £'000	Share Premium Account £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Employee Benefit Trust £'000	Total Equity £'000
At incorporation (24 Aug 2020)	-	-	-	-	-	-
Loss for the period	-	-	-	(22,681)	-	(22,681)
Exchange differences on translation of foreign operations	-	-	389	-	-	389
Total comprehensive loss for the period	-	-	325	(23,945)	-	(23,620)
Issue of new shares	10	951	-	-	-	961
Employee Benefit Trust	-	-	-	-	(5)	(5)
31 March 2021	10	951	389	(22,681)	(5)	(21,336)
Loss for the year 2022	-	-	-	(23,945)	-	(23,945)
Exchange differences on translation of foreign operations	-	-	325	-	-	325
Total comprehensive loss for the year	-	-	325	(23,945)	-	(23,620)
Issue of new shares	3	511	-	-	-	514
Employee Benefit Trust	-	-	-	-	(23)	(23)
31 March 2022	13	1,462	714	(46,626)	(28)	(44,465)



BigHand



BigHand

Consolidated Cash Flow Statement

for the year ended 31st March 2022

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
Operating loss	(1,394)	(13,242)
Adjustments to reconcile:		
Depreciation	922	414
Amortisation	8,429	2,893
Working capital adjustments:		
Increase in trade and other receivables	(2,330)	(1,076)
Increase in inventories	75	(8)
Increase in trade and other payables	(1,424)	15,994
Net cash generated from operations	4,278	4,975
Interest paid	(5,667)	(3,473)
Corporation tax	(130)	(305)
Net cash generated from operating activities	(1,519)	1,197
Cash flows from investing activities:		
Payments of deferred consideration	(1,500)	-
Payments for property, plant and equipment	(420)	(123)
Payments to acquire other intangible assets	(5,611)	(2,470)
Ds Acquisitions <i>(net of cash acquired)</i>	(104,357)	(161,227)
Net cash used in investing activities	(111,888)	(163,820)
Cash flows from financing activities:		
Payment of lease liabilities	(514)	(277)
Proceeds from issue of shares	514	961
(Payments) / Proceeds from EBT	(23)	(5)
Proceeds from issue of preference shares	71,823	101,887
(Payments)/Proceeds from issue of subordinated loan notes	(7)	20,000
Proceeds from issue of bridge loan notes	-	60,000
Repayment of bridge loan notes	-	(60,000)
Repayment of debt	(2,500)	60,000
Proceeds from incremental bank financing	42,016	-
Fees associated with incremental bank financing	(900)	(2,304)
Net cash from financing activities	110,409	180,262
Net increase in cash and cash equivalents	(2,998)	17,639
Movement attributed to currency and other adjustments	(1,383)	88
Cash and cash equivalents at 1 April 2021 / 24 Aug 2020	17,727	-
Cash and cash equivalents at 31 March	13,346	17,727



BigHand



Notes to the consolidated financial statements

(forming part of the financial statements)

1. Accounting policies

Basis of preparation

BigHand UK Topco Limited (the "Company") is a private company limited by shares incorporated and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity.

The Group financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), these are presented on pages 48 to 55.

The financial statements are prepared on the historical cost basis except derivative financial instruments, which are stated at their fair value.

Parental Guarantee has been given by BigHand UK Topco Limited to the subsidiaries of the group as listed in Note 21 exempting the subsidiaries from the requirement of an audit of their individual accounts in compliance with s479A-C of the Companies Act 2006.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pound (£000) except when otherwise indicated.

The comparative period presented in the financial statements is a shorter period, less than 12 months, from incorporation 24 Aug 2020 to 31 March 2021.

Going concern

The directors, in their consideration of whether the Business is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions, and believe, based on those forecasts and projections and the Group's current committed debt position and projected strong cash generation from trading, that it is appropriate to prepare the financial statements of the Company and Group on a going concern basis. The directors have assessed the going concern period up to 31 March 2024.

Management is currently of the opinion that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within its current facilities and comply with its bank covenants. In arriving at their conclusion that the Group has adequate resources, the directors were mindful that the Group has a strong focus on liquidity and cash flow management and that it is currently financed through facilities committed to 2028.

During the year, the Group made a loss of £23.9m and as at the balance sheet date the Group had net liabilities of £44.5m. The directors report that they have re-assessed the principal risks, reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure, and borrowing facilities. The Group and company have financing arrangements comprising loans and other funding which are subject to periodic review and are subject to certain covenants. The directors are of the opinion that the necessary finance and other facilities will continue to be made available and the Group and company will have the funding necessary to continue to trade. The Group complied with the requirements of the loan covenants during the period and the directors believe this will continue in the foreseeable future.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

The Group's activities expose it to a number of financial risks, including cash flow risk, credit risk and liquidity risk. The Group does not use derivative financial instruments for speculative purposes.

Basis of consolidation

On the 13th October 2020 Levine Leichtman Capital Partners acquired BH Group Topco Limited (the BigHand Group) from Bridgepoint Advisers II Limited. BigHand UK Topco Limited was incorporated in England on the 24th August 2020 and is now the new parent company of the BigHand Group and so requiring preparation of these consolidated financial statements.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is obtained through direct or indirect ownership of voting rights, currently exercisable or potentially convertible voting rights or by contractual agreement. The acquisition date is the date on which control is transferred to the acquirer. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

Estimates and judgements

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The directors consider the following to be critical estimates and judgements applicable to the financial statements:

- *Recoverability of goodwill and impairment calculations*

Management perform annual impairment reviews using forecasted future cash flows for each cash generating unit, the key assumptions included within the forecasts are in note 8.

Management also perform a sensitivity analysis over these key assumptions to ensure they are reasonable and in line with historical experience and applicable circumstances.

- *Fair values*

Management consider the fair values of the identifiable assets and liabilities for each new business combination. The fair values of any intangible assets recognised are considered individually. The method of valuing intangible assets depends upon the class of asset to be recognised. Management have used a discounted cash flow analysis to determine the fair value of intangible assets recognised as part of the business combination.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Foreign currency translation

The Group consolidated financial statements are presented in sterling, which is also the parent company functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the foreign exchange rate ruling at the reporting date.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on measurement to fair value is recognised immediately in the income statement.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of 3 months or less which are subject to an insignificant risk in changes in value.

Interest-bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Leasehold improvements over 5 years
- Fixtures and fittings over 4 years
- Equipment over 2 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Business combinations

The Group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of the acquisition is measured by the fair value of consideration transferred. Costs directly attributable to the acquisition are expensed in the period in which they are incurred. Consideration that is contingent on certain targets being met is analysed by management and recorded either as a contingent liability measured at fair value or as deferred remuneration for services depending on the nature of the agreement.

