
PRIVITAR LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**



PRIVITAR LIMITED

COMPANY INFORMATION

DIRECTORS

Mr L H Bjork
Mr G Buggy
Mr C Davis
Mr A J Du Preez
Mr M Gibson
Mr J-M Patouillaud
Mr J G Taysom

REGISTERED NUMBER

09305666

REGISTERED OFFICE

Salisbury House
Station Road
Cambridge
CB1 2LA

INDEPENDENT AUDITOR

BDO LLP
Chartered Accountants & Statutory Auditors
55 Baker Street
London
W1U 7EU

ACCOUNTANTS

Peters Elworthy & Moore
Chartered Accountants & Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

PRIVITAR LIMITED

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PRIVITAR LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2022**

The directors present their strategic report together with the audited financial statements of Privitar Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 January 2022.

PRINCIPAL ACTIVITY

The principal activity of the Group and Company during the year was that of the provision of modern data provisioning software and services.

BUSINESS REVIEW

The Group has focused on developing its new Modern Data Provisioning Product whilst maintaining sales of Privitar's Data Privacy Platform. Reported revenue has fallen from £8.9m to £6.0m due to the loss of a number of customers.

The Group has managed costs during the year and as such the workforce has fallen slightly with the average monthly number of employees falling from 166 to 141 in the current year.

In June 2022 the Group raised additional investment through the issuance of convertible loan notes to existing investors.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategic plans are subject to a number of risks. The directors have policies and procedures which are reviewed on a regular basis to manage currency risk, credit risk and liquidity risk.

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values of the Group's financial instrument holdings that are denominated in a currency other than the functional currency in which they are measured. The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the US Dollar. The Group does not hedge anticipated cash flows. As the Group's international exposure increases the Directors will continue to monitor any change in its exposure to foreign currencies and will consider implementing further risk management strategies.

Credit risk is the risk of financial loss to the Group if the counterparty fails to meet its obligation. Credit risk arises from the Group's operating activities from trade and other receivables, financing activities from cash and cash equivalents and deposits with banks and financial institutions. Credit risk from trade and other receivables is minimised by establishing credit policies such as determining and monitoring customer credit limits, requiring credit approvals, and the monitoring of customer credit risks by grouping customers according to their credit characteristics. Other monitoring procedures are in place to recover overdue customer accounts and to assess impairment. Credit risk from financing activities is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

The Group constantly reviews its future cash requirements with accurate forward forecasting, and securing of sufficient investment, to ensure the Group meets its medium-term liquidity needs. In addition, operational risks arising from dependence on key personnel and competition risk are regularly monitored.

On 24 February 2022, Russia invaded Ukraine. This combined with post pandemic global supply chain pressures served as a trigger to global inflation which ultimately impacts all the risks mentioned above and has led to increased scrutiny by the Group.

PRIVITAR LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

KEY PERFORMANCE INDICATORS

The Group reports on a small number of key performance indicators (KPIs).


During the year performance against its main financial KPIs, was as follows:

- Revenue recognised in the year decreased to £6.0m (2021 - £8.9m).
- The Group spent £12.7m (2021 - £9.9m) on research and development activities during the year, of which £4.6m (2021 - £3.3m) has been capitalised within intangible assets.
- At 31 January 2022 the Group held cash and cash equivalents of £18.8m (2021 - £41.9m).

The Group also uses certain non-financial indicators. During the year performance against its most important non-financial KPIs, was as follows:

- The average monthly number of employees fell from 166 during the prior year to 141 in the current year.

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

DocuSigned by:

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Mr A J Du Preez
Director

Date: 2022-07-29 | 09:57 BST

PRIVITAR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2022**

The directors present their report and the financial statements for the year ended 31 January 2022.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £21,170,000 (2021 - loss £28,738,000).

No dividends were paid or recommended in the current year (2021 - £NIL).

DIRECTORS

The directors who served during the year were:

Mr L H Bjork
Mr G Buggy
Mr C Davis
Mr A J Du Preez
Mr J-M Patouillaud
Mr S L Pierrepont (resigned 16 March 2022)
Mr J G Taysom

Mr M Gibson was appointed as a director on 18 March 2022.

The Company maintains director and officers' indemnity insurance for the benefit of the directors of the Group.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the Company 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 and then apply them consistently;
- make judgements 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRIVITAR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

POST BALANCE SHEET EVENTS

In June 2022 the Group raised additional investment through the issuance of convertible loan notes to existing investors.

DISCLOSURE OF INFORMATION TO AUDITORS


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

- as far as the director is aware, all relevant information has been disclosed to the Company and Group's auditors, 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.

AUDITORS

The auditors, BDO 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 by:

DocuSigned by:

901D3387238E446...

Mr A J Du Preez
Director

Date: 2022-07-29 | 09:57 BST

PRIVITAR LIMITED

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2022**

OPINION ON THE FINANCIAL STATEMENTS

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

We have audited the financial statements of Privitar Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 January 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company statement of Changes in Equity and Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

PRIVITAR LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

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

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 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' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

PRIVITAR LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Company and determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, Companies Act 2006, data privacy and the relevant tax regulations including but not limited to, Corporate and VAT legislation, and Employment Taxes.
- We understood how the Group and Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- We also reviewed the Group and Company's tax computation and return and financial statements disclosures against the requirements of the relevant tax legislation and applicable accounting frameworks respectively.
- We assessed the susceptibility of the Group's and Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to management override of control and risk of fraud in revenue recognition.
- We obtained an understanding of the processes and controls that the Group and Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors the processes and controls.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In response to the risk of management override of control, our procedures included journal entry testing, with a focus on unusual transactions based on our knowledge of the business which were agreed to supporting documentation where applicable; and enquiries with Management and those charged with governance regarding any instances of known or suspected fraud during the year.
- With regards to the risk of fraud in revenue recognition, our procedures included assessing whether the revenue recognition policies adopted by the Group and Company comply with accounting standards. We sample tested sales transactions in year to supporting evidence such as contracts, evidence of delivery of the performance obligation and cash receipt from the customer. We checked a sample of revenue transaction amounts recognised in January 2022 and February 2022 against the date the performance obligation was satisfied to check that revenue was recorded in the correct period and deferred revenue was appropriately calculated.

