

SYCURIO LIMITED

Formerly Semafone Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SYCURIO LIMITED
Formerly Semafone Limited

COMPANY INFORMATION

Directors	S Hollingsworth (appointed 24 June 2021) G Lumsdon (appointed 23 June 2022)
Registered number	06963868
Registered office	Pannell House Park Street Guildford Surrey GU1 4HN
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors 24 Old Bond Street London W1S 4AP

SYCURIO LIMITED
Formerly SemaFone Limited

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14 - 15
Consolidated Analysis of Net Debt	15
Notes to the Financial Statements	16 - 41

SYCURIO LIMITED
Formerly Semafone Limited

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

In April 2022, Semafone rebranded as Sycurio™ marking a major milestone for the company, the new name, logo and product tiering structure reflects its growing stature as a visionary global provider of pioneering cloud-based solutions that simplify how organisations manage data protection, regulatory compliance and payment security in today's increasingly hyper-connected world.

This report provides a review of the company's 2021 activities and performance.

Business review

The principal activity of the group continues to be the development and distribution of software that enables contact centre agents to either take payments over the phone and secure their customers' personal data or for those same agents to use digital based media to take payments securely.

The business exited 2021 at £16.4m of Annual Recurring Revenue (ARR), generating revenue of £18.8m, and profit after tax of £3.1m for 2021. The principal measure of profitability the business uses is EBITDA, which is separately reconciled and reported on in the profit and loss section of these accounts and is reported as a profit of £6.0m.

Our strategy continues to focus on a combination of direct sales to enterprise customers in certain key industry verticals and regions, complemented by a indirect sales strategy driven from key relationships with channel partners. Sycurio's channel model incorporates Original Equipment Manufacturers (OEM), solution resellers, and cloud-based software platform providers who deliver Unified Communications-as-a-Service (UCaaS) and Contact Centre-as-a-Service (CCaaS) solutions to customers.

Principal risks and uncertainties

The principal risks we see in the business are centred around demand for talent, technology innovation and increased competition.

Competition in the UK and US markets has increased in recent years as the demand for secure solutions to payment card industry regulations expands. The company continues to invest in its people and products to maintain its competitive position. Recurring revenues continue to show strong and consistent growth.

Our secure payment technology forms a critical component of our customers contact center technology. Its successful deployment requires staff with the requisite levels of technology expertise and experience of our customers contact centre technology and architecture. Post pandemic we have experienced a high demand for staff with those skillsets. We have worked hard to retain staff and attract new staff to our business to ensure that we are able to continue to meet the high expectations for deployment set by our customers and partners alike.

SYCURIO LIMITED
Formerly Semafone Limited

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

Financial key performance indicators

The EBITDA performance is detailed in the below table:

	2021	2020
	£	£
Non-GAAP measure - EBITDA before exceptional items		
Profit after tax	3,153,762	1,261,699
Adjustments for:		
Taxation	(883,313)	(117,145)
Interest receivable	(372)	(1,854)
Interest payable	419,368	551,775
Amortisation of intangible fixed assets	1,318,866	1,179,323
Depreciation of tangible fixed assets	895,676	948,049
Exceptional items	1,073,095	-
	<u>5,977,082</u>	<u>3,821,847</u>

The Group considers the following additional Key Performance Indicators to be important and monitors and reports on these accordingly:

- Annual recurring revenues from annual licences and support fees, which we exited 2021 at £16.4m.
- Deployment Services Order Book and utilisation of Deployment Services resources, which totalled £1.8m of unbilled revenue in hand at the end of 2021.
- Net Promoter Score (NPS) with our customer base scored 67.
- Management of working capital which we principally measure through cashflow projections.

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

G Lumsdon
Director

Date: 31 August 2022

SYCURIO LIMITED
Formerly Semafone Limited

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors

The Directors who served during the year were:

S Hollingsworth (appointed 24 June 2021)
G Barnett (resigned 19 May 2022)
J Donaldson (resigned 24 June 2021)
W Gresty (resigned 24 June 2021)
M Ferguson (resigned 24 June 2021)
D Jackson (resigned 24 June 2021)
D Sear (resigned 24 June 2021)
C Kahn (appointed 24 June 2021, resigned 20 September 2021)
M Havard (resigned 24 June 2021)

Principal activity

The principal activity of the group is the development and distribution of software that enables call centres, which take payments over the phone or via omnichannel (SMS and email, agent webchat, instant messaging and social media etc), to eliminate agent fraud and the inadvertent storage of sensitive data. More recently, with the restrictions imposed by governments in relation to people movements during COVID-19, we have seen increased interest in our omnichannel products that allow businesses to maintain PCI DSS compliance for a distributed workforce that would traditionally be located in localised contact centres. Our products significantly reduce the costs for companies to comply with PCI DSS, and substantially reduces the risk to them of inadvertently storing their customers' personal information. Our customers are increasingly using Sycurio solutions in a broader context and the company is working with these organisations to secure other items of sensitive personal data processed via multiple channels.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SYCURIO LIMITED
Formerly Semafone Limited

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

Results and dividends

The profit for the year, after taxation, amounted to £3,153,762 (2020 - £1,261,699).