Identifiable assets acquired and liabilities in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Following the initial recognition on the fair values determined in business combination, there should be no significant impact on the asset values in the subsequent years.

Intangible assets

Goodwill

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.





Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Intangible assets (continued)

Internally generated intangibles

An internally generated intangible asset arising from the development of software is recognised only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- The development costs can be measured reliably;
- The technical feasibility of completing the intangible asset can be demonstrated;
- There is the intention to complete the asset and use or sell it;
- There is the ability to use or sell the asset; and
- Adequate technical, financial, and other resources to complete the development and to use or sell the asset are available.

Where no intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation of an internally generated intangible asset begins when development is complete, and the asset is available for use and amortisation is provided to write off the cost of each intangible asset over its useful economic life of 3 years.

Research expenditure is recognised as an expense in the period in which it is incurred.

Intangibles acquired as part of a business combination

In accordance with IFRS 3 'Business Combinations', an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over periods of 3 years for software, between 3 and 6 years for intellectual property, between 10 and 20 years for customer relationships and between 10 and 20 years for Brand.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. Estimation uncertainties arise from assumptions on liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments.





Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Impairment of financial instruments

A financial asset not carried at fair value through profit or loss needs to account for expected losses on initial recognition, and be remeasured at each reporting date.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the next 12-month expected credit losses. Credit losses are the difference between the PV of all contractual cashflows and the PV of expected future cash flows, discounted at the asset's original effective interest rate. Subsequently, if the credit risk of the financial instrument increases significantly, the full lifetime of expected losses would be used. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or "CGU". For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.





Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Employee benefit trust ('EBT')

The Company operates an EBT over which it has de facto control of the shares held by the trust and bears the benefits and risk. It therefore records the assets and liabilities and the results and cash flow of the trust as its own. Consideration paid by the trust to acquire the shares in the Company is deducted in arriving at shareholders' funds.

Non-recurring costs

The Group presents non-recurring costs on the face of the income statement, these are material items of income and expense, which because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance for the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are taken to the income statement as finance expense.

Revenue

Revenue represents the fair value of the consideration received or receivable from the sales of software and related support and maintenance, IT equipment and professional services, net of discounts and sales taxes.

Revenue is recognised when the Group has fulfilled its performance obligations under the relevant customer contract. The Group sells a number of products which typically consists of all, or some, of the following types of revenue – licenced products, support and maintenance, subscriptions, IT hardware sales, and professional services. Where the contract includes multiple elements, the fair value of those elements is based on the relative stand-alone selling prices.

To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued income to account for revenue when the performance obligations have been met.

The Group has arrangements with some of its clients whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good. Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent, revenue is recorded at a net amount reflecting the margin earned.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Revenue (continued)

(i) Licencing Models

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

(a) Licenced Products

The majority of products are licenced and either installed on the customer's own equipment or hosted by BigHand or a third party. In addition to a licence fee, the Group charges annual support and maintenance fees. The fee charged depends on the level of support service contracted.

The elements for a software order typically include licenced products, IT hardware, professional services for implementation and support and maintenance. The individual elements whilst part of an overall order are charged for and recognised separately. Revenue is recognised as described below.

(b) SaaS

SaaS products are only hosted by BigHand and the customer is provided access to the software over the internet. These products are delivered to the customer as a service over time and no support and maintenance is charged as the single subscription fee covers this. Revenue is recognised as described below.

(ii) Revenue Recognition by Revenue Type

(a) Licence revenue - the Group licences software under non-cancellable licence agreements on a perpetual basis. Performance obligations are considered to be met, and revenue is recognised, when a non-cancellable licence agreement has been signed and the software has been made available to the customer, except for where there are uncertainties surrounding product acceptance or there are significant vendor obligations. When this arises revenue recognition is deferred until all material obligations are satisfied. For the majority of contracts, this results in licence revenues being recognised in full at the start of the contract.

For Business Intelligence solutions – customers are not able to use the software until the data warehouse is built, which requires implementation time to bespoke and install. Revenue is recognised when control is transferred to the customer, on completion of installation when the customer has the use and benefit of the product.

(b) Support Revenue - revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to support the relevant software products and update their content over the contract period.

(c) Subscriptions revenue - customers typically enter into contracts on an annual basis. Revenue is recognised evenly over the period of the contract. Subscription fees include the hosting of the software and support and maintenance.

(d) IT hardware revenue - revenue from the sale of IT equipment is recognised when the control of the asset has transferred to the buyer, which is the date the equipment is delivered and accepted by the customer.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Revenue (continued)

(e) Services revenue - revenue from professional services (which includes software implementation, training and consultancy services) is recognised in the accounting period in which the services are delivered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Estimates of completion are revised if circumstances change.

Leases

As a lessee

The Group leases various offices and some equipment. At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

For leases acquired through business acquisition, the lease liability is measured as if it were a new lease (reassessing its term, lease payments) and the right of use asset is measured at the market rate at the point of acquisition.

The lease liability is measured at amortised cost using the effective interest method, it is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group presents the right-of-use assets that are investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



Notes to the consolidated financial statements (continued)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement.

Current tax assets and liabilities are measured at the expected amount to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that can be controlled and that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Operating Loss

Operating loss has been arrived at after charging / (crediting):

	24 th Aug 2020 to 31 st Mar	
	2022	2021
	£'000	£'000
Research and development expensed as incurred	2,434	1,669
Depreciation on property, plant and equipment (note 6)	425	179
Depreciation on right-of-use assets (note 7)	497	235
Amortisation of intangible assets (note 8)	8,429	2,893
Employee costs (note 3)	14,840	6,000
Non-recurring costs	5,339	10,796

FY22: Non-recurring costs comprise fees associated with the acquisition and integration of Iridium (£3.9m), charges relating to deferred remuneration and contingent consideration of previously acquired subsidiaries (£0.6m), restructuring costs (£0.3m) and other strategic initiatives (£0.5m).

FY21: Non-recurring costs comprise fees associated with the change in ownership from Bridgepoint to LLCPL (£8.6m), the charge for Iphelion Ltd (a company previously acquired by BigHand Ltd) and Mason & Cook contingent considerations (£1m), refinancing costs (£0.7m), Mason & Cook acquisition costs (£0.2m), professional fees relating to a group structure simplification project (£0.1m) and other strategic initiatives (£0.2m).