PRIVITAR LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 29 July 2022

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

PRIVITAR LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	2022 £'000	2021 £'000
REVENUE	3	5,957	8,882
Cost of sales		(2,900)	(3,166)
GROSS PROFIT		<u>3,057</u>	<u>5,716</u>
Research & development expenditure		(8,057)	(6,668)
Administrative expenses		(16,833)	(28,676)
OPERATING LOSS	4	<u>(21,833)</u>	<u>(29,628)</u>
ADJUSTED OPERATING LOSS		<u>(18,118)</u>	<u>(26,917)</u>
Amortisation of intangible assets	11	(2,702)	(1,448)
Share based payment expense	19	(1,013)	(1,263)
OPERATING LOSS		<u>(21,833)</u>	<u>(29,628)</u>
Finance income	8	6	53
Finance charges	8	(18)	(56)
LOSS BEFORE TAX		<u>(21,845)</u>	<u>(29,631)</u>
Taxation	9	675	893
LOSS FOR THE YEAR		<u>(21,170)</u>	<u>(28,738)</u>
OTHER COMPREHENSIVE INCOME			
Foreign currency translation gain - foreign operations		(8)	466
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>(8)</u>	<u>466</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(21,178)</u>	<u>(28,272)</u>
ATTRIBUTABLE TO:			
Owners of the parent		<u>(21,178)</u>	<u>(28,272)</u>

All amounts relate to continuing operations.

The accompanying notes form part of these financial statements.


PRIVITAR LIMITED
REGISTERED NUMBER: 09305666

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022

	Note	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	193	2,216
Intangible assets	11	5,682	3,765
Other non-current assets	13	155	170
TOTAL NON-CURRENT ASSETS		6,030	6,151
CURRENT ASSETS			
Current tax receivable		700	961
Trade and other receivables	13	3,567	2,694
Cash and cash equivalents	14	18,846	41,917
TOTAL CURRENT ASSETS		23,113	45,572
TOTAL ASSETS		29,143	51,723
EQUITY			
Share capital	15	1	1
Share premium		96,050	96,034
Translation reserve		444	452
Accumulated losses		(73,965)	(53,808)
TOTAL EQUITY		22,530	42,679
NON-CURRENT LIABILITIES			
Lease obligation	16	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Lease obligation	16	-	1,924
Trade and other payables	17	6,613	7,120
TOTAL CURRENT LIABILITIES		6,613	9,044
TOTAL EQUITY AND LIABILITIES		29,143	51,723

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

DocuSigned by:

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Mr A J Du Preez
Director

Date: 2022-07-29 | 09:57 BST.

The accompanying notes form part of these financial statements.


PRIVITAR LIMITED
REGISTERED NUMBER: 09305666

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022

	Note	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	141	2,134
Intangible assets	11	5,682	3,765
Investments	12	-	-
Other non-current assets	13	155	75
TOTAL NON-CURRENT ASSETS		5,978	5,974
CURRENT ASSETS			
Current tax receivable		700	961
Trade and other receivables	13	3,333	2,206
Cash and cash equivalents	14	18,411	41,003
TOTAL CURRENT ASSETS		22,444	44,170
TOTAL ASSETS		28,422	50,144
EQUITY			
Share capital	15	1	1
Share premium		96,050	96,034
Accumulated losses		(73,853)	(53,697)
TOTAL EQUITY		22,198	42,338
NON-CURRENT LIABILITIES			
Lease obligation	16	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Lease obligation	16	-	1,924
Trade and other payables	17	6,224	5,882
TOTAL CURRENT LIABILITIES		6,224	7,806
TOTAL EQUITY AND LIABILITIES		28,422	50,144

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

DocuSigned by:

90103387238E446...

Mr A J Du Preez
Director

Date: 2022-07-29 | 09:57 BST

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	Share capital £'000	Share premium £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 FEBRUARY 2021		1	96,034	452	(53,808)	42,679
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR						
Loss for the year		-	-	-	(21,170)	(21,170)
Other comprehensive income for the year		-	-	(8)	-	(8)
TOTAL COMPREHENSIVE INCOME/(LOSS)		-	-	(8)	(21,170)	(21,178)
TRANSACTIONS WITH OWNERS						
Issue of shares	15	0	16	-	-	16
Share based payment expense	19	-	-	-	1,013	1,013
TOTAL TRANSACTIONS WITH OWNERS		-	16	-	1,013	1,029
BALANCE AT 31 JANUARY 2022		1	96,050	444	(73,965)	22,530

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

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

	Note	Share capital £'000	Share premium £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 FEBRUARY 2020		1	49,919	(14)	(26,333)	23,573
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR						
Loss for the year		-	-	-	(28,738)	(28,738)
Other comprehensive income for the year		-	-	466	-	466
TOTAL COMPREHENSIVE INCOME/(LOSS)		-	-	466	(28,738)	(28,272)
TRANSACTIONS WITH OWNERS						
Issue of shares	15	0	46,115	-	-	46,115
Share based payment expense	19	-	-	-	1,263	1,263
TOTAL TRANSACTIONS WITH OWNERS		-	46,115	-	1,263	47,378
BALANCE AT 31 JANUARY 2021		1	96,034	452	(53,808)	42,679