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

Future developments

The Group's strategy is to continue to grow revenues and maintain gross profit margin through the continued investment in its core data security solutions and global distribution channels. We have four areas of strategic focus:

- Continue to enhance Sycurio's product functionality and ease of use of our product offerings for both direct customers and channel partners globally.
- Maintain top tier product quality and security in order to maximise customer retention and satisfaction.
- Continue to invest in both direct and channel sales and marketing capabilities globally.

During the year our product team worked on enhancing our product portfolio and capabilities to better serve and protect our customers. These additions to our portfolio included the launch of SecureWeb+ solution, integrations of our Cardprotect Voice+ solution with Epic and the new release of our data analytics platform Intelligence+. We integrated 3DS FCA security as the part of compliance in UK & Europe on our Ecommerce transaction-based product Relay+ with various Payment gateways. Additionally we have enhanced our Voice and Relay+ products to accept payments via Bank details. This was in line with our continued product road map.

Disclosure of information to auditors

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

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

Post balance sheet events

There are no specific post balance sheet events to report. The legal claims for which the group has described as exceptional expenditure are ongoing post year end and have not concluded at the time of the approval of these financial statements.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

G Lumsdon

Director

Date: 31 August 2022

SYCURIO LIMITED
Formerly Semafone Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYCURIO LIMITED

Opinion

We have audited the financial statements of Sycurio Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

SYCURIO LIMITED
Formerly Semafone Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYCURIO LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

SYCURIO LIMITED
Formerly Semafone Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYCURIO LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of the company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and distributable profits. In relation to the industry this included PCI compliance, employment law and health & safety.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. As follows:

- Review of legal fees incurred;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Enquiring of management including those responsible for the key regulations;
- Agreeing compliance certificates and validations
- Reviewing the key accounting policies and estimates

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

SYCURIO LIMITED
Formerly Semafone Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYCURIO 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 Auditors' 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.

Richard Vass (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

31 August 2022

SYCURIO LIMITED
Formerly Semafone Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	18,836,729	17,028,606
Cost of sales		(4,743,984)	(4,827,792)
Gross profit		<u>14,092,745</u>	<u>12,200,814</u>
Administrative expenses including exceptional restructure costs of £612,148 and legal costs of £460,947	10	(11,533,779)	(10,682,690)
Other operating income	5	130,479	176,351
Operating profit	6	<u>2,689,445</u>	<u>1,694,475</u>
Interest receivable and similar income	12	372	1,854
Interest payable and similar expenses	13	(419,368)	(551,775)
Profit before taxation		<u>2,270,449</u>	<u>1,144,554</u>
Tax on profit	14	883,313	117,145
Profit for the financial year		<u><u>3,153,762</u></u>	<u><u>1,261,699</u></u>
Currency translation differences		(3,872)	(4,271)
Other comprehensive income for the year		<u>(3,872)</u>	<u>(4,271)</u>
Total comprehensive income for the year		<u><u>3,149,890</u></u>	<u><u>1,257,428</u></u>

The notes on pages 16 to 41 form part of these financial statements.

The following table is provided to show the earnings before interest, tax, depreciation and amortisation ("EBITDA").

	2021 £	2020 £
Non-GAAP measure - EBITDA before exceptional items		
Profit after tax	3,153,762	1,261,699
Adjustments for:		
Taxation	(883,313)	(117,145)
Interest receivable	(372)	(1,854)
Interest payable	419,368	551,775
Amortisation of intangible fixed assets	1,318,866	1,179,323
Depreciation of tangible fixed assets	895,676	948,049
Exceptional items	1,073,095	-
	<u><u>5,977,082</u></u>	<u><u>3,821,847</u></u>

SYCURIO LIMITED
Formerly Semafone Limited
REGISTERED NUMBER: 06963868

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	16	4,297,030	4,291,738
Tangible assets	17	937,797	1,540,186
		<u>5,234,827</u>	<u>5,831,924</u>
Current assets			
Debtors: amounts falling due within one year	19	8,338,941	4,968,714
Cash at bank and in hand	20	4,405,920	3,409,752
		<u>12,744,861</u>	<u>8,378,466</u>
Creditors: amounts falling due within one year	21	(14,456,223)	(14,710,123)
Net current liabilities		<u>(1,711,362)</u>	<u>(6,331,657)</u>
Total assets less current liabilities		3,523,465	(499,733)
Creditors: amounts falling due after more than one year	22	(263,936)	(2,300,364)
Provisions for liabilities			
Other provisions	26	(186,342)	(127,342)
		<u>(186,342)</u>	<u>(127,342)</u>
Net assets/(liabilities)		<u><u>3,073,187</u></u>	<u><u>(2,927,439)</u></u>
Capital and reserves			
Called up share capital	23	94,212	80,236
Share premium account	27	9,211,174	8,458,579
Foreign exchange reserve	27	(4,691)	(819)
Profit and loss account	27	(6,227,508)	(11,465,435)
		<u>3,073,187</u>	<u>(2,927,439)</u>

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

G Lumsdon
Director

Date: 31 August 2022

The notes on pages 16 to 41 form part of these financial statements.

