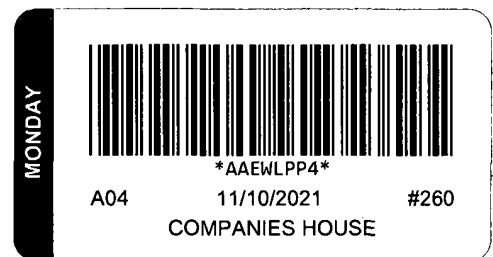


REGISTERED NUMBER: 05614524 (England and Wales)

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2020
for
Dotmatics Limited**



Dotmatics Limited (Registered number: 05614524)

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2020**

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Dotmatics Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

Dr S C Gallagher (resigned 28 April 2021)
Mr A W Hill (resigned 28 April 2021)
Mr S J Powell (resigned 28 April 2021)
Mr K R Davidson (resigned 28 April 2021)
Mr A V Bhat (resigned 28 April 2021)
Mr T Swalla (appointed 28 April 2021)
Mr K Siewert Jr. (appointed 28 April 2021)

REGISTERED OFFICE:

The Old Monastery
Windhill
Bishop's Stortford
Hertfordshire
CM23 2ND

REGISTERED NUMBER:

05614524 (England and Wales)

Dotmatics Limited (Registered number: 05614524)

**Group Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

BUSINESS OVERVIEW

The principal activity of the group in the year under review was that of the development, sale and support of scientific informatics software. The group has customers in a variety of international territories such as the UK, EU, USA, Canada, Australia, South Korea and Japan. Our customers are typically engaged in research and development (R&D) in the chemical, pharmaceutical, biotechnology, food, personal care and agrochemical industries.

The business model is focused on the provision of software as a service with professional services providing installation, configuration, support, training and consultancy services to support license sale growth.

The directors are pleased to report revenue growth of 18% (2019 - 21%), with strong levels of growth in each geographic market identified above. Profit before tax of 2.1% of turnover (2019 - 11%) was expected due to the BioBright LLC investment, increased staffing and R&D growth. The group continues to maintain strong operating cash flows.

Since the acquisition of BioBright LLC, the group has seen an increase in turnover of 0.5% and a decrease in profit before tax of 76.8%.

Our R&D efforts continue to benefit from high levels of investment in the continued development of our scientific software suite, which allows us to improve existing products and services and develop new tools to expand our offering to customers.

The scientific informatics market continues to grow through a mixture of new companies acquiring software from scratch and established businesses looking to migrate or consolidate away from legacy systems. Areas of opportunity are biologics, externalised research, lab automation and the cloud.

The group's objectives are to become the global standard and best-of-breed provider of electronic data capture, data management, data analysis and reporting software across multiple research and development organisations and industries.

On 22 March 2021, the entire share capital of Dotmatics Limited was acquired by Insightful Science, LLC. This allows the group to continue to focus on achieving its objectives through growth and high levels of investment.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors routinely monitor all known risks and uncertainties and appropriate actions are taken to mitigate the risks and their potential outcomes.

Specific risks to the group include its relationships with key customers and fluctuations in foreign exchange rates. The group continues to foster strong relationships with its customers and strives to deliver industry-leading levels of support to ensure customer satisfaction. The directors manage foreign exchange rate fluctuations by careful monitoring, controlling local pricing and exchanging currency holdings as appropriate.

The Brexit process also represents a risk to the company. The directors believe the group to be well placed to react to any changes in market conditions as they unfold, due to significant trading relations with customers in the USA and other geographical locations outside the EU. Additionally, the majority of staff employed by the group are employed within the UK or otherwise outside the EU.

Covid-19 had also emerged as a risk factor in early 2020 and continued developing throughout the year, although, with Dotmatics' strong customer base, the recurring nature of our revenue and strong balance sheet provided us with a stable base with which to face this challenge. The directors will continue to monitor the situation frequently in order to assess any potential impact to Dotmatics.

The company also continues to benefit from strong financial backing from its parent, Insightful Science, LLC.