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 FEBRUARY 2021		1	96,034	(53,697)	42,338
COMPREHENSIVE LOSS FOR THE YEAR					
Loss for the year		-	-	(21,169)	(21,169)
TOTAL COMPREHENSIVE LOSS		-	-	(21,169)	(21,169)
TRANSACTIONS WITH OWNERS					
Issue of shares	15	0	16	-	16
Share based payment expense	19	-	-	1,013	1,013
TOTAL TRANSACTIONS WITH OWNERS		-	16	1,013	1,029
BALANCE AT 31 JANUARY 2022		1	96,050	(73,853)	22,198

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

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

	Note	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 FEBRUARY 2020		1	49,919	(27,301)	22,619
COMPREHENSIVE LOSS FOR THE YEAR					
Loss for the year		-	-	(27,659)	(27,659)
TOTAL COMPREHENSIVE LOSS		-	-	(27,659)	(27,659)
TRANSACTIONS WITH OWNERS					
Issue of shares	15	0	46,115	-	46,115
Share based payment expense	19	-	-	1,263	1,263
TOTAL TRANSACTIONS WITH OWNERS		-	46,115	1,263	47,378
BALANCE AT 31 JANUARY 2021		1	96,034	(53,697)	42,338

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	2022 £'000	2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(21,845)	(29,631)
ADJUSTMENTS FOR:			
Depreciation of property, plant and equipment	10	2,073	2,068
Amortisation of intangible assets	11	2,702	1,448
Impairment (credits)/charges on trade and other receivables	13	70	(117)
Net foreign exchange differences		(337)	3,934
Finance income and charges	8	12	3
Share based payment expense	19	1,013	1,263
(Increase)/decrease in trade and other receivables		(934)	2,486
Decrease in trade and other payables		(542)	(2,634)
Corporate taxes received		960	978
NET CASH USED IN OPERATING ACTIVITIES		<u>(16,828)</u>	<u>(20,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	10	(53)	(271)
Sale of property, plant and equipment		4	18
Capitalisation of development costs	11	(4,619)	(3,264)
Interest received		6	53
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,662)</u>	<u>(3,464)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	16	46,115
Payment of lease obligations	16	(1,942)	(1,766)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		<u>(1,926)</u>	<u>44,349</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(23,416)	20,683
Exchange difference on cash and cash equivalents		345	(3,098)
Cash and cash equivalents at beginning of year		41,917	24,332
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u>18,846</u>	<u>41,917</u>

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	2022 £'000	2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(21,869)	(28,620)
ADJUSTMENTS FOR:			
Depreciation of property, plant and equipment	10	2,034	2,032
Amortisation of intangible assets	11	2,702	1,448
Impairment (credits)/charges on investments	12	(156)	199
Impairment charges/(credits) on trade and other receivables	13	24	(788)
Net foreign exchange differences		(327)	3,466
Finance income and charges	8	12	3
Share based payment expense	19	1,169	1,065
(Increase)/decrease in trade and other receivables		(1,237)	3,122
Increase/(decrease) in trade and other payables		330	(3,513)
Corporate taxes received		961	1,045
NET CASH USED IN OPERATING ACTIVITIES		<u>(16,357)</u>	<u>(20,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	10	(43)	(204)
Sale of property, plant and equipment		2	17
Capitalisation of development costs	11	(4,619)	(3,264)
Investment in subsidiaries	12	-	(1)
Interest received		6	53
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,654)</u>	<u>(3,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	16	46,115
Payment of lease obligations	16	(1,942)	(1,766)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		<u>(1,926)</u>	<u>44,349</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(22,937)	20,409
Exchange difference on cash and cash equivalents		345	(3,098)
Cash and cash equivalents at beginning of year		41,003	23,692
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u>18,411</u>	<u>41,003</u>

The accompanying notes form part of these financial statements.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

1. GENERAL INFORMATION

Privitar Limited is a private company limited by shares and incorporated in England and Wales. The address of its registered office is given on the company information page. The nature of the Group and Company's operations and principal activities are set out in the Strategic Report on pages 1 to 2.

These financial statements are presented in pounds sterling (£) because that is the currency of the primary economic environment in which the Group operates and rounded to the nearest thousand (£'000) except when otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared under the historical cost convention and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements include the results of Privitar Limited and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the year are included or excluded from the income statement from date of acquisition or disposal.

The Company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The loss for the year dealt with in the accounts of the Company was £21,169,000 (2021 - £27,659,000).

2.2 GOING CONCERN

Despite the Group and Company remaining loss making for the year ended 31 January 2022, the directors believe that preparing the financial statements on the going concern basis is appropriate based on events post year end and management forecasts.

In June 2022 the Group raised additional investment through the issuance of convertible loan notes to existing investors. The group has used as its basis for the going concern assessment the board approved budget for the 2023 financial year, rolled out to 31 July 2023 using part of its forecast for the 2024 financial year, so that a full 12 month period from the date of signing is considered.

Due to the uncertainty from potential macro-economic impacts and the maturity of the company, in addition to applying the normal sensitivities to cash flows, the going concern assessment also included a stress test to demonstrate that even if new business and renewals were below management base case (due to delayed product launches, further pandemic lockdowns, or global knock-on impacts from the war in Ukraine) the Group would have sufficient cash to remain operational and meet its liabilities as they fall due through to July 2023.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 GOING CONCERN (CONTINUED)

Taking into account the growth of the pipeline of new business opportunities, and successful sale of the new product in recent months and post year trading the Board is confident the management's base case remains the most likely trading outcome. The directors have considered a downside case and consider this to be sufficiently remote based on current trading, the history of being able to raise additional funds when needed and the actions available to management to further reduce costs before this time. Such actions could include right sizing the organisation for the downside case for both resources and operational expenditure.