SYCURIO LIMITED
Formerly Semafone Limited
REGISTERED NUMBER: 06963868

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	16	4,297,030	4,291,738
Tangible assets	17	446,430	451,690
Investments	18	26,522	26,522
		4,769,982	4,769,950
Current assets			
Debtors: amounts falling due within one year	19	8,240,227	4,875,783
Cash at bank and in hand	20	4,348,182	3,245,365
		12,588,409	8,121,148
Creditors: amounts falling due within one year	21	(14,540,083)	(14,241,032)
Net current liabilities		(1,951,674)	(6,119,884)
Total assets less current liabilities		2,818,308	(1,349,934)
Creditors: amounts falling due after more than one year	22	(171,025)	(1,932,394)
Provisions for liabilities			
Other provisions	26	(186,342)	(127,342)
		(186,342)	(127,342)
Net assets/(liabilities)		2,460,941	(3,409,670)
Capital and reserves			
Called up share capital	23	94,212	80,236
Share premium account	27	9,211,174	8,458,579
Profit and loss account	27	(6,844,445)	(11,948,485)
		2,460,941	(3,409,670)

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

G Lumsdon
Director

Date: 31 August 2022

The notes on pages 16 to 41 form part of these financial statements.

SYCURIO LIMITED
Formerly Semafone Limited

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

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2020	75,841	8,444,809	3,452	(12,727,134)	(4,203,032)
Profit for the year	-	-	-	1,261,699	1,261,699
Movement in foreign exchange	-	-	(4,271)	-	(4,271)
Total comprehensive income for the year	-	-	(4,271)	1,261,699	1,257,428
Shares issued during the year	4,395	13,770	-	-	18,165
At 1 January 2021	80,236	8,458,579	(819)	(11,465,435)	(2,927,439)
Profit for the year	-	-	-	3,153,762	3,153,762
Movement in foreign exchange	-	-	(3,872)	-	(3,872)
Total comprehensive income for the year	-	-	(3,872)	3,153,762	3,149,890
Shares issued during the year	13,976	85,248	-	-	99,224
Debt transferred to equity during the year (note 23)	-	667,347	-	2,084,165	2,751,512
At 31 December 2021	<u>94,212</u>	<u>9,211,174</u>	<u>(4,691)</u>	<u>(6,227,508)</u>	<u>3,073,187</u>

The notes on pages 16 to 41 form part of these financial statements.

SYCURIO LIMITED
Formerly Semafone Limited

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	75,841	8,444,809	(13,030,787)	(4,510,137)
Profit for the year	-	-	1,082,302	1,082,302
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>1,082,302</u>	<u>1,082,302</u>
Shares issued during the year	4,395	13,770	-	18,165
At 1 January 2021	80,236	8,458,579	(11,948,485)	(3,409,670)
Profit for the year	-	-	3,019,875	3,019,875
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>3,019,875</u>	<u>3,019,875</u>
Shares issued during the year	13,976	85,248	-	99,224
Debt transferred to equity during the year (note 23)	-	667,347	2,084,165	2,751,512
At 31 December 2021	<u>94,212</u>	<u>9,211,174</u>	<u>(6,844,445)</u>	<u>2,460,941</u>

The notes on pages 16 to 41 form part of these financial statements.

SYCURIO LIMITED
Formerly Semafone Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,153,762	1,261,699
Adjustments for:		
Amortisation of intangible assets	1,318,866	1,179,323
Depreciation of tangible assets	895,676	955,406
Loss on disposal of fixed assets	6,913	5,095
Interest paid	419,368	551,775
Interest received	(372)	(1,854)
Taxation charge	16,687	(117,145)
(Increase) in debtors	(3,464,270)	(1,250,194)
Increase in creditors	3,163,901	124,532
Increase in provisions	59,000	127,342
Corporation tax received	94,043	538,504
Net cash generated from operating activities	5,663,574	3,374,483
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,327,311)	(1,674,575)
Purchase of tangible fixed assets	(282,816)	(944,242)
Sale of tangible fixed assets	460	1,300
Interest received	372	1,854
Net cash from investing activities	(1,609,295)	(2,615,663)

SYCURIO LIMITED
Formerly Semafone Limited

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from financing activities		
Issue of ordinary shares	99,224	18,165
New secured loans	-	1,000,000
Repayment of loans	(2,542,984)	(266,678)
Repayment of/new finance leases	(382,825)	(250,076)
Interest paid	(232,810)	(193,748)
Hire purchase interest paid	(32,631)	(49,196)
Net cash used in financing activities	(3,092,026)	258,467
Net increase in cash and cash equivalents	962,253	1,017,287
Cash and cash equivalents at beginning of year	3,409,752	2,395,919
Foreign exchange gains and losses	(18,563)	(3,454)
Cash and cash equivalents at the end of year	4,353,442	3,409,752
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,405,920	3,409,752
Bank overdrafts	(52,478)	-
	4,353,442	3,409,752

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	Other non-cash changes £	At 31 December 2021 £
Cash at bank and in hand	3,409,752	1,014,731	(18,563)	4,405,920
Bank overdrafts	-	(52,478)	-	(52,478)
Debt due after 1 year	(1,500,051)	1,132,704	367,347	-
Debt due within 1 year	(1,710,280)	1,410,280	300,000	-
Finance leases / HP agreements	(751,024)	415,366	(32,631)	(368,289)
	(551,603)	3,920,603	616,153	3,985,153

The notes on pages 16 to 41 form part of these financial statements.