Notes to the consolidated financial statements (continued)

2. Operating Loss (continued)

Auditor's remuneration:

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements	186	181
Total audit services	186	181
Acquisition due diligences	-	468
Tax compliance services	46	37
Patent tax work	-	3
Corporate finance services	-	22
Covenant compliance reporting	11	11
Other	-	16
Total non-audit services	57	557

EBITDA and adjusted EBITDA:

EBITDA is not a financial measure defined by IFRS as a measurement of financial performance. The Group's management believe that EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) and adjusted EBITDA (EBITDA plus non-recurring items including acquisition related costs) are meaningful for investors because they provide an analysis of operating results and profitability using the same measures used by management.

3. Staff numbers & costs including directors

Staff numbers and costs

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

	Number of employees	Number of employees 24 th Aug 2020 to 31 st Mar 2021
	2022	2021
Administration	98	78
Operations	141	141
	239	219

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	12,901	5,270
Social security costs	1,546	581
Contributions to defined contribution plans	393	149
	14,840	6,000

The Group operates a number of defined contribution pension plans but has no defined benefit plans in place.



Notes to the consolidated financial statements (continued)

3. Staff numbers & costs including directors (continued)

Directors' Short-term employee benefits

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
<i>The directors' aggregate Short-term employee benefits in respect of qualifying services was:</i>		
Short-term employee benefits receivable	310	145
Post-employment pension and medical benefits	6	6
<i>Short-term employee benefits of highest paid director:</i>		
Total Short-term employee benefits	200	93
Post-employment pension and medical benefits	3	3

Directors received £2,642 defined contribution pension plan payments in the year (2021: £3,599). The only key management personnel are the directors. Two of the directors who served the company during the year are paid by the ultimate controlling party, Levine Leichtman Capital Partners and two other directors are paid for by a subsidiary, BigHand UK Bidco Limited. The fellow companies have not recharged any amount to the company on the basis that the amount attributable to the company is negligible. The directors do not believe that it is practical to apportion the remuneration for their qualifying services between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies.

4. Finance Expense

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
Finance expense		
Lease interest	98	57
Bank loan interest	5,616	3,133
Preference Share interest	14,101	5,694
Revolving Credit Facility & Monitoring fees	323	85
Amortisation of debt issue cost	1,125	295
Unwind of discount on deferred remuneration	(28)	287
Foreign exchange loss	713	313
Total finance expense	21,948	9,864



Notes to the consolidated financial statements (continued)

5. Taxation

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
Current Tax Expense		
Current Period	37	73
Adjustment for Prior Years	365	137
Current Tax Expense	402	210
Deferred Tax Expense		
Origination & reversal of temporary differences	1,491	(635)
Adjustment for Prior Years	(1,290)	-
Deferred Tax Expense	201	(635)
Total Tax Expense	603	(425)

	2022	24 th Aug 2020 to 31 st Mar 2021
	£'000	£'000
Factors affecting tax charge		
Loss excluding taxation	(23,342)	(23,106)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(4,435)	(4,390)
Effect of tax rates in foreign jurisdictions	7	28
Unused tax losses	989	281
Preference share dividend non-deductible	2,679	1,082
Non-deductible expenses	1,284	2,786
Tax (over) / under provision in prior years	(925)	137
Deductible temporary differences	1,912	(103)
Relief from UK Patent Box election	(486)	(238)
IFA expenditure treated as R&D	(405)	
Other	(17)	(8)
	603	(425)

The main factor affecting future tax charges is the increase in the tax rate from 19% to 25%, the main corporation tax rate will be effective from 1st April 2023. The deferred tax assets and liabilities having been measured at the rates at which they are expected to reverse.





Notes to the consolidated financial statements (continued)

6. Property, plant and equipment

	Leasehold improvement £'000	Fixtures and Fittings £'000	Equipment £'000	Total £'000
Cost				
Balance at 24 Aug 2020	-	-	-	-
Acquired 13 October 2020	408	58	195	661
Additions	24	-	99	123
Effect of movements in foreign exchange	-	(3)	-	(3)
Balance at 31 March 2021	432	55	294	781
Acquired on 31 Jan 2022	-	-	60	60
Additions	18	-	402	420
Disposals	(98)	(36)	(198)	(332)
Effect of movements in foreign exchange	-	2	8	10
Balance at 31 March 2022	352	21	566	939
Accumulated depreciation and impairment				
Balance at 24 Aug 2020	-	-	-	-
Depreciation charge for the period	53	14	112	179
Effect of movements in foreign exchange	(2)	(2)	(6)	(10)
Balance at 31 March 2021	51	12	106	169
Depreciation charge for the year	114	25	286	425
Disposals	(98)	(36)	(196)	(330)
Effect of movements in foreign exchange	-	2	8	10
Balance at 31 March 2022	67	3	204	274
Net book value				
At 31 March 2021	381	43	188	612
At 31 March 2022	285	18	362	665

7. Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Buildings	Equipment	2022 £'000	2021 £'000
Right-of-use assets				
Balance as at 1 April	1,520	27	1,547	-
Additions	39	-	39	1,806
Depreciation charge for the year	(489)	(8)	(497)	(235)
Disposals or adjustments	12	1	13	(24)
Effect of movements in foreign exchange	12	-	12	-
Balance as at 31 March	1,094	20	1,114	1,547



Notes to the consolidated financial statements (continued)

7. Leases (continued)

	2022 £'000	2021 £'000
Lease liabilities		
Less than one year	487	478
One to five years	795	1,220
	1,282	1,698

Amounts recognised in the income statement

The Group leases a number of office building facilities. They are classified according to IFRS16 leases. The income shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets		
Buildings	(489)	(231)
Equipment	(8)	(4)
	(497)	(235)
 Interest expense (included in finance costs)	 98	 (57)

The total cash outflow for leases in the year was £514k (FY21 five-month period: £277k).