Dotmatics Limited (Registered number: 05614524)

**Group Strategic Report
for the Year Ended 31 December 2020**

KEY PERFORMANCE INDICATORS


Key performance indicators for the business are revenue growth, profit before tax as a percentage of turnover and operating cashflow. The figures were 18% (2019 - 21%), 2.1% (2019 - 11%) and £7,854,961 (2019 - £3,458,092) respectively. The movement relating to profit before tax is not comparable with prior years, largely due to the impact of the acquisition of BioBright LLC, resulting in a reduction in profit before tax totalling 76.8%. Additionally, staff costs in existing entities have increased at a faster rate than revenue growth in order to support future growth, causing a decrease in the margins.

FUTURE DEVELOPMENTS

Since the statement of financial position date, further R&D has been undertaken to continue enhancing the support and informatics capabilities of our customers. The initial results of the 2021 financial year have shown the increased growth of the group's turnover in comparison with the 2017, 2018, 2019 and 2020 financial years.

In the first quarter of 2020, the Covid-19 outbreak resulted in governments across the world imposing restrictions on people and businesses. Dotmatics staff have been able to adapt to working from home in all regions, and we will continue to monitor and respond to the developments in each of the regions in which we operate.

ON BEHALF OF THE BOARD:



.....
Mr T Swalla - Director

06 October 2021

Date:

Dotmatics Limited (Registered number: 05614524)

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the development and sale of software.

DIVIDENDS

The group loss for the year, after taxation, amounted to £149,759 (2019 - group profit £2,734,845).

The total distribution of dividends for the year ended 31 December 2020 is £Nil (2019 - £Nil).

DIRECTORS

The directors who have held office during the period from 1 January 2020 to the date of this report are as follows:

Dr S C Gallagher (resigned 28 April 2021)
Mr A W Hill (resigned 28 April 2021)
Mr S J Powell (resigned 28 April 2021)
Mr K R Davidson (resigned 28 April 2021)
Mr A V Bhat (resigned 28 April 2021)
Mr T Swalla (appointed 28 April 2021)
Mr K Siewert Jr. (appointed 28 April 2021)

POST BALANCE SHEET EVENTS

On 14 January 2021, the mortgage held by Dotmatics Limited was repaid early in full, this decision was taken after the balance sheet date.

On 22 March 2021, the entire share capital of Dotmatics Limited was acquired by Insightful Science, LLC, a software provider serving the global life sciences community with headquarters in the USA and global operations.

There have been no events subsequent to the reporting date that require adjustment to the 2020 consolidated and company statutory accounts.

GOING CONCERN

The Group has generated profits before tax and cash inflows from operating activities over the past two years, and continues to grow. As at 31 December 2020, the Group had total equity of £1,109,561 (2019 - £1,453,432), and net current assets of £2,722,177 (2019 - £4,004,841). It generated a profit before tax for the year to 31 December 2020 of £659,713 (2019 - £2,843,309), a net loss of £149,759 (2019 - net profit £2,734,845), solely due to significant investments in R&D and growing business infrastructure, and generated cash from operating activities of £7,854,961 (2019 - £3,458,092). As at 31 December 2020, the Group had cash and cash equivalents of £14,439,929 (2019 - £10,049,391) and total bank loans payable of £273,398 (2019 - £326,404), of which only £110,414 (2019 - £117,083) is due prior to 31 December 2022 (2019 - due prior to 31 December 2021).

The company has considered the impact of the Covid-19 crisis on its ability to continue as a going concern. It has considered the recurring nature of the company's license revenue from its existing customers and expected service revenues therefrom, alongside its current pipeline of new sales opportunities. It has considered the strength of its existing and targeted customer base and the impact of restrictions on their ability to continue to operate during at least the next twelve months. It has considered the potential impact on its key suppliers, and has not experienced any significant impact on availability of services. The group's employees have adapted well to working from home where required. The Directors have revisited the Group's forecasts to 31 December 2022, to consider a range of scenarios, based on experience to date during the restrictions, and all reasonably possible scenarios enabled the Group's operations to continue to be funded from existing cash reserves, for at least twelve months from the date of signing these financial statements. The Directors therefore concluded that no material uncertainty over the group and company going concern basis of accounting exists as at the date of signing the financial statements.