SYCURIO LIMITED
Formerly Semafone Limited

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

1. General information

Sycurio Limited is a private Company limited by shares incorporated in England, United Kingdom. These financial statements are the consolidated financial statements of the group, members of which are listed within the subsidiary undertakings note. The address of the registered office of the company is Pannell House, Park Street, Guildford, Surrey, GU1 4HN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The results of the Group are included within the consolidated accounts of a parent company as disclosed in the controlling party note. The consolidation has been prepared on a voluntary basis to allow comparison with the results of the Group in the prior year.

2.3 Going concern

The Group has the backing of the long-established private equity investor, Livingbridge, who acquired a controlling stake in the business in June 2021, together with debt finance into the parent company, Yale Midco 3 Limited, from Wells Fargo and AKKR. Yale Midco 3 Limited continues to operate well within its debt covenant levels and is not drawing down on its £2.25m revolving credit facility.

The parent company has agreed that it will not recall the loan due to them unless Sycurio Limited has the financial means to make the payment and having done so continues to be able to operate as a going concern, it will further provide further funding through the revolving loan facility if required. The Directors have assessed expected cashflow and remain confident that the entity will continue to have the resources for the next twelve months and beyond to continue as a going concern.

SYCURIO LIMITED
Formerly Semafone Limited

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

2. Accounting policies (continued)

2.4 Turnover

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

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Hardware sales are recognised when shipped to the client premises.

Rendering of services

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

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

Annual license sales are invoiced, and monies are received, according to one of two possible scenarios:

- Annually in advance, with monies received shortly thereafter, ahead of the year in question. The revenue recognition is deferred until the client's system is operational, when the revenue is released evenly over the year, or
- On execution of contract. Monies are received shortly after invoicing and revenue is released evenly over the year from date of execution.

Perpetual licences sales are invoiced, and monies are received in advance, with this being triggered at the earlier of the company receiving a signed contract, the receipt of a valid purchase order or on invoice date, this revenue is then released over a period of five years.

Support and maintenance fees are recognised over the period of support. Consultancy and other sales are recognised as the work is performed.

Cardprotect Relay+ can be sold to the customer in three consumption methods:

- Pay as you go (PAYG);
- Commitment-based sale; and
- Outright sale.

The revenue recognition on a PAYG sale is comprised of a monthly invoice to the customer based on the number of links that customer issues.

The revenue recognition for a commitment-based sale is comprised of a monthly invoice to the customer based on the number of links that customer issues until the period end to which the commitment relates is reached. At that point any shortfall between links issued and commitment

SYCURIO LIMITED
Formerly Semafone Limited

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

2. Accounting policies (continued)

2.4 Turnover (continued)

made is invoiced to the customer and the revenue recognised.

The revenue recognition for an outright sale is comprised of an invoice for the number of links bought outright and all revenue is immediately recognised as there is no ongoing obligation from Sycurio to the customer.

2.5 Intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	10 years
Development expenditure	-	3-5 years
Trademarks	-	10 years
Domains	-	10 years

Expenditure on development activities are capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete the development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible assets during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

2.6 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Leasehold improvements	- 5 years straight line
Other fixed assets	- 3 years straight line

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

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

SYCURIO LIMITED
Formerly Semafone Limited

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

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

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

2.8 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities valued at fair value through profit or loss comprise ordinary A2 shares classified as debt, this change in fair value includes both the nominal dividend due for the year and other changes in fair value.

SYCURIO LIMITED
Formerly Semafone Limited

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

2. Accounting policies (continued)

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

Furlough income, which is a grant awarded by the government, is recognised in income over the periods in which the company recognises the related costs for which the grant is intended to compensate.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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

2.15 Finance costs

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

SYCURIO LIMITED
Formerly Semafone Limited

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

2. Accounting policies (continued)

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

2.17 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.18 Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.19 Pensions

Defined contribution pension plan

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

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

2.20 Compensation for loss of office

Payments made to a director, senior executive or consultant relating to compensation for loss of office will be shown as part of the staffing costs for the year in which they are due.

2.21 Interest income

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

SYCURIO LIMITED
Formerly Semafo Limited

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

2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.25 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Research expenditure is written off in the period in which it is incurred.

SYCURIO LIMITED
Formerly Semafone Limited

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results but the directors believe the estimates to be accurate based on available information at the point the estimate is made. Examples of situations where the company accounts include estimates include depreciation and amortisation on fixed assets, impairment of capitalised development costs relative to the revenue anticipated from the work and dilapidation costs related to leased buildings.