Notes to the consolidated financial statements (continued)

8. Intangible Assets

	Goodwill £'000	Brand £'000	Software £'000	Customer relationships £'000	Intellectual Property £'000	Total £'000
Cost and valuation						
Balance at 24 August 2020	-	-	-	-	-	-
Acquired at 13 October 2020	88,965	1,992	341	77,688	9,450	178,436
Acquisition of subsidiary	656	-	-	-	337	993
Additions	-	-	1,978	492	-	2,470
Balance at 1 April 2021	89,621	1,992	2,319	78,180	9,787	181,899
Acquisition of subsidiary	82,709	335	-	32,232	4,478	119,754
Additions	-	-	5,611	-	-	5,611
Disposals or adjustments	-	-	(974)	(27)	-	(1,001)
Effect of movements in foreign exchange	1,212	3	17	275	(5)	1,502
Balance at 31 March 2022	173,542	2,330	6,973	110,660	14,260	307,765
Amortisation and impairment						
Balance at 24 August 2020	-	-	-	-	-	-
Amortisation for the period	-	47	199	1,868	779	2,893
Effect of movements in foreign exchange	-	-	-	(2)	-	(2)
Balance at 1 April 2021	-	47	199	1,866	779	2,891
Amortisation for the year	-	105	2,289	4,262	1,773	8,429
Disposals or adjustments	-	-	(974)	-	-	(974)
Effect of movements in foreign exchange	-	-	-	(11)	1	(10)
Balance at 31 March 2022	-	152	1,514	6,117	2,553	10,336
Net book value						
At 31 March 2021	89,621	1,945	2,120	76,314	9,008	179,008
At 31 March 2022	173,542	2,178	5,459	104,543	11,707	297,429

Intangible assets comprise both assets arising from costs incurred to develop software and intangibles acquired through business combinations. Intangibles assets are amortised over periods of 3 years for software, between 3 and 6 years for intellectual property, between 10 and 20 years for customer relationships and between 10 and 20 years for Brand.

In the period ended 31 March 2022, the Group capitalised any internally generated software research and development costs which have met the requirements of IAS 38 'Intangible Assets', these amounts are included within the software additions.





Notes to the consolidated financial statements (continued)

8. Intangible Assets (continued)

Acquisition of Iridium Technology Holdings LLC

On 31 January 2022, BigHand Inc, a subsidiary in the Group acquired 100% of all classes of the issued ordinary share capital of Iridium Technology Holdings, LLC, a company incorporated and domiciled in the United States. The acquisition is expected to enhance the Group's existing business through the addition of talented and experienced staff, the opportunity to win and grow new customers going forward and a complimentary software solution which further consolidates the Group's position in the NA legal technology market.

The fair values of the assets and liabilities acquired are set out below:

Fair values recognised at acquisition

(£'000)

Assets

Fixed assets	60
Intangibles Assets*	37,044
Trade and other receivables	1,614
Cash	4,085
	42,803

Liabilities

Trade and other payables	(31,568)
Deferred tax*	(9,113)
	(40,681)

Fair value of net assets acquired	2,122
Goodwill on acquisition	82,709
Settlement of existing debt	23,335
Total consideration	108,166

*Intangible assets include Intellectual Property ('IP') identified on business combination amounting to £4,478k amortised over a period of 10 years, Customer relationships amounting to £32,231k amortised over a period of 20 years and Brand amounting to £336k and amortised over a period of 10 years. As a result of recognition of the intangible assets as part of the acquisition, a deferred tax liability arises of £9,113k

The post-acquisition trade of the Iridium Group is now being conducted out of BigHand subsidiaries. The performance of the Iridium Group is not managed and reviewed separately and hence disclosure in respect of revenue and profit of Iridium Group since acquisition is not included.

Key assumptions used in discounted cash flow projection calculations

The recoverable amount of the group has been determined based on a value in use calculation using cash flow projections. Projected cash flows are calculated with reference to the group's business plan and subject to management review. The business plan is prepared with detailed knowledge of the current client base, the growth aspirations, and the markets in which the group operates in. The year 1 cash flow projections are based on detailed and approved financial budgets and years 2 to 5 on an outlook prepared by management.



Notes to the consolidated financial statements (continued)

8. Intangible Assets (continued)

The key assumptions used:

- 1 CGU is used as there is more than a significant interdependence between the cash inflows with all areas of the business being reliant on the London office to complete sale, provide service delivery and provide ongoing support to customers
- Growth rates of between 5% to 24% in years 1 to 5 and then 5% after 5 years in perpetuity
- Discount rate used of 11%
- EBITDA margins of between 36% to 39%

Discount rates used

Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money. In assessing the discount rate, the following factors have been considered:

- The long-term UK treasury bonds
- The cost of equity based on an adjusted Beta
- The risk premium to reflect the increased risk of investing in equities

Sensitivity analysis

The impairment review done by management is sensitive to changing assumptions. The sensitivity which management have performed is to increase WACC by 50 basis points (to 12%), no growth in EBITDA, and a reduction in cash flows by 5% in years 1 to 5. Even in this unlikely event no impairment would be recognised.

9. Investments

Other than the Company's investment in subsidiaries (disclosed in note 24) the Group has no investments.

10. Deferred tax assets and liabilities

31 March 2022	1 April 2021	Recognised in income	Deferred taxes acquired in business combinations	31 March 2022
	£'000	£'000	£'000	£'000
Movement in the year				
Tax value of losses carry-forwards	2,061	2,504	-	4,565
CIR - unused interest capacity	235	1,419	-	1,654
Lease	29	13	-	42
Deferred tax asset	2,325	3,936	-	6,261
Movement in the year				
Property, plant and equipment	(415)	(82)	-	(497)
Intangible assets	(16,510)	(4,122)	(9,113)	(29,745)
Deferred tax liability	(16,925)	(4,204)	(9,113)	(30,242)



Notes to the consolidated financial statements (continued)

10. Deferred tax assets and liabilities (continued)

31 March 2021	24 August 2020	Recognised in income	Deferred taxes acquired in business combinations	31 March 2021
	£'000	£'000	£'000	£'000
Movement in the period				
Tax value of losses carry-forwards utilised	-	319	1,742	2061
CIR - unused interest capacity	-	235	-	235
Lease	-	7	22	29
Deferred tax asset	-	561	1,764	2,325
Movement in the period				
Property, plant and equipment	-	(415)	-	(415)
Intangible assets	-	489	(16,999)	(16,510)
Deferred tax liability	-	74	(16,999)	(16,925)

11. Inventories

	2022	2021
	£'000	£'000
Raw materials and consumables	59	134

12. Trade and other receivables

	2022	2021
	£'000	£'000
Trade and other receivables	10,351	7,634
Contract asset*	1,309	532
Prepayments	1,676	1,502
	13,336	9,668

*Contract asset represents accrued income

13. Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash and cash equivalents	13,346	17,727

Cash and cash equivalents comprise cash at bank only.



Notes to the consolidated financial statements (continued)

14. Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade and other payables	2,003	762
Other taxation and social security	900	3,004
Contract liability	27,996	20,894
Accruals	2,470	2,383
Deferred remuneration	338	1,323
Contingent liability	27	157
	33,734	28,523

*Contract liability represents deferred income

Deferred remuneration comprises remuneration arising from the acquisition of Mason & Cook Ltd of £224k and bonus* of £114k arising from the acquisition of Iridium Technology Holdings (which were paid following the year end to eligible staff in June 2022). The contingent liability comprises consideration arising from acquisition Mason & Cook Ltd acquisition of £27k.