As such, the directors have concluded, after reviewing the work performed above, that the Group and Company has adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

2.3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following new and revised Standards and Interpretations have been adopted in the current year.

- COVID-19 Related Rent Concessions - Amendments to IFRS 16

This amendment has not had a material impact on the Group in the current year.

2.4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

At the date of authorisation of these financial statements the following standards, amendments and interpretations to existing standards were in issue but not yet effective and have not been applied to these financial statements:

- Classification of Liabilities - Amendments to IAS 1 (effective for the year beginning 1 February 2023)

These amendments are not expected to have a material impact on the entity in future reporting periods.

2.5 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales related taxes.

The Group generates its revenue principally through the supply of: licence subscription fees, support and maintenance fees, and training and installation services.

Revenue in respect of licence subscription fees is recognised in accordance with IFRS 15 evenly over the contract period from the date the customer can benefit from using the software. Revenue is recognised on a straight line basis since the customer benefits from Privitar's software services evenly throughout the contract term, most notably from critical updates delivered over time.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 REVENUE RECOGNITION (CONTINUED)

Support and maintenance fees, which can include core product upgrades and enhancements, are recognised over the period of the licence contract on a straight line basis.

Revenue from training and installation services is recognised as the work is performed by reference to the costs incurred as a proportion of the total estimated costs of the project. This is considered to reflect when control is transferred as the customer receives and consumes the benefit of the service as it is performed, and the Group has an enforceable right to payment for work completed to date.

The Group incurs commission fees in connection with obtaining licence sales contracts. The majority of contracts which the Group enters into with customers are 12 months in length and the Group has chosen to use the practical expedient under IFRS 15 to expense these commissions as an expense when incurred. For contracts with a term in excess of 12 months, when the Group expects that these incremental costs will be recovered, it capitalises these and amortises them over the customer life. The expected relationship period with the customer is estimated based on historical and forecast contract renewals data. Commissions to be released in more than 12 months at the balance sheet date are included in other non-current assets.

Income for out-of-pocket expenses incurred by the Group in fulfilling its performance obligations is recognised on completion of the activity, in line with when it is contractually earned and recorded separately as Other income. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost. Expenditure on repairs and maintenance is charged to the statement of comprehensive income as incurred. Additions and improvements are capitalised. The cost and related accumulated depreciation on property, plant and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reported within administrative expenses.

Depreciation is charged so as to write off the cost of the assets over their estimated useful economic lives, using the straight-line method, on the following basis:

Office equipment	•	33% straight line
Computer equipment	•	33% straight line

2.7 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 IMPAIRMENT OF NON-CURRENT ASSETS

At the date of the statement of financial position, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF NON-CURRENT ASSETS (CONTINUED)

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.9 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit and loss. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash in hand and other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.11 EQUITY

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related tax benefits.

Foreign exchange reserve includes foreign exchange differences on consolidation of subsidiaries whose accounts are reported under a different functional currency.

Accumulated losses includes all current and previous period retained profits and accumulated losses.

2.12 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

2.15 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Any exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Comprehensive Income in the period in which they arise.

2.16 RESEARCH AND DEVELOPMENT

Expenditure on research activities is charged to the Statement of Comprehensive Income in the period in which it is incurred. In the event that an internally generated intangible asset arises from the Group's development activities then it will be recognised only if all of the following conditions are met:

- Completion of the asset is technically feasible;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use the asset or sell it;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally generated intangible assets are amortised on a straight line basis over their estimated useful life, which has been assessed as three years. Amortisation commences when the asset is available for use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 LEASES

Where the Group has substantially all of the economic benefits from use of a leased asset, leases are recognised on the statement of financial position in the form of a right-of-use asset and a lease liability.

Leases are recognised at their commencement date, being the date on which the underlying asset is available for use by the lessee. If the Group negotiates a lease before the underlying asset is available for use costs relating to the construction or design are accounted for under IFRS 16 and payments for the right-of-use asset are recognised as an asset until such time as the right-of-use asset and lease liability are recognised, unless the terms of the contract are considered onerous.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to restore the underlying asset to its previous condition 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-to-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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 Group's incremental borrowing rate.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options, or periods after termination options, are only included in the lease term if the lease is reasonably certain to be extended, or not terminated.

The lease liability is subsequently measured at amortised cost, using the effective interest method by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Interest expenses on the lease liabilities are presented separately from the depreciation charge for the right-of-use asset. Interest expenses on the lease liabilities are components of finance costs, which is presented separately in the statement of comprehensive income.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a duration 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.

2.18 SHORT-TERM EMPLOYEE BENEFITS

Short term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 POST-EMPLOYMENT BENEFITS

The Group provides post-employment benefits through a defined contribution pension scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several schemes for individual employees that are defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

2.20 SHARE BASED PAYMENTS

The Group has a share option plan under which it makes equity settled share based payments to certain employees. The plan does not feature any options for a cash settlement. Share options granted under the share option plan are accounted for using the fair value method.

Where employees are rewarded using share based payments, the fair values of employees' services are determined by reference to the fair value at the grant date of equity instruments issued by the Group. The fair value of these instruments (share options) is determined using the Black Scholes valuation model. The share based payment is recognised as an expense in the Statement of Comprehensive Income, together with a corresponding credit to equity. This expense is recognised on a straight-line basis based on the Group's estimate of the number of shares that will vest.