4. Turnover

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

	2021 £	2020 £
Deployment & support	7,250,535	7,842,881
Licenses	10,952,393	8,155,140
Hardware	95,906	473,856
Omnichannel revenue	537,895	556,729
	<u>18,836,729</u>	<u>17,028,606</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	11,156,126	10,045,712
Rest of Europe	99,141	51,231
Rest of the World	7,581,462	6,931,663
	<u>18,836,729</u>	<u>17,028,606</u>

SYCURIO LIMITED
Formerly SemaFone Limited

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

5. Other operating income

	2021	2020
	£	£
Other operating income	(595)	594
Rents receivable	128,843	122,455
Government grants receivable	2,231	53,302
	130,479	176,351

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	252,604	641,769
Depreciation of assets held under hire purchase	388,058	306,280
Amortisation of intangible assets	1,318,866	1,179,323
Exchange differences	(14,764)	28,478
Operating lease rentals	433,555	468,034
Government grants	(2,231)	(53,302)

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	45,000	23,500

SYCURIO LIMITED
Formerly Semafone Limited

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

8. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	7,516,771	8,737,711	5,222,033	6,139,271
Social security costs	797,365	856,621	562,156	702,016
Cost of defined contribution scheme	298,350	331,221	231,510	260,227
	<u>8,612,486</u>	<u>9,925,553</u>	<u>6,015,699</u>	<u>7,101,514</u>

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Operational	93	89	75	71
Senior Management	7	8	6	6
	<u>100</u>	<u>97</u>	<u>81</u>	<u>77</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	290,728	590,922
Group contributions to defined contribution pension schemes	10,713	16,270
	<u>301,441</u>	<u>607,192</u>

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

The highest paid Director received remuneration of £171,353 (2020 - £360,922).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £5,597 (2020 - £6,570).

During the year 4 directors exercised share options (2020 - None).

SYCURIO LIMITED
Formerly Semafone Limited

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

10. Exceptional items

Included within administrative costs are exceptional expenditure on restructuring costs of £704,604 (2020, £nil) and exceptional expenditure on intellectual property of £460,947 (2020, £nil). In 2020 expenditure on intellectual property legal costs were immaterial and therefore not classified within exceptional items.

On 15 September 2021 and 11 March 2022 the company began legal proceedings in respect of two separate cases of perceived patent infringements. The legal costs incurred during the year, including the preparation for the proceedings, have been included within the above, costs are expected to continue into 2022 and potentially beyond. No income has been recognised within the accounts in respect of these claims given the stage of the claim and the uncertainty of the amount and timing of any costs or damages.

During the year the company received investment from the Livingbridge Group. As part of this investment and restructure of capital one-off legal fees have been incurred and included within the above. These costs are not expected to continue into 2022.

SYCURIO LIMITED
Formerly Semafone Limited

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

11. Share based payment

Equity settled share based payment arrangements, in the form of share options, existed during the year.

The share options relate to ordinary shares. The exercise price on all options granted up to 31 January 2014 is £0.28 per share. The exercise price on all options granted after 31 January 2014 and up to 31 December 2019 is £0.62 per share. The exercise price on all options granted after 1 January 2020 is £3.75 per share. The exercise price on all B share options is £0.13 per share up to 31 December 2019. The exercise price on all B share options from 1 January 2020 is £1.80 per share. All shares are equity based, options granted before the transition date have not been recognised in accordance with FRS102 section 35. The total expense recognised during the year in respect of share based payments was £Nil (2020 - £Nil) due to the fact that any expenses that were incurred were immaterial to the reported results in 2021 and 2020. Liabilities arising from share based payment transactions at the year end totalled £Nil (2020- £Nil).

The total vesting period for all options issued is five years, however the options are available to exercise in five separate and equal tranches on each anniversary of the grant date. In determining the value of share options granted the Company has adopted the three-tier measurement hierarchy set out in FRS102 s26.11. The share options granted by the company are not traded and so do not have an observable market price. In addition there is no company specific observable market data such as a recent transaction from which to derive the value of options granted. In the circumstances the Company has adopted the Black-Scholes option pricing model and has used market data to the greatest extent possible as inputs for the model.

All share options were exercised, lapsed or surrendered during the year. As a result assumptions for valuing the share options in the current year are not applicable and have not been disclosed.

The assumptions used in the calculation are detailed below:

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	60	134,712	38	138,301
Granted during the year	Nil	-	91	54,928
Exercised during the year	58	(131,492)	41	(43,939)
Settled during the year	62	(1,720)		-
Lapsed during the year	271	(1,500)	24	(14,578)
Outstanding at the end of the year	Nil	-	60	134,712

	2021	2020
Exercise price (pence)	375	375
Weighted average contractual life (days)	N/A	3,650
Expected volatility	N/A	111%
Expected dividend growth rate	N/A	1.11%
Risk-free interest rate	N/A	0.93%

SYCURIO LIMITED
Formerly Semafone Limited

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

12. Interest receivable

	2021 £	2020 £
Other interest receivable	372	1,854
	<u>372</u>	<u>1,854</u>

13. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	231,358	189,681
Other loan interest payable	1,407	4,067
Interest on financial instruments	153,972	308,831
Finance leases and hire purchase contracts	32,631	49,196
	<u>419,368</u>	<u>551,775</u>

Interest on financial liabilities at fair value through profit or loss is £153,972 (2020: £308,831).

14. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	(98,960)
Adjustments in respect of previous periods	-	(24,969)
	<u>-</u>	<u>(123,929)</u>
Foreign tax		
Foreign tax on income for the year	16,687	6,784
	<u>16,687</u>	<u>6,784</u>
Total current tax	<u>16,687</u>	<u>(117,145)</u>
Deferred tax		
Origination and reversal of timing differences	(900,000)	-
Total deferred tax	<u>(900,000)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(883,313)</u>	<u>(117,145)</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

14. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,270,449</u>	<u>1,144,554</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	431,385	217,465
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	229,011	247,942
Depreciation for year in excess of capital allowances	13,867	58,523
Utilisation of tax losses	(499,096)	(23,804)
Lower taxes on overseas earnings	(11,819)	(28,449)
Adjustments to tax charge in respect of prior periods	-	(24,969)
Timing differences leading to a decrease in taxation	(900,000)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(174,220)	(586,396)
Changes in provisions leading to an increase in the tax charge	7,465	22,710
Unrelieved tax losses carried forward	19,988	-
Other differences leading to an increase (decrease) in the tax charge	106	(167)
Total tax charge for the year	<u>(883,313)</u>	<u>(117,145)</u>

Factors that may affect future tax charges

The company has estimated total tax losses of £14m available to carry forward against future trading profits. A deferred tax asset has been partially recognised on these losses in addition to the timing differences arising on provisions, capital allowances and capitalised development costs at a tax rate of 25%. £6m of the losses remain unutilised as the timing of their use remains uncertain.

15. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £3,019,875 (2020 - £1,082,302).

SYCURIO LIMITED
Formerly Semafone Limited

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

16. Intangible assets

Group

	Patents £	Development £	Trademarks £	Domains £	Total £
Cost					
At 1 January 2021	548,067	6,311,632	119,139	4,690	6,983,528
Additions	166,155	1,145,861	15,295	-	1,327,311
Disposals	-	(3,153)	-	-	(3,153)
At 31 December 2021	<u>714,222</u>	<u>7,454,340</u>	<u>134,434</u>	<u>4,690</u>	<u>8,307,686</u>
Amortisation					
At 1 January 2021	142,430	2,517,337	31,007	1,016	2,691,790
Charge for the year on owned assets	52,094	1,253,348	12,955	469	1,318,866
At 31 December 2021	<u>194,524</u>	<u>3,770,685</u>	<u>43,962</u>	<u>1,485</u>	<u>4,010,656</u>
Net book value					
At 31 December 2021	<u>519,698</u>	<u>3,683,655</u>	<u>90,472</u>	<u>3,205</u>	<u>4,297,030</u>
At 31 December 2020	<u>405,637</u>	<u>3,794,295</u>	<u>88,132</u>	<u>3,674</u>	<u>4,291,738</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

16. Intangible assets (continued)

Company

	Patents £	Development £	Trademarks £	Domains £	Total £
Cost					
At 1 January 2021	548,067	6,311,632	119,139	4,690	6,983,528
Additions	166,155	1,145,861	15,295	-	1,327,311
Disposals	-	(3,153)	-	-	(3,153)
At 31 December 2021	<u>714,222</u>	<u>7,454,340</u>	<u>134,434</u>	<u>4,690</u>	<u>8,307,686</u>
Amortisation					
At 1 January 2021	142,430	2,517,337	31,007	1,016	2,691,790
Charge for the year	52,094	1,253,348	12,955	469	1,318,866
At 31 December 2021	<u>194,524</u>	<u>3,770,685</u>	<u>43,962</u>	<u>1,485</u>	<u>4,010,656</u>
Net book value					
At 31 December 2021	<u>519,698</u>	<u>3,683,655</u>	<u>90,472</u>	<u>3,205</u>	<u>4,297,030</u>
At 31 December 2020	<u>405,637</u>	<u>3,794,295</u>	<u>88,132</u>	<u>3,674</u>	<u>4,291,738</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

17. Tangible fixed assets

Group

	Leasehold Property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	370,090	110,242	3,532,806	4,013,138
Additions	-	-	282,816	282,816
Disposals	-	-	(13,482)	(13,482)
Exchange adjustments	(566)	(241)	20,418	19,611
At 31 December 2021	<u>369,524</u>	<u>110,001</u>	<u>3,822,558</u>	<u>4,302,083</u>
Depreciation				
At 1 January 2021	250,450	109,294	2,113,208	2,472,952
Charge for the year on owned assets	76,826	928	429,864	507,618
Charge for the year on financed assets	-	-	388,058	388,058
Disposals	-	-	(9,262)	(9,262)
Exchange adjustments	(301)	(221)	5,442	4,920
At 31 December 2021	<u>326,975</u>	<u>110,001</u>	<u>2,927,310</u>	<u>3,364,286</u>
Net book value				
At 31 December 2021	<u>42,549</u>	<u>-</u>	<u>895,248</u>	<u>937,797</u>
At 31 December 2020	<u>119,640</u>	<u>948</u>	<u>1,419,598</u>	<u>1,540,186</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Computer equipment	<u>366,432</u>	<u>754,490</u>
	<u>366,432</u>	<u>754,490</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