FY21 comprised contingent remuneration arising from acquisition of Iphelion Ltd (a company previously acquired by BigHand Ltd) of £1,034k and contingent remuneration arising from Mason & Cook Ltd acquisition of £289k. The contingent remuneration from the acquisition of Iphelion Ltd was paid in January 2022.

15. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	2022 £'000	2021 £'000
Non-current liabilities		
Secured bank loans	98,616	60,000
10% Subordinated loan notes	19,993	20,000
12% Preference shares classified as debt	173,710	101,887
Preference dividend	19,796	5,694
Bank facility fee	(885)	(2,010)
	311,230	185,571
Current liabilities		
Interest on secured bank loans	431	89
	431	89

Bank loans and Preference Shares

Existing bank loans in BigHand UK Bidco Ltd of £57.5m are comprised of a £60m term loan with Barings which has a maturity date of 13 January 2028, a fixed interest charge of 5.5% and a floating charge linked to SONIA. £2.5m of this debt was repaid in the year. It includes a financial covenant consisting of a leverage ratio limit of 6.92 for the period. It also has credit facility of £5m with NatWest available until 13 July 2027.

Post balance sheet date, on 26th May 2022 and 21st June 2022 respectively: 431,930 and 29,437 preference shares (£1 par) were issued.



Notes to the consolidated financial statements (continued)

15. Interest bearing loans and borrowings (continued)

On 31 January 2022 the Group borrowed an incremental £40m in USD (\$53.9m) from Barings which has the same maturity date and interest charges as above. In accordance with the agreement on the existing bank loans, a covenant reset letter was issued and signed and the covenant ratios revised,

On the same date, the Group also issued preference shares of £71.8m. Both transactions were to fund the acquisition of Iridium Technologies.

The existing subordinated loan notes in BigHand UK Holdco Ltd comprises of £19.2m of loan note A and £0.8m of loan note B. During the year, there has been partial delisting of the loan note B of £0.01m.

Both of the loan notes are subjected to 10% fixed rate interest, and the interest is paid on monthly basis. The loan notes mature on 13 April 2028 and are listed on The International Stock Exchange ("TISE").

The revolving credit facility ('RCF') of £5m (2021: £5m) remained in place in 2022. The Group maintained a positive cash position throughout the year and did not draw on the RCF.

16. Share Capital

	12% cumulative redeemable preference shares		Ordinary shares	
In thousands of shares	2022	2021	2022	2021
On issue at 13 October	101,887	101,887	10	10
Issued for cash	71,823	-	3	-
On issue at 31 March – fully paid	173,710	101,887	13	10
			2022	2021
			£'000	£'000
Allotted, called up and fully paid				
1,089,110 A ordinary shares of £0.01 each (FY21: 767,448)			11	8
48,210 B ordinary shares of £0.01 each (FY21: 32,552)			-	-
50,000 C1 ordinary shares of £0.01 each (FY21: 50,000)			1	1
119,500 C2 ordinary shares of £0.01 each (FY21: 110,000)			1	1
12% cumulative redeemable Preference Shares issued at £0.01 each			173,710	101,887
			173,723	101,897
Shares classified in shareholders' funds as equities			13	10
Shares classified as liabilities			173,710	101,887
			173,723	101,887

Post balance sheet date, on 13th May 2022 7,000 C2 shares of £0.01 each were issued (at £1.50 per share).

Ordinary shares

The main rights attaching to the ordinary shares are as follows:

Voting rights:

On a show of hands and on poll, each holder of class A, class B, class C1 ordinary shares who is present shall have one vote. The holders of C2 ordinary shares are not entitled to vote, receive notice nor attend or speak at any general meetings.





Notes to the consolidated financial statements (continued)

16. Share Capital (continued)

Distributions (including dividends) and return of capital:

On all distributions (including a return of capital on a liquidation, but excluding a redemption of or purchase by the company of its own shares) (the "Ordinary Distributions"), the assets of the company remaining after the payment of its liabilities shall be distributed among the holders of class A, class B, class C1 and class C2 ordinary shares (the "Ordinary Shares") pro rata based on the number of Ordinary Shares held by each such holder, provided that such Ordinary Distributions shall, in respect of any class B ordinary shares held by any Bad Leaver or Very Bad Leaver (as defined in the articles), be capped at a maximum value (with any greater amount that would otherwise have been allocated to such Bad Leaver or Very Bad Leaver in respect of such class B ordinary shares being allocated amongst the remaining holders of the Ordinary Shares *pari passu* as if the same constituted one class of share).

Preference shares

The preference shares are redeemable and have a par value of £0.01 and are allotted for £0.01 per share. The preference shares carry an entitlement to preference dividend at the rate of 12% per share per annum, compounded annually on 13 October each year. The company may, at any time, redeem all or some of the Preference Shares then in issue. The preference shares and the preference share dividends would be redeemable upon the sale of BigHand UK Topco Limited (the ultimate holding company of the Group) or by the shareholder and third party financiers agreement.

Reserves

Nature and purpose of reserves:

- Retained Earnings – comprises the accumulated retained profits from current and prior periods.
- Share Premium Reserve - comprises historical premiums paid above the nominal value of equity shares issued.
- Foreign Exchange Reserve – comprises net exchange differences recognised in other comprehensive income and accumulated over current and prior periods.
- Capital Redemption Reserve – is a non-distributable reserve into which amounts are transferred following the redemption or purchase of The Company's shares.
- Employee Benefit Trust - The Company sponsors an Employee Benefit Trust in which it holds the shares. At the balance sheet date 2,812 ordinary B shares and 25,000 ordinary C2 shares were held by the Trust.

17. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, receivables, borrowings and payables. These all arise directly from the Group's operations. As disclosed below, the Group has in place foreign exchange contracts to help manage its interest rate and foreign exchange risk.

Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted (unadjusted prices in active markets for identical assets or liabilities).
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value, which are not based upon observable market data.





BigHand

Notes to the consolidated financial statements (continued)

17. Financial instruments (continued)

There have been no transfers between Level 1 and Level 2 during the period.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2022 £'000	Carrying amount 2021 £'000
Loans and other receivables		
Cash and cash equivalents (note 13)	13,346	17,727
Other loans and receivables (note 12)	13,336	7,634
Total financial assets	26,682	25,361
Financial liabilities measured at amortised cost		
Interest-bearing loans and borrowings (note 15)	311,230	185,660
Trade and other payables (note 14)	5,738	7,629
Total financial liabilities	316,968	193,289

There is no material difference between the book value and the fair value of these financial assets and liabilities.