2.21 TAXATION

The tax credit or charge represents the sum of the tax currently receivable or payable and deferred tax.

The tax currently payable/receivable is based on taxable profit/loss for the period/year. Taxable profit/loss differs from net profit/loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Any tax credit receivable under the small company R&D tax scheme is included against the tax charge when there is reasonable probability of receipt.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 TAXATION (CONTINUED)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.22 CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty relating to these financial statements are:

Revenue recognition

Management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the provision of software as a service and professional services. In applying the five-step model set out in IFRS 15 management assess whether the services to be performed under the contract are distinct, and therefore separate performance obligations, or non-distinct with the contract accounted for as a single performance obligation.

Management consider recognition of the separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each revenue component.

In respect of software sold as a service, the performance obligation is considered to be satisfied over the life of the contract as critical updates are delivered. Revenue for professional services is subject to user acceptance testing with revenue recognised on the basis of work done.

Fair value of share options

Management uses valuation techniques to determine the fair value of share based payments. This involves developing estimates and assumptions consistent with how third parties would price the instruments. Given the early stage profile of the business, observable third party equivalent data is not always available and management have therefore used estimates based on best information available. The fair value of share-based payments has been estimated using the Black-Scholes model with the criteria used stated in note 19.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.22 CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS (CONTINUED)****Capitalisation of development costs**

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the probability and measurability of the future economic benefits. Development costs have been capitalised since 1 December 2018 following strong technological developments in privacy engineering combined with momentum in revenue generation; equity investment secured during the year has enabled the business to continue building its product roadmap with management confident as to the future economic benefits the developed assets will deliver.

Leases

Measurement of the Group's lease, reported in note 16 below, requires the discounting of future cash outflows to arrive at an assessment of the net present value of the lease at inception. The incremental borrowing rate applied has a significant impact on the valuation of the right of use assets and corresponding lease liabilities.

In determining the net present value of the leases, management have exercised judgement in deriving the relevant interest rate, which is based on best estimates as the Group has no borrowings. Increasing the discount rate applied to leases by 1% would reduce the carrying value of right of use assets by approximately £36k with a comparable impact reducing the corresponding lease liability.

3. REVENUE

Analysis of revenue by type:

	2022	2021
	£'000	£'000
Software licences (including support and updates)	5,136	8,468
Services	821	381
Other income	-	33
	<u>5,957</u>	<u>8,882</u>

Analysis of revenue by country of destination:

The directors consider it seriously prejudicial to the interests of the Group to disclose geographical information regarding revenue.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

4. OPERATING LOSS

	2022	2021
	£'000	£'000
THIS IS STATED AFTER CHARGING:		
Depreciation of property, plant and equipment	2,073	2,068
Amortisation of intangible assets	2,702	1,448
Research and development expenditure	8,057	6,668
Short term lease rentals	81	1
Net foreign exchange differences	(266)	3,646
Auditor's remuneration	40	36
	<u>12,687</u>	<u>13,867</u>

5. EMPLOYEE EXPENSE

	2022	2021
	£'000	£'000
Wages, salaries and benefits	13,888	19,970
Social security costs	1,373	1,902
Pension costs	511	537
Share based payment expense	1,013	1,262
	<u>16,785</u>	<u>23,671</u>

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

	2022	2021
	No	No
Services	20	21
Sales and marketing	45	73
Research and development	59	57
General and administration	17	15
	<u>141</u>	<u>166</u>

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

6. DIRECTORS' REMUNERATION

	2022 £'000	2021 £'000
Aggregate emoluments	305	274
Company pension contributions to defined contribution schemes	-	6
	<u>305</u>	<u>280</u>

During the year retirement benefits were accruing to no directors in respect of defined contribution pension schemes (2021 - 1).

The directors hold share options over shares in Privitar Limited. No directors exercised share options in the period (2021 - NIL).

The highest paid director received the following remuneration:

	2022 £'000	2021 £'000
Aggregate emoluments	305	274
Company pension contributions to defined contribution schemes	-	6
	<u>305</u>	<u>280</u>

7. KEY MANAGEMENT REMUNERATION

	2022 £'000	2021 £'000
Short-term employee benefits	2,004	2,406
Post-employment benefits	37	54
Share based payments	831	860
	<u>2,872</u>	<u>3,320</u>

Key management includes directors and members of the management team who have the responsibility for planning, directing and controlling, directly or indirectly, the activities of the Group.

8. FINANCE INCOME AND CHARGES

	2022 £'000	2021 £'000
Finance income		
Bank interest received	6	53
Finance charges		
Interest charge on lease obligation	(18)	(56)
	<u>(12)</u>	<u>(3)</u>

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

9. TAXATION

	2022 £'000	2021 £'000
UK corporation tax credit	(700)	(961)
UK corporation tax credit - prior period	-	-
Foreign tax charge	25	40
Foreign tax charge - prior period	-	28
TOTAL CURRENT TAX CREDIT FOR THE YEAR	(675)	(893)

FACTORS EFFECTING TAX CREDIT FOR THE YEAR

The expected tax credit for the period based on the average UK tax rate for the period of 19.00% (2021 - 19.00%) and the reported tax credit for the period can be reconciled as shown below:

	2022 £'000	2021 £'000
Loss before tax	<u>(21,845)</u>	<u>(29,631)</u>
Tax on loss at standard UK tax rate of 19.00% (2020 - 19.00%)	(4,151)	(5,630)
EFFECTS OF:		
Expenses not deductible	229	378
Income not taxable	(33)	(5)
Depreciation in excess of capital allowances	373	337
Other fixed asset differences	(721)	(332)
Short term timing differences	(3)	4
Additional deduction for R&D expenditure	(518)	(712)
Surrender of losses for R&D tax credit refund	217	298
Additional foreign taxes	-	18
Adjustment to tax charge in respect of prior periods	-	28
Difference in foreign tax rates	3	(2)
Deferred tax not recognised for unrelieved tax losses	3,929	4,725
TOTAL TAX CREDIT FOR THE YEAR	(675)	(893)

No deferred tax asset is recognised in respect of the tax losses carried forward, estimated at £67.5 million (2021 - £46.8 million) due to uncertainty regarding timing of taxable profits to utilise these carried forward losses.