17. Tangible fixed assets (continued)

Company

	Leasehold Property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	358,569	103,531	1,884,603	2,346,703
Additions	-	-	231,671	231,671
Transfers intra group	-	-	284,300	284,300
Disposals	-	-	(13,482)	(13,482)
At 31 December 2021	<u>358,569</u>	<u>103,531</u>	<u>2,387,092</u>	<u>2,849,192</u>
Depreciation				
At 1 January 2021	244,306	103,303	1,547,404	1,895,013
Charge for the year on owned assets	71,714	228	367,269	439,211
Charge for the year on financed assets	-	-	77,800	77,800
Disposals	-	-	(9,262)	(9,262)
At 31 December 2021	<u>316,020</u>	<u>103,531</u>	<u>1,983,211</u>	<u>2,402,762</u>
Net book value				
At 31 December 2021	<u>42,549</u>	<u>-</u>	<u>403,881</u>	<u>446,430</u>
At 31 December 2020	<u>114,263</u>	<u>228</u>	<u>337,199</u>	<u>451,690</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Computer equipment	5,436	83,238
	<u>5,436</u>	<u>83,238</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

18. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	26,522
At 31 December 2021	26,522

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sycurio Inc. (Formely Semafone Inc.)	101 Federal Street, Suite 1900 Boston, MA 02110	Ordinary	100 %
Semafone PTY Ltd	C/- Abnaustralia.com.au, Level 1, 8 Beulah Road, Norwood, SA 5067, Australia	Ordinary	100 %

19. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	5,347,791	3,558,830	5,347,791	3,558,830
Amounts owed by group undertakings	480	-	480	-
Other debtors	381,004	494,870	362,337	462,971
Prepayments and accrued income	1,709,666	915,014	1,629,619	853,982
Deferred taxation	900,000	-	900,000	-
	8,338,941	4,968,714	8,240,227	4,875,783

SYCURIO LIMITED
Formerly Semafone Limited

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

20. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	4,405,920	3,409,752	4,348,182	3,245,365
Bank overdrafts	(52,478)	-	(52,478)	-
	<u>4,353,442</u>	<u>3,409,752</u>	<u>4,295,704</u>	<u>3,245,365</u>

21. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	52,478	-	52,478	-
Bank loans	-	1,410,280	-	1,410,280
Trade creditors	1,516,250	836,396	1,364,125	694,374
Amounts owed to group undertakings	2,866,212	-	3,532,516	229,607
Corporation tax	-	691	-	-
Other taxation and social security	372,840	915,478	371,862	912,080
Obligations under finance lease and hire purchase contracts	275,378	383,054	1,843	57,239
Accrual for cumulative fixed dividend	-	1,930,193	-	1,930,193
Other creditors	276,707	235,659	270,576	229,575
Accruals and deferred income	9,096,358	8,698,372	8,946,683	8,477,684
Ordinary A2 shares classified as debt	-	300,000	-	300,000
	<u>14,456,223</u>	<u>14,710,123</u>	<u>14,540,083</u>	<u>14,241,032</u>

Within Accruals and deferred income is £7,696,602 (2020 - £6,960,318) of deferred revenue. This represents customers paying in advance for the company's services. These are not ordinarily recoverable by the customers.

Following the change in ownership on the 24 June 2021, the A2 shares were redesignated into ordinary shares. At this time, the cumulative fixed dividend was no longer payable (refer to note 23).

In the prior year the bank loan was secured against the assets of the company and comprised a fixed term loan and a 3 month revolving loan facility. Interest charged was between 4.25% and 5.75% plus libor.

SYCURIO LIMITED
Formerly Semafone Limited

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

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	-	1,132,704	-	1,132,704
Net obligations under finance leases and hire purchase contracts	92,911	367,970	-	-
Accruals and deferred income	171,025	432,343	171,025	432,343
Ordinary A2 shares classified as debt	-	367,347	-	367,347
	<u>263,936</u>	<u>2,300,364</u>	<u>171,025</u>	<u>1,932,394</u>

Further disclosure of the terms and conditions attached to the ordinary A2 shares classified as debt is made in note 23.

Within Accruals and deferred income is £171,025 (2020 - £432,343) of deferred revenue. This represents customers paying in advance for the company's services. These are not ordinarily recoverable by the customers.

In the prior year the bank loan was secured against the assets of the company and comprised a fixed term loan and a 3 month revolving loan facility. Interest charged was between 4.25% and 5.75% plus libor.

No amounts are due in over five years.

SYCURIO LIMITED
Formerly Semafone Limited

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

23. Share capital

	2021	2020
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
94,211,371 (2020 - 511,665) Ordinary shares of £0.001 each (2020 - £0.1)	94,212	51,167
Nil (2020 - 283,045) Ordinary A shares of £0.100 each	-	28,305
Nil (2020 - 185,185) Ordinary A1 shares of £0.001 each	-	185
Nil (2020 - 578,877) Ordinary A2 shares of £0.001 each	-	579
	94,212	80,236
	94,212	80,236

The ordinary A2 shares were entitled to a cumulative fixed dividend. In accordance with FRS 102 an element of the equity was shown as debt, based on the present value of the expected dividend stream. The ordinary A2 shares were originally issued for £579 par value and £5,999,421 premium. On initial recognition £667,347 of this amount was classified as a liability and this amount was transferred from equity.

During the year, the company issued 600 ordinary shares at a price of £0.28 per share for total consideration of £168. The company also issued 2000 ordinary shares at a price of £0.28 per share for total consideration of £560. The company also issued 82,716 ordinary shares at an average price of £0.67 per share for total consideration of £55,558. The company also issued 2109 ordinary A2 shares at a price of £10.67 per share for total consideration of £22,503. The company also issued 54,426 ordinary B shares at an average price of £0.36 per share for total consideration of £20,435.