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

In order to minimise this risk, the Group endeavours only to deal with companies and public sector bodies which are demonstrably creditworthy and this, together with the aggregate exposure, is continuously monitored. The group had no customers who represented more than 10% of the trade receivables balance as at 31 March 2022.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure, therefore, the maximum exposure to credit risk at the balance sheet date was £13,336,000 (FY21: £7,634,000) being the total of the gross carrying amount of financial assets, excluding equity investments and cash and cash equivalents, shown in the table below



BigHand



Notes to the consolidated financial statements (continued)

17. Financial instruments (continued)

Credit quality of financial assets and expected credit losses

The aging of trade receivables at the balance sheet date was:

	Gross	Expected Credit Loss	Gross	Expected Credit Loss
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Not past due	6,495	-	4,797	-
Past due 0-30 days	1,620	-	1,498	-
Past due 31-90 days	959	-	825	-
More than 90 days	1,259	(537)	698	(440)
	10,333	(537)	7,818	(440)

The movement in the allowance for expected credit losses in respect of trade receivables during the period was as follows:

	2022	2021
	£'000	£'000
Balance at 1 April 2021	440	-
Acquired in the year	149	-
Additions in the year	133	544
Utilised in the year	(185)	(104)
Balance at 31 March 2022	537	440

The allowance account for trade receivables is used to record expected credit losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group manage the exposure of market risk by putting in place forward contracts for foreign currency (entered into and closed within the year) at pre-determined rates at the estimated amount of funds to be repatriated from the overseas subsidiaries (USA, Canada, Australia and Europe). A £238k loss (FY21 £240k gain) arose from these contracts and is recorded within the foreign exchange losses classification in the P&L.





Notes to the consolidated financial statements (continued)

17. Financial instruments (continued)

Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives.

31 March 2022

	Canadian Dollar £'000	Euro £'000	US Dollar £'000	Australian Dollar £'000	New Zealand Dollar £'000	Total £'000
Cash and cash equivalents	871	1,088	3,632	1,307	75	6,973
Trade receivables	413	142	4,645	743	32	5,975
Trade payables	(1)	(341)	(150)	(34)	-	(526)
Interest-bearing loans	-	-	(41,116)	-	-	(41,116)
Net exposure	1,283	889	(32,989)	2,016	107	(28,694)

31 March 2021

	Canadian Dollar £'000	Euro £'000	US Dollar £'000	Australian Dollar £'000	New Zealand Dollar £'000	Total £'000
Cash and cash equivalents	940	2,157	2,461	1,711	-	7,269
Trade receivables	72	302	2,419	437	-	3,230
Trade payables	(1)	(5)	(82)	(10)	-	(98)
Net exposure	1,011	2,454	4,798	2,138	-	10,401

Sensitivity analysis

The figures above are based on the following closing exchange rates:

Closing exchange rates	2022	2021
Euro	1.17	1.17
US Dollar	1.31	1.37
Canadian Dollar	1.64	1.73
Australian Dollar	1.75	1.81
New Zealand Dollar	1.89	1.89

For a movement of plus or minus 5% in the above exchanges rates, the carrying values would be changed as set out below:

Resulting change	2022	2021
Euro	44	123
US Dollar	(1,649)	240
Canadian Dollar	64	51
Australian Dollar	101	107
New Zealand Dollar	5	-





Notes to the consolidated financial statements (continued)

17. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The provision of cash for the repayment of day-to-day business commitments is carefully monitored and forecasts are made of future cash requirements.

The following are the contractual maturities of financial liabilities:

2022	Carrying amount £'000	Effective interest rate %	Repayment < 1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000
Secured bank loan - Senior debt B	98,616	SONIA + 5.5%	-	-	-	98,616
Secured bank loan - Accrued interest	431	n/a	6,526	6,095	18,285	4,571
Subordinated Loan notes	19,993	10%	-	-	-	19,993
Subordinated Loan notes interest	-	n/a	1,999	1,999	5,998	1,999
Preference shares classified as debt*	173,710	12%	-	-	-	173,710
Trade and other payables	5,738	n/a	5,738	-	-	-
Lease liabilities	1,282	n/a	487	387	409	-
	299,770		14,750	8,481	24,692	298,889

*Additional interest will be payable in addition to the amounts presented as Preference Shares above after 5 years

2021	Carrying amount £'000	Effective interest rate %	Repayment < 1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000
Secured bank loan - Senior debt B	60,000	LIBOR + 5.5%	-	-	-	60,000
Secured bank loan - Accrued interest	89	n/a	3,442	3,353	10,058	5,867
Subordinated Loan notes	20,000	10%	-	-	-	20,000
Subordinated Loan notes interest	-	n/a	2,000	2,000	6,000	4,000
Preference shares classified as debt	101,887	12%	-	-	-	101,887
Trade and other payables	7,629	n/a	7,629	-	-	-
Lease liabilities	1,698	n/a	568	919	428	-
	191,303		13,639	6,272	16,486	191,754

Further details on the interest-bearing loans and borrowings are included in note 15



Notes to the consolidated financial statements (continued)

Interest rate risk

The Group finances itself through a combination of equity and debt. The Group's borrowings are a mixture of fixed rate instruments (loan notes) and floating rate borrowings from NatWest and Barings.

	2022 £'000	2021 £'000
Fixed rate instruments	19,993	20,000
Floating rate instruments	98,616	60,000
	118,609	80,000

A change of 100 basis points in interest rates at the balance sheet date would have increased interest expense by £986,160 (2021: £600,000).

Capital risk management

The Group's capital comprises ordinary share capital, preference share capital, share premium, retained earnings, foreign exchange reserves and employee benefit trust. The Group has a financial policy to maintain a net leverage ratio (net debt to adjusted EBITDA) not exceeding 7.42:1. The leverage ratio was 4.96:1 as at 31 March 2022 (2021: 4.46:1).

18. Capital commitments

At the year-end 31 March 2022, the Group did not have any capital commitments to purchase property or plant and equipment.

19. Related parties

During the year the directors and key management personnel received preference shares and loan notes (see note 15) with an aggregate value of £2,991,374 (FY21: £4,440,854). The accrued interest on the preference shares and loan notes in the period include £382,983 (FY21: £236,502) in respect of the directors and key management personnel. The preference shares and loan notes balance relating to directors and key management, including accrued interest was £8,492,847 (FY21: £4,677,356).

20. Ultimate controlling parties

The immediate parent company of BigHand UK Topco Limited is BigHand US Equity Holdco, LLC which is incorporated in the Cayman Islands. The ultimate controlling party is LLCP GP Holdings, LLC which is incorporated in the United States. The smallest group into which the financial statements are consolidated is BigHand UK Topco Limited. The largest group into which the financial statements of the company are consolidated is Levine Leichtman Capital Partners VI AIV, L.P. which has a registered office C/o Maples Corporate Services Limited PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104.