FACTORS WHICH MAY AFFECT FUTURE TAX CHARGES

The closing deferred tax assets and liabilities have been calculated at 25% (2020 - 19%) in accordance with the rates enacted at the statement of financial position date. The Finance Act 2021, which announced the upcoming rise in headline rates of corporation tax to 25% from 1 April 2023, was substantively enacted on 24 May 2021.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £'000	Computer equipment £'000	Right-of-use assets £'000	Total £'000
GROUP				
COST				
At 1 February 2020	50	362	3,810	4,222
Additions	-	271	-	271
Variations	-	-	(14)	(14)
Disposals	-	(64)	-	(64)
Foreign exchange movement	-	(7)	-	(7)
At 31 January 2021	50	562	3,796	4,408
Additions	-	53	-	53
Disposals	-	(18)	(3,796)	(3,814)
Foreign exchange movement	-	3	-	3
At 31 January 2022	50	600	-	650
DEPRECIATION				
At 1 February 2020	17	156	-	173
Charge for the period	15	153	1,900	2,068
On disposals	-	(46)	-	(46)
Foreign exchange movement	-	(3)	-	(3)
At 31 January 2021	32	260	1,900	2,192
Charge for the year	15	162	1,896	2,073
On disposals	-	(14)	(3,796)	(3,810)
Foreign exchange movement	-	2	-	2
At 31 January 2022	47	410	-	457
NET BOOK VALUE				
At 31 January 2022	3	190	-	193
At 31 January 2021	18	302	1,896	2,216

The Group's office lease expired on 31 January 2022 and therefore the related right-of-use asset cost and accumulated depreciation have been disposed in these financial statements. It is not reasonably certain the the Group's new office lease will have a life of longer than 12 months and so the practical expedient permitted under IFRS 16 to not recognise a right-of-use asset and corresponding lease liability has been applied.

As at 31 January 2022, there were no contractual commitments for the acquisition of property, plant and equipment.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment £'000	Computer equipment £'000	Right-of-use assets £'000	Total £'000
COMPANY				
COST				
At 1 February 2020	50	298	3,810	4,158
Additions	-	204	-	204
Variations	-	-	(14)	(14)
Intra-group transfers	-	(2)	-	(2)
Disposals	-	(61)	-	(61)
At 31 January 2021	50	439	3,796	4,285
Additions	-	43	-	43
Disposals	-	(12)	(3,796)	(3,808)
At 31 January 2022	50	470	-	520
DEPRECIATION				
At 1 February 2020	17	148	-	165
Charge for the period	15	117	1,900	2,032
Intra-group transfers	-	(1)	-	(1)
On disposals	-	(45)	-	(45)
At 31 January 2021	32	219	1,900	2,151
Charge for the year	15	123	1,896	2,034
On disposals	-	(10)	(3,796)	(3,806)
At 31 January 2022	47	332	-	379
NET BOOK VALUE				
At 31 January 2022	3	138	-	141
At 31 January 2021	18	220	1,896	2,134

The Company's office lease expired on 31 January 2022 and therefore the related right-of-use asset cost and accumulated depreciation have been disposed in these financial statements. It is not reasonably certain the the Company's new office lease will have a life of longer than 12 months and so the practical expedient permitted under IFRS 16 to not recognise a right-of-use asset and corresponding lease liability has been applied.

As at 31 January 2022, there were no contractual commitments for the acquisition of property, plant and equipment.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

11. INTANGIBLE ASSETS

	Development costs £'000
GROUP AND COMPANY COST	
At 1 February 2020	2,812
Additions	3,264
At 31 January 2021	<u>6,076</u>
Additions	4,619
At 31 January 2022	<u>10,695</u>
AMORTISATION	
At 1 February 2020	863
Charge for the period	1,448
At 31 January 2021	<u>2,311</u>
Charge for the year	2,702
At 31 January 2022	<u>5,013</u>
NET BOOK VALUE	
At 31 January 2022	<u><u>5,682</u></u>
At 31 January 2021	<u><u>3,765</u></u>

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

12. INVESTMENTS

	Investments in subsidiary companies £'000
COMPANY COST	
At 1 February 2020	167
Additions	199
At 31 January 2021	<u>366</u>
Additions	5
Disposals	(161)
At 31 January 2022	<u>210</u>
IMPAIRMENT	
At 1 February 2020	167
Impairment charge for the year	199
At 31 January 2021	<u>366</u>
Impairment reversal for the year	(156)
At 31 January 2022	<u>210</u>
NET BOOK VALUE	
At 31 January 2022	<u><u>-</u></u>
At 31 January 2021	<u><u>-</u></u>

The subsidiaries held directly by Privitar Limited and consolidated into these financial statements are as follows:

Subsidiary name	Country of incorporation	Percentage shareholding	Principal activity
Privitar Inc.	USA	100%	Provision of software services
Privitar Singapore Pte. Ltd.	Singapore	100%	Provision of software services
Privitar Polska s.p. z o.o.	Poland	100%	Provision of software services
Privitar Israel Ltd	Israel	100%	Provision of software services