As such, after careful consideration, the directors consider that it remains appropriate to prepare the accounts on a going concern basis.

Dotmatics Limited (Registered number: 05614524)

**Report of the Directors
for the Year Ended 31 December 2020**

DISCLOSURE IN THE STRATEGIC REPORT

Information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included within the Strategic Report in accordance with section 414C(11) of the Companies Act 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Mr T Swalla - Director

06 October 2021
Date:

Report of the Independent Auditors to the Members of Dotmatics Limited

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 December 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dotmatics Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 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).

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 Group's and 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic Report and Report of the Directors 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

Report of the Independent Auditors to the Members of Dotmatics Limited

- 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 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' responsibilities 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

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 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 acts of Management which were contrary to applicable laws and regulations including fraud. These included but were not limited to compliance with the UK Companies Act 2006. We made enquiries of the Directors to obtain further understanding of risks of non-compliance.

We focussed on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statements disclosures to underlying supporting documentation; enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- obtaining an understanding of the control environment in place to prevent and detect irregularities; and
- identifying and testing journal entries, in particular, journal entries with unusual account combinations.

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.

**Report of the Independent Auditors to the Members of
Dotmatics Limited**

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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:
Ian Oliver
C623E6DFBED543E...

Ian Oliver (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Thames Tower
Station Road
Reading
Berkshire
RG1 1LX

07 October 2021
Date:

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

Dotmatics Limited (Registered number: 05614524)**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|---|-------|---------------------|---------------------|
| TURNOVER | 4 | 30,749,428 | 26,048,356 |
| Cost of sales | | <u>(2,095,950)</u> | <u>(1,582,624)</u> |
| GROSS PROFIT | | 28,653,478 | 24,465,732 |
| Administrative expenses | | <u>(28,040,654)</u> | <u>(21,665,407)</u> |
| | | 612,824 | 2,800,325 |
| Other operating income | | <u>51,243</u> | <u>-</u> |
| OPERATING PROFIT | 6 | 664,067 | 2,800,325 |
| Interest receivable and similar income | | <u>12,309</u> | <u>59,900</u> |
| | | 676,376 | 2,860,225 |
| Interest payable and similar expenses | 7 | <u>(16,663)</u> | <u>(16,916)</u> |
| PROFIT BEFORE TAXATION | | 659,713 | 2,843,309 |
| Tax on profit | 8 | <u>(809,472)</u> | <u>(108,464)</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (149,759) | 2,734,845 |
| OTHER COMPREHENSIVE LOSS | | | |
| Translation in foreign subsidiaries | | (267,073) | (72,312) |
| Income tax relating to other comprehensive loss | | <u>-</u> | <u>-</u> |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX | | <u>(267,073)</u> | <u>(72,312)</u> |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR | | <u>(416,832)</u> | <u>2,662,533</u> |
| (Loss)/profit attributable to: | | | |
| Owners of the parent | | <u>(149,759)</u> | <u>2,734,845</u> |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the parent | | <u>(416,832)</u> | <u>2,662,533</u> |

The notes on pages 18 to 41 form part of these financial statements


Dotmatics Limited (Registered number: 05614524)**Consolidated Balance Sheet
31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 5,704,967 | - |
| Tangible assets | 11 | <u>1,239,042</u> | <u>1,251,918</u> |
| | | <u>6,944,009</u> | <u>1,251,918</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 10,404,603 | 11,239,302 |
| Cash at bank and in hand | | <u>14,439,929</u> | <u>10,049,391</u> |
| | | 24,844,532 | 21,288,693 |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>(22,122,355)</u> | <u>(17,283,852)</u> |
| NET CURRENT ASSETS | | | |
| | | <u>2,722,177</u> | <u>4,004,841</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 9,666,186 | 5,256,759 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 15 | (5,550,639) | (3,749,060) |
| PROVISIONS FOR LIABILITIES | | | |
| | 16 | <u>(3,005,986)</u> | <u>(54,267)</u> |
| NET ASSETS | | | |
| | | <u>1,109,561</u> | <u>1,453,432</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 52 | 52 |
| Share premium | 22 | 1,495 | 1,495 |
| Capital redemption reserve | 22 | 5 | 5 |
| Other reserves | 22 | 164,380 | 358,492 |
| Retained earnings | 22 | <u>943,629</u> | <u>1,093,388</u> |
| SHAREHOLDERS' FUNDS | | | |
| | | <u>1,109,561</u> | <u>1,453,432</u> |