21. Subsidiary audit exemptions

The following subsidiaries are exempt from the requirement of an audit of their individual accounts in compliance with s479A-C of the Companies Act 2006. Parental Guarantee has been given by BigHand UK Topco Limited to each of the subsidiaries listed below.

	Principal place of business/ Country of incorporation	Registered number
BigHand UK Holdco Limited	England & Wales	12833635
BigHand UK Midco Limited	England & Wales	12833971
BigHand UK Bidco Limited	England & Wales	12834023
BH Group Topco Limited	England & Wales	11267353
BH Group Midco Limited	England & Wales	11267753
BH Group Bidco Limited	England & Wales	11267908
BH Topco Limited	England & Wales	7981569
BH Midco Limited	England & Wales	7991572
BH Bidco Limited	England & Wales	7915020
BigHand Holdings Limited	England & Wales	5819091
BigHand Limited	England & Wales	3128724
nFlow Software Limited	England & Wales	3916189
DW Reporting Limited	England & Wales	8348786
Iphelion Limited	England & Wales	05743298
Mason & Cook Limited	England & Wales	08622091



BigHand

Company Balance Sheet

at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments in subsidiaries	24	175,211	102,642
Intercompany Loan		-	217
Current assets			
Debtors	25	3	-
Prepayments	25	93	-
		96	-
Creditors: amounts falling due within one year	26	(478)	21
Net current liabilities		(382)	(21)
Total assets less current liabilities		174,829	102,838
Creditors: amounts falling due after more than one year	26	193,506	107,581
Capital and reserves			
Called up share capital	27	13	10
Share premium account		1,462	951
Employee Benefit Trust		(28)	(5)
Profit and loss account		(20,124)	(5,699)
Total equity		(18,677)	(4,743)
		174,829	102,838

The loss for the year was £14,425,000 (FY21 period: loss of £5,699,000).

These financial statements were approved by the Board of directors on 10th August 2022 and were signed on its behalf by.

DocuSigned by:

James Davis
A00535B500ED4F4 ..

James Davis
CFO

10th August 2022

Company registered number: 12832924



BigHand



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Company Statement of Changes in Equity

for the year 31 March 2022

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Employee Benefit Trust £'000	Total Equity £'000
At incorporation (24 Aug 2020)	-	-	-	-	-
Loss for the period	-	-	(5,699)	-	(5,699)
Other comprehensive income	-	-	-	-	-
Total Comprehensive loss for the period	-	-	(5,699)	-	(5,699)
Issue of shares	10	951	-	-	961
EBT movement	-	-	-	(5)	(5)
31 March 2021	10	951	(5,699)	(5)	(4,743)
Loss for the year 2022	-	-	(14,425)	-	(14,425)
Other comprehensive income	-	-	-	-	-
Total Comprehensive loss for the year	-	-	(14,425)	-	(14,425)
Issue of shares	3	511	-	-	514
EBT movement	-	-	-	(23)	(23)
31 March 2022	13	1,462	(20,124)	(28)	(18,677)



BigHand



Notes to the parent company financial statements

(forming part of the financial statements)

22. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The parent company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64can, B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 39can and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135can-135can of IAS 36 Impairment of Assets.

The company has taken advantage of exemption available under Section 408 of Companies Act 2006 not to present its own profit and loss account. The company's loss for the year was £14,425,000.

Going Concern

As the head of the BigHand Group, the Company's going concern status is inherently linked to the Going Concern position of the Group, please Refer to Note 1 of the Consolidated financial statements

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.



Notes to the parent company financial statements (*continued*)

22. Accounting policies (*continued*)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that can be controlled and that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Finance costs and borrowings

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of equity (see dividends policy), are dealt with as appropriations in the reconciliation of movements in equity.

Dividends on shares presented within equity

Dividend income is recognised when the company's right to receive payment is established





BigHand

Notes to the parent company financial statements *(continued)*

22. Accounting policies (continued)

Employee benefit trust ('EBT')

The Company operates an EBT over which it has de facto control of the shares held by the trust and bears the benefits and risk. It therefore records the assets and liabilities and the results and cash flow of the trust as its own.

23. Remuneration of Directors

None of the directors received any remuneration for their qualifying services to the Company in the period.

Two of the directors who served the company during the year are paid by the ultimate controlling party, Levine Leichtman Capital Partners. There has been no recharge to the company on the basis that the amount attributable to the company is negligible. Two other directors are paid for by a subsidiary, BigHand UK Bidco Limited. The directors do not believe that it is practical to apportion the remuneration for their qualifying services between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies.

24. Investments in subsidiaries

Shares in Group undertaking companies BigHand UK Topco

	2022 £'000	2021 £'000
<i>Cost and net book value:</i>		
Investments in subsidiaries	175,211	102,642
	175,211	102,642

The investment relates to BigHand UK Holdco Limited, a wholly-owned subsidiary registered in England and Wales. BigHand UK Holdco Limited owns the entire issued share capital of the following companies either directly or indirectly:



BigHand



Notes to the parent company financial statements (continued)

24. Investments in subsidiaries (continued)

	Principal place of business/ Country of incorporation	Registered number	Class of shares held	Proportion of voting rights and shares held
2022				
BigHand UK Holdco Limited	England & Wales	12833635	Ordinary	100%
BigHand UK Midco Limited	England & Wales	12833971	Ordinary	100%
BigHand UK Bidco Limited	England & Wales	12834023	Ordinary	100%
BH Group Topco Limited	England & Wales	11267353	Ordinary	100%
BH Group Midco Limited	England & Wales	11267753	Ordinary	100%
BH Group Bidco Limited	England & Wales	11267908	Ordinary	100%
BH Topco Limited	England & Wales	7981569	Ordinary	100%
BH Midco Limited	England & Wales	7991572	Ordinary	100%
BH Bidco Limited	England & Wales	7915020	Ordinary	100%
BigHand Holdings Limited	England & Wales	5819091	Ordinary	100%
BigHand Limited	England & Wales	3128724	Ordinary	100%
nFlow Software Limited	England & Wales	3916189	Ordinary	100%
DW Reporting Limited	England & Wales	8348786	Ordinary	100%
Iphelion Limited	England & Wales	05743298	Ordinary	100%
Mason & Cook Limited	England & Wales	08622091	Ordinary	100%
DW Reporting Canada Limited	Canada	BC1070430	Ordinary	100%
BigHand Inc.	USA	4175245	Common	100%
Payne Group Inc.	USA	502624	Common	100%
BigHand Software Inc.	Canada	S2112 1811-RC0001	Common	100%
BigHand Software Pty Limited	Australia	CAN 131578544	Ordinary	100%
BigHand B.V. (formerly dFlow B.V.)	Netherlands	KvK 17209395	Ordinary	100%
Iridium Holdings LLC	USA	83-1575916	Ordinary	100%
Iridium Technology Opco, LLC	USA	82-3597898	Ordinary	100%
Iridium Technology New Zealand Ltd	New Zealand	9429047025110	Ordinary	100%
Iridium Technology Canada Ltd	Canada	73009 4737	Ordinary	100%
Iridium Technology Canada Inc. (US)	USA	83-1393535	Ordinary	100%