On 14 June 2021 the Company incorporated a subsidiary in Israel; Privitar Israel Ltd. In accordance with local law no consideration was paid in respect of the Company's shareholding in this subsidiary.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	2,196	1,164	2,196	1,164
Amounts owed by group undertakings	-	-	-	-
Other receivables	682	375	571	373
Prepayments and accrued income	689	1,155	566	669
	3,567	2,694	3,333	2,206

The net carrying value of trade and other receivables is considered to be a reasonable approximation of their fair value. As at 31 January 2022, the Group and Company recognised an allowance in respect of expected credit losses on trade receivables totalling £119,000 (2021 - £49,000), the movement on which has been recognised in administrative expenses. As at 31 January 2022, the Company recognised a provision against amounts owed by group undertakings totalling £230,000 (2021 - £276,000), the movement on which has been recognised in administrative expenses.

The expected credit loss for trade receivables as at 31 January 2022 was determined as follows:

Days past due	Expected credit loss rate	GROUP		COMPANY	
		Gross carrying amount	Lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss
	%	£'000	£'000	£'000	£'000
0-30 days	0.10%	1,951	2	1,951	2
31-60 days	5%	260	13	260	13
61-90 days	10%	-	-	-	-
over 90 days	20%	-	-	-	-
Specific provision	100%	104	104	104	104
		2,315	119	2,315	119

The carrying amount of trade and other receivables (excluding tax recoverable included within other receivables and prepayments and accrued income) is denominated in the following currencies:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Great Britain Pound	2,399	1,442	2,169	1,442
United States Dollar	357	54	359	53
Singapore Dollar	1	1	116	-
Polish Zloty	-	-	23	-
Israeli New Shekel	103	-	90	-
Euro	10	18	10	18
	2,870	1,515	2,767	1,513

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Prepayments and other non-current assets contain contract costs capitalised under IFRS 15. An analysis of the balances is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000

Included in other non-current assets:

Prepaid commission costs	155	170	155	75
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Included in prepayments and accrued income above:

Prepaid commission costs	154	486	154	221
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During the year ended 31 January 2022, the Group recognised an amortisation expense in relation to prepaid commissions costs of £489,000 (2021 - £566,000).

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at banks and on hand	18,846	41,917	18,411	41,003

The net carrying value of cash and cash equivalents is considered to be a reasonable approximation of their fair value.

The carrying amount of cash and cash equivalents is denominated in the following currencies:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Great Britain Pound	4,437	8,622	4,437	8,622
United States Dollar	14,167	32,890	13,853	32,198
Singapore Dollar	35	158	5	33
Polish Zloty	41	97	-	-
Israeli New Shekel	50	-	-	-
Euro	116	150	116	150
	18,846	41,917	18,411	41,003

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

15. SHARE CAPITAL

	2022 £'000	2021 £'000
ALLOTTED, CALLED UP AND FULLY PAID		
27,460,641 (2021 - 25,867,676) Ordinary shares of £0.00001 each	0.275	0.259
13,740,034 (2021 - 13,740,034) Series A shares of £0.00001 each	0.137	0.137
1,436,784 (2021 - 1,436,784) Series A2 shares of £0.00001 each	0.014	0.014
21,934,328 (2021 - 21,934,328) Series B shares of £0.00001 each	0.219	0.219
12,914,613 (2021 - 12,914,613) Series C shares of £0.00001 each	0.129	0.129
9,151,525 (2021 - 9,151,525) Series C1 shares of £0.00001 each	0.092	0.092
	<u>0.866</u>	<u>0.850</u>

Ranking of share classes with regard to the Company's residual assets is as follows; Series C1 and Series C, Series B, Series A2, Series A, Ordinary. The holders of all shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the year a total of 1,592,965 share options were exercised resulting in the issue and allotment of 1,592,965 Ordinary shares with an aggregate nominal value of £16. Consideration of £16,665 was received in respect of the issue of these shares.

16. LEASE OBLIGATION

	GROUP		COMPANY	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Brought forward	1,924	3,648	1,924	3,648
Remeasurement for variable payments	-	(14)	-	(14)
Finance costs incurred	18	56	18	56
Payments made during the year	(1,942)	(1,766)	(1,942)	(1,766)
At 31 January 2022	<u>-</u>	<u>1,924</u>	<u>-</u>	<u>1,924</u>
Presented as:				
Due within one year	-	1,924	-	1,924
Due in more than one year	-	-	-	-
At 31 January 2022	<u>-</u>	<u>1,924</u>	<u>-</u>	<u>1,924</u>

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	382	291	361	219
Amounts owed to group undertakings	-	-	182	113
Corporation tax	60	37	-	-
Other taxation and social security	579	548	542	548
Other payables	147	149	109	126
Accruals	1,564	2,805	1,149	1,586
Deferred income	3,881	3,290	3,881	3,290
	6,613	7,120	6,224	5,882

The net carrying value of trade and other payables is considered to be a reasonable approximation of their fair values and comprise amounts outstanding for trade purchases and ongoing costs. Normal credit terms for most suppliers are 30 days and the Group tries to adhere to these terms where possible. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frames. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The carrying amount of the trade and other payables (excluding tax and social security costs and deferred income) is denominated in the following currencies:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Great Britain Pound	1,527	1,891	1,527	1,891
United States Dollar	421	1,264	249	124
Singapore Dollar	27	35	-	-
Polish Zloty	8	27	-	-
Israeli New Shekel	85	23	-	23
Euro	14	7	14	7
Swedish Kroner	11	-	11	-
	2,093	3,247	1,801	2,045

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

18. FINANCIAL RISK MANAGEMENT**18.1 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

The carrying amounts of the financial assets and liabilities as recognised at the balance sheet date of the periods under review may also be categorised as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and receivables:				
Trade and other receivables	2,878	1,539	2,767	1,537
Cash and cash equivalents	18,846	41,917	18,411	41,003
	21,724	43,456	21,178	42,540
Financial liabilities measured at amortised cost:				
Lease obligation	-	1,924	-	1,924
Trade and other payables	2,093	3,245	1,619	1,931
	2,093	5,169	1,619	3,855

There are no financial instruments that have been measured subsequent to initial recognition at fair value.