The financial statements were approved by the Board of Directors and authorised for issue on06..October..2021 and were signed on its behalf by:



.....
Mr T Swalla - Director



.....
Mr K Siewert Jr. - Director

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Company Balance Sheet
31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 1,155,254 | 1,168,018 |
| Investments | 12 | <u>4,140</u> | <u>4,140</u> |
| | | <u>1,159,394</u> | <u>1,172,158</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 6,163,315 | 5,928,360 |
| Cash at bank and in hand | | <u>10,197,588</u> | <u>8,700,484</u> |
| | | 16,360,903 | 14,628,844 |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>(13,000,561)</u> | <u>(12,653,085)</u> |
| NET CURRENT ASSETS | | <u>3,360,342</u> | <u>1,975,759</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,519,736 | 3,147,917 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 15 | (2,871,688) | (2,235,859) |
| PROVISIONS FOR LIABILITIES | 20 | <u>(34,762)</u> | <u>(54,267)</u> |
| NET ASSETS | | <u><u>1,613,286</u></u> | <u><u>857,791</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 52 | 52 |
| Share premium | 22 | 1,495 | 1,495 |
| Capital redemption reserve | 22 | 5 | 5 |
| Other reserves | 22 | 431,453 | 358,492 |
| Retained earnings | 22 | <u>1,180,281</u> | <u>497,747</u> |
| SHAREHOLDERS' FUNDS | | <u><u>1,613,286</u></u> | <u><u>857,791</u></u> |
| Company's profit for the financial year | | <u><u>682,534</u></u> | <u><u>2,354,223</u></u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)

Company Balance Sheet - continued
31 December 2020

The financial statements were approved by the Board of Directors and authorised for issue on06..October..2021 and were signed on its behalf by:



.....
Mr T Swalla - Director



.....
Mr K Siewert Jr. - Director

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

| | Called up share capital £ | Retained earnings £ | Share premium £ |
|------------------------------------|---------------------------------------|---------------------------|-----------------------|
| Balance at 1 January 2019 | 52 | (1,569,145) | 1,495 |
| Changes in equity | | | |
| Total comprehensive income | - | 2,662,533 | - |
| Share-based payment credit | - | - | - |
| Balance at 31 December 2019 | <u>52</u> | <u>1,093,388</u> | <u>1,495</u> |
| Changes in equity | | | |
| Loss after tax | - | (149,759) | - |
| Other comprehensive loss | - | - | - |
| Share-based payment credit | - | - | - |
| Balance at 31 December 2020 | <u>52</u> | <u>943,629</u> | <u>1,495</u> |
| | Capital redemption reserve £ | Other reserves £ | Total equity £ |
| Balance at 1 January 2019 | 5 | 172,909 | (1,394,684) |
| Changes in equity | | | |
| Total comprehensive income | - | - | 2,662,533 |
| Share-based payment credit | - | 185,583 | 185,583 |
| Balance at 31 December 2019 | <u>5</u> | <u>358,492</u> | <u>1,453,432</u> |
| Changes in equity | | | |
| Loss after tax | - | - | (149,759) |
| Other comprehensive loss | - | (267,073) | (267,073) |
| Share-based payment credit | - | 72,961 | 72,961 |
| Balance at 31 December 2020 | <u>5</u> | <u>164,380</u> | <u>1,109,561</u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Company Statement of Changes in Equity
for the Year Ended 31 December 2020**