The principal activity of all of the companies is the provision of productivity and profitability solutions to the legal, professional services and healthcare markets, except for BigHand UK Holdco Limited, BigHand UK Midco Limited, BigHand UK Bidco Limited, BH Group Topco Limited, BH Group Midco Limited, BH Group Bidco Limited, BH Topco Limited, BH Midco Limited, BH Bidco Limited and BigHand Holdings Limited which are investment holding companies providing management services to their subsidiaries.

The registered office for BigHand UK Holdco Limited, BigHand UK Midco Limited, BigHand UK Bidco Limited, BH Group Topco Limited, BH Group Midco Limited, BH Group Bidco Limited, BH Topco Limited, BH Midco Limited, BH Bidco Limited, BigHand Holdings Limited, BigHand Limited, DW Reporting Limited, Iphelion Limited, Mason & Cook Limited and nFlow Software Limited are all at 27 Union Street, London, SE1 1SD



Notes to the parent company financial statements (continued)

24. Investments in subsidiaries (continued)

The registered offices of the overseas subsidiary companies are as follows:

- BigHand Inc. – 2711 Centerville Road, Suite 400, Wilmington, Newcastle, Delaware 19808, USA / 1255
- Payne Group Inc. – 1218 3rd Avenue, Suite 1900, Seattle, WA 98101-3051
- BigHand Software Inc. – 199 Bay St. Commerce Court West, Suite 4000, Toronto ON M5L 1A9
- BigHand Software Pty Ltd - Suite 2 Level 11, 92 Pitt Street, Sydney, NSW 2000, Australia
- BigHand B.V. - Flight Forum 40 Ground floor 5657 DB Eindhoven Netherlands (Virtual Office Space)
- DW Reporting Canada Limited – c/o McCarthy Tétrault LLP, Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5
- Iridium Holdings LLC - 5470 Kietzke Lane, Suite 300, Reno, NV 89511
- Iridium Technology Opco, LLC - 5470 Kietzke Lane, Suite 300, Reno, NV 89511
- Iridium Technology New Zealand Ltd - 29C Greenhithe Road, Greenhithe, Auckland, NZ
- Iridium Technology Canada LTD - 220-7565 132nd St, Surrey, BC, Canada
- Iridium Technology Canada Inc. (US) - 5470 Kietzke Lane, Suite 300, Reno, NV 89511

25. Debtors

	2022 £'000	2021 £'000
Amounts receivable within one year		
Amounts owed from Group undertakings*	3	-
Prepayments	93	-
	96	-

*The amount owed to Group undertakings is unsecured and repayable on demand. The group has an annual 6% interest charge on the intercompany balances as at year end.

26. Creditors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings*	(478)	15
Accruals	-	6
	(478)	21

Amounts falling due after more than one year		
10% preference shares classified as liabilities	173,710	101,887
Preference dividend	19,796	5,694
	193,506	107,581

*The amount payable to Group undertakings is unsecured and repayable on demand. The group has an annual 6% interest charge on the intercompany balances as at year end.

The preference shares have a par value of £0.01 and are allotted for £0.01 per share. The preference shares carry an entitlement to preference dividend at the rate of 12% per share per annum, compounded annually on 13 October each year.

Post balance sheet date, on 26th May 2022 and 21st June 2022 respectively; 431,930 and 29,437 preference shares (£1 par) were issued.





Notes to the parent company financial statements (continued)

27. Called up share capital

	2022 £'000	2021 £'000
<i>Allotted, called up and fully paid:</i>		
1,089,110 A ordinary shares of £0.01 each (FY21: 767,448)	11	8
48,210 B ordinary shares of £0.01 each (FY21: 32,552)	-	-
50,000 C1 ordinary shares of £0.01 each (FY21: 50,000)	1	1
119,500 C2 ordinary shares of £0.01 each (FY21: 111,000)	1	1
	13	10

Post balance sheet date, on 13th May 2022 7,000 C2 shares of £0.01 each were issued (at £1.50 per share).

Voting rights:

On a show of hands and on poll, each holder of class A, class B, class C1 ordinary shares who is present shall have one vote. The holders of C2 ordinary shares are not entitled to vote, receive notice nor attend or speak at any general meetings.

Distributions (including dividends) and return of capital:

On all distributions (including a return of capital on a liquidation, but excluding a redemption of or purchase by the company of its own shares) (the "Ordinary Distributions"), the assets of the company remaining after the payment of its liabilities shall be distributed among the holders of class A, class B, class C1 and class C2 ordinary shares (the "Ordinary Shares") pro rata based on the number of Ordinary Shares held by each such holder, provided that such Ordinary Distributions shall, in respect of any class B ordinary shares held by any Bad Leaver or Very Bad Leaver (as defined in the articles), be capped at a maximum value (with any greater amount that would otherwise have been allocated to such Bad Leaver or Very Bad Leaver in respect of such class B ordinary shares being allocated amongst the remaining holders of the Ordinary Shares pari passu as if the same constituted one class of share).

28. Reserves

Nature and purpose of reserves:

Retained Earnings – comprises the accumulated retained profits from current and prior periods.

Share Premium Reserve - comprises historical premiums paid above the nominal value of equity shares issued.

Capital Redemption Reserve – Capital Redemption Reserve – is a non-distributable reserve into which amounts are transferred following the redemption or purchase of The Company's shares.

Employee Benefit Trust - The Company sponsors an Employee Benefit Trust in which it holds the shares.

At the balance sheet date 2,812 ordinary B shares and 25,000 ordinary C2 shares were held by the Trust.

29. Related party disclosures

The Company is controlled by Levine Leichtman Capital Partners. The Company has taken advantage of the exemption in FRS 101 "Related party disclosure" (paragraph 17 and 18A) not to disclose transactions with wholly owned subsidiaries. Details of transactions with other related parties are set out in note 19.