18.2 FINANCIAL RISK FACTORS

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk.

18.2.1 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its short term obligations associated with financial liabilities.

Liquidity needs are monitored by the Group to ensure it has sufficient funds to meet its liabilities when due, under normal and unexpected conditions, without incurring unacceptable losses.

18.2.2 INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Group's financial instruments.

The Group is exposed to changes in market interest rates through its funds held in bank accounts, which are subject to variable interest rates. The Group does not have any external borrowings.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

18. FINANCIAL RISK MANAGEMENT (CONTINUED)**18.2 FINANCIAL RISK FACTORS (CONTINUED)****18.2.2 INTEREST RATE RISK (CONTINUED)**

The following table illustrates the sensitivity of the net result for the period and the equity to a reasonably possible change in interest rates of +0.5%, with effect from the beginning of the period. These changes are considered to be reasonably possible based on observations of current market conditions. The calculations are based on the Group's financial instruments held at the statement of financial position date. All other variables are held constant.

	2022	2021
	£'000	£'000
	+0.5%	+0.5%
Net result for the year	115	167
Equity	115	167

18.2.3 CURRENCY RISK

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values of the Group's financial instrument holdings that are denominated in a currency other than the functional currency in which they are measured. The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the US Dollar, Singapore Dollar, Polish Zloty and Israeli New Shekel. The Group does not hedge anticipated cash flows. As the Group's international exposure increases the directors will continue to monitor any change in its exposure to foreign currencies and will consider implementing further risk management strategies.

18.2.4 CREDIT RISK

Credit risk is the risk of financial loss to the Group if the counterparty fails to meet its obligation. Credit risk arises from the Group's operating activities from trade and other receivables, financing activities from cash and cash equivalents and deposits with banks and financial institutions.

Credit risk from trade and other receivables is minimised by establishing credit policies such as determining and monitoring customer credit limits, requiring credit approvals, and the monitoring of customer credit risks by grouping customers according to their credit characteristics. Other monitoring procedures are in place to recover overdue customer accounts and to assess impairment.

Credit risk from financing activities is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

PRIVITAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

18. FINANCIAL RISK MANAGEMENT (CONTINUED)**18.3 CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to shareholders by balancing its trading performance with continuing investment to fund its activities and product development.

The Group considers capital to be shareholders' equity as shown in the Statement of Financial Position, as the Group is primarily funded by equity finance. To maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

19. SHARE-BASED PAYMENTS

The Group has established a share option plan under which options may be granted to directors, officers, employees and consultants. Options granted have an exercise price of not less than the market price of the shares as agreed with HMRC.

The number of ordinary shares for which the Group employees hold options and the period for which the options are exercisable, and their weighted average exercise prices are as follows:

	As at 31 January 2022		As at 31 January 2021	
	Options No '000's	Weighted average exercise price per share £	Options No '000's	Weighted average exercise price per share £
Outstanding brought forward	10,569	0.16514	11,342	0.16651
Adjustment for parallel options exercised in earlier years	(264)	N/A	-	N/A
Options granted	3,685	0.25577	3,938	0.60880
Options lapsed / surrendered	(1,524)	0.42031	(4,160)	0.58131
Options exercised	(2,199)	0.02647	(551)	0.29107
Outstanding carried forward	10,267	0.15998	10,569	0.16514
Exercisable at the balance sheet date	383	0.54961	127	0.63000

The inputs into the Black-Scholes model are as follows:

	2022	2021
Share price, £	0.63	0.62 - 0.63
Exercise price, £	0.00001-0.63000	0.00001-0.63000
Expected volatility	48%	61%
Expected option life, years	4.00	4.00-5.00
Expected dividend yield	0%	0%
Risk free interest rate	0.17% - 0.80%	0.06% - 1.12%

As the Company's shares are not traded, the expected volatility has been estimated with reference to comparable companies.

The Group recognised total expenses in the period of £1,013,000 (2021 - £1,262,000) in respect of equity-settled share based payment transactions.

PRIVITAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

20. POST EMPLOYMENT BENEFIT PLANS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £511,000 (2021 - £537,000). Contributions of £96,000 (2021 - £123,000) were payable to the fund at the balance sheet date.

21. RELATED PARTY TRANSACTIONS

As at 31 January 2022 Privitar Limited owed £182,000 (2021 - £113,000) to Privitar Inc.

As at 31 January 2022 Privitar Limited was owed £116,000 (2021 - £209,000) by Privitar Singapore Pte. Ltd. A provision of £116,000 (2021 - £209,000) has been recognised against this balance.

As at 31 January 2022 Privitar Limited was owed £23,000 (2021 - £67,000) by Privitar Polska sp. z o.o. A provision of £23,000 (2021 - £67,000) has been recognised against this balance.

As at 31 January 2022 Privitar Limited was owed £90,000 (2021 - £NIL) by Privitar Israel Ltd. A provision of £90,000 (2021 - £NIL) has been recognised against this balance.

23. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The Company is under the control of its shareholders and no single shareholder exercises overall control.