| | Called up share capital £ | Retained earnings £ | Share premium £ |
|------------------------------------|---------------------------------------|---------------------------|-----------------------|
| Balance at 1 January 2019 | 52 | (1,856,476) | 1,495 |
| Changes in equity | | | |
| Total comprehensive income | - | 2,354,223 | - |
| Share-based payment credit | - | - | - |
| Balance at 31 December 2019 | <u>52</u> | <u>497,747</u> | <u>1,495</u> |
| Changes in equity | | | |
| Total comprehensive income | - | 682,534 | - |
| Share-based payment credit | - | - | - |
| Balance at 31 December 2020 | <u>52</u> | <u>1,180,281</u> | <u>1,495</u> |
| | Capital redemption reserve £ | Other reserves £ | Total equity £ |
| Balance at 1 January 2019 | 5 | 172,909 | (1,682,015) |
| Changes in equity | | | |
| Total comprehensive income | - | - | 2,354,223 |
| Share-based payment credit | - | 185,583 | 185,583 |
| Balance at 31 December 2019 | <u>5</u> | <u>358,492</u> | <u>857,791</u> |
| Changes in equity | | | |
| Total comprehensive income | - | - | 682,534 |
| Share-based payment credit | - | 72,961 | 72,961 |
| Balance at 31 December 2020 | <u>5</u> | <u>431,453</u> | <u>1,613,286</u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|---|-------|--------------------|-------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 8,122,383 | 3,511,178 |
| Tax paid | | <u>(267,422)</u> | <u>(53,086)</u> |
| Net cash from operating activities | | <u>7,854,961</u> | <u>3,458,092</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (125,791) | (186,158) |
| Sale of tangible fixed assets | | 1,303 | 191 |
| Purchase of subsidiary, net of cash | | (3,026,133) | - |
| Interest received | | <u>12,309</u> | <u>59,900</u> |
| Net cash used in investing activities | | <u>(3,138,312)</u> | <u>(126,067)</u> |
| Cash flows from financing activities | | | |
| Loan repayments in year | | (53,006) | (51,968) |
| Interest paid | | <u>(16,663)</u> | <u>(16,916)</u> |
| Net cash used in financing activities | | <u>(69,669)</u> | <u>(68,884)</u> |
| Increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of year | 2 | 10,049,391 | 6,786,250 |
| Effect of foreign exchange rate changes | | <u>(256,442)</u> | <u>-</u> |
| Cash and cash equivalents at end of year | 2 | <u>14,439,929</u> | <u>10,049,391</u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020****1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

| | 2020 | 2019 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Profit before taxation | 659,713 | 2,843,309 |
| Depreciation charges | 135,795 | 107,147 |
| Loss on disposal of fixed assets | - | 2,363 |
| Amortisation charges | 314,176 | - |
| (Decrease) in amounts owed to groups | - | (3,470) |
| Increase/(decrease) in provisions | 46,177 | (85,163) |
| Share option expense | 72,961 | 185,583 |
| Effect of foreign exchange | (8,328) | (72,312) |
| Finance costs | 16,663 | 16,916 |
| Finance income | <u>(12,309)</u> | <u>(59,900)</u> |
| | 1,224,848 | 2,934,473 |
| Decrease/(increase) in trade and other debtors | 406,345 | (2,521,536) |
| Increase in trade and other creditors | <u>6,491,190</u> | <u>3,098,241</u> |
| Cash generated from operations | <u>8,122,383</u> | <u>3,511,178</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

| | 31/12/20 | 1/1/20 |
|---------------------------|-------------------|-------------------|
| | £ | £ |
| Cash and cash equivalents | <u>14,439,929</u> | <u>10,049,391</u> |

Year ended 31 December 2019

| | 31/12/19 | 1/1/19 |
|---------------------------|-------------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>10,049,391</u> | <u>6,786,250</u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020****3. ANALYSIS OF CHANGES IN NET FUNDS**

| | At 1/1/20 £ | Cash flow £ | At 31/12/20 £ |
|---------------------------------|-------------------------|-------------------------|--------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>10,049,391</u> | <u>4,390,538</u> | <u>14,439,929</u> |
| | <u>10,049,391</u> | <u>4,390,538</u> | <u>14,439,929</u> |
| Debt | | | |
| Debts falling due within 1 year | (57,457) | 3,079 | (54,378) |
| Debts falling due after 1 year | <u>(268,947)</u> | <u>49,927</u> | <u>(219,020)</u> |
| | <u>(326,404)</u> | <u>53,006</u> | <u>(273,398)</u> |
| Total | <u><u>9,722,987</u></u> | <u><u>4,443,544</u></u> | <u><u>14,166,531</u></u> |

The notes on pages 18 to 41 form part of these financial statements

Dotmatics Limited (Registered number: 05614524)

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Dotmatics Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the 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 judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

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 consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period had been presented as the reconciliations for the group and parent company would be identical;
- no cash flow statement has been presented for the parent company;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- disclosures in respect of the parent company's share based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Dotmatics Limited (Registered number: 05614524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Valuation of intangible assets upon business combination

Intangible assets upon business combination are recognised separately from goodwill and are valued using the cost approach, the income approach - excess earnings, and the income approach - relief from royalty.

Technology under development and workforce are valued using the cost approach, and is based on the current cost to recreate or duplicate the asset, less an appropriate allowance for a decrease in value due to the passage of time or obsolescence.

Customer relationships are valued using the income approach - excess earnings, and is based on the value of intangible assets given by the present value of the earnings it generates, net of an economic return on other assets also contributing to that income stream of earnings.

Technology is valued using the income approach - relief from royalty, and is based on the value of an intangible asset being equal to the present value of the amount the business would be prepared to pay to lease that asset under contract if it did not own the asset.

- Tangible and intangible fixed assets

Tangible fixed assets, other than investment properties, and intangible assets, including goodwill, are depreciated/amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Contingent consideration valuation

Contingent consideration upon business combination is valued as the fair value of the earn-out consideration at the transaction date and is discounted at a rate of 31.3% on the assumption that payments will be made three years post transaction date based on annual recurring revenue ("ARR") targets being met.

The implied transaction internal rate of return ("IRR") i.e. discount rate is based on the cash flow forecasts and the debt-free/cash-free enterprise value as at the transaction date.

- Share Options

Dotmatics Limited (Registered number: 05614524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. ACCOUNTING POLICIES - continued

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The fair value is calculated using a Black-Scholes model with a number of inputs, of which volatility, share market value and period to exercise in particular are subject to estimation. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Turnover

Turnover represents net invoiced sales, excluding VAT, together with any adjustment for deferred revenue.

Licence fees charged include the initial installation and set up of the software and a right to use the software for a fixed contract period.

To the extent that it relates to the installation and set up of the software, revenue is recognised at the invoice date.

The residual invoiced amounts in relation to software license sales invoiced are recognised evenly over the term of the licence period. Income relating to future accounting periods is recognised as deferred income within the financial statements when invoiced and recognised as revenue within the consolidated statement of comprehensive income during the corresponding financial period.

Other income in relation to consultation, additional training or other services provided is recognised during the accounting period in which the service is carried out for the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2020, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Customer relationships are being amortised evenly over their estimated useful life of ten years.

Development costs are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of ten years.

Dotmatics Limited (Registered number: 05614524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. ACCOUNTING POLICIES - continued

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.

Depreciation is provided on the following basis:

| | |
|------------------------------------|---|
| Freehold property (excluding land) | - 50 years straight line |
| Improvements to property | - Straight line over 15 years |
| Fixtures and fittings | - 25% - 50% on reducing balance and 3-4 years straight line |
| Plant and machinery | - 25% - 50% on reducing balance and 3-4 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 the consolidated statement of comprehensive income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Dotmatics Limited (Registered number: 05614524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. ACCOUNTING POLICIES - continued

Foreign currency translation

Functional and presentation currency

The group's and company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Foreign subsidiaries use the local currencies of the country where they operate. On consolidation, the results of overseas operations are translated into Pounds 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 and accumulated in the other reserve.

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

Foreign exchange gains and losses are recorded in administrative expenses in the income statement.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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 the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

Government grants

Government grants in relation to tangible fixed asset are credited to profit and loss account over the useful lives of the related assets, whereas those in relation to expenditure are credited when the expenditure is charged to profit and loss.

Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements for subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Assets and liabilities at acquisition are recognised at their fair value.

Intangible assets