During the year the company sub-divided all 596,981 ordinary shares to 59,698,100 ordinary shares, all 283,045 ordinary A shares to 28,304,500 ordinary A shares, and all 54,426 ordinary B shares to 5,442,600 ordinary B shares.

Following the change of ownership on 24 June 2021 all share classes were 100% owned by Yale Midco 3 Limited and with the agreement of the shareholder all share classes were reclassified as ordinary shares.

As noted above, the ordinary A2 shares were previously partly classified as debt. As a result of the reclassification of these shares to ordinary shares they were reclassified as equity and the amounts of £300,000 and £367,347 were reclassified as share premium. In addition the reclassification as ordinary shares with the consent of the shareholder resulted in the accrued cumulative dividend of £2,084,165 being no longer due. As a result this amount was transferred to the retained profit reserve within equity.

SYCURIO LIMITED
Formerly Semafone Limited

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

24. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial liabilities				
Other financial liabilities measured at fair value through profit or loss	-	(667,347)	-	(667,347)

Other financial liabilities measured at fair value through profit and loss is in respect of Ordinary A2 shares classified as debt. The fair value of debt has been determined by the Directors, based on the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms and using such an interest rate to calculate dividends to perpetuity.

25. Deferred taxation

Group

	2021 £
Charged to profit or loss	900,000
At end of year	<u>900,000</u>

Company

	2021 £
Charged to profit or loss	900,000
At end of year	<u>900,000</u>

The deferred tax asset is made up as follows:

	Group 2021 £	Company 2021 £
Tax losses carried forward	1,600,000	1,600,000
R&D timing differences	(700,000)	(700,000)
	<u>900,000</u>	<u>900,000</u>

SYCURIO LIMITED
Formerly Semafone Limited

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

26. Provisions

Group

	Office restructure £
At 1 January 2021	127,342
Charged to profit or loss	59,000
At 31 December 2021	<u><u>186,342</u></u>

Company

	Office Restructure £	Total £
At 1 January 2021	127,342	127,342
Charged to profit or loss	59,000	59,000
At 31 December 2021	<u><u>186,342</u></u>	<u><u>186,342</u></u>

A provision has been included within the accounts in respect of office restructuring costs. A proportion of this provision will be utilised during 2022, the remaining element will be utilised as operating leases cease, if they are not extended further than the current commitment.

27. Reserves

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs. In the prior year the balance was also net of £667,347, which was classified as debt, in accordance with FRS102.

Foreign exchange reserve

The foreign exchange reserve represents translation differences arising from the translation of financial statements of the group's foreign entities into sterling (£).

Profit & loss account

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

SYCURIO LIMITED
Formerly Semafone Limited

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

28. Contingent liabilities

At 31 December 2021, the Company had a contingent liability in the form of fixed and floating charges over the fixed assets of the Company. This is in respect of its position as original guarantor of a bank loan held in the name of Yale Midco 3 Limited.

29. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £298,350 (2020 - £331,221). Contributions totalling £50,244 (2020 - £47,248) were payable to the fund at the balance sheet date.

30. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	229,139	431,750	195,000	390,000
Later than 1 year and not later than 5 years	-	1,595,944	-	1,560,000
Later than 5 years	-	585,890	-	585,890
	<u>229,139</u>	<u>2,613,584</u>	<u>195,000</u>	<u>2,535,890</u>

During the year the Company activated a break clause in the lease which materially reduced the operating lease commitments at year end. The Company had not intended to activate a rental break clause at 31 December 2020 and therefore had disclosed the full commitment of the operating lease, which explains the reduction in commitments against the comparative. The Company committed to a further lease post year end which was not a commitment at the year end and therefore is not included above, the total commitments of this lease were £325,594.

SYCURIO LIMITED
Formerly Semafone Limited

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

31. Related party transactions

The Group has taken advantage of the exemption from disclosing transactions with wholly owned group entities.

During the year, the Company incurred costs totalling (£469,589) (2020 - £139,000) in respect of annual investment fees due to shareholding companies with significant influence. This amount includes an accrual reversal of £500,000 for fees which were not payable at the transaction date as requirements for this to be payable that had been expected to be met in previous years had not been met. The amount due from Sycurio Limited at the year end was £nil (2020 - £468,750), this amount was included within accruals.

The Company also incurred costs in respect of the cumulative fixed dividends due to a shareholding company with significant influence. The cost for the year, shown within interest payable, totals £153,972 (2020- £308,831) and the amount due from Sycurio Limited at the year end was £nil (2020 - £1,930,193). Please refer to note 23.

During the year, Key Management Personnel received a total of £841,596 (2020 - £1,375,572) in remunerations for their services to the Group. Included in this amount is £33,792 (2020 - £43,983) of employer's pensions contributions. Key Management Personnel consist of the Directors and the Executive Team.

32. Controlling party

The immediate controlling party is Yale Midco 3 Limited, registered in England and Wales with registration number 13451660.

The controlling party for which consolidated group accounts are prepared is Yale Midco 1 Limited, registered in England and Wales with registration number 13451666.

The Ultimate Controlling Party is Livingbridge 7 Global LP, registered in Scotland with registration number SL034568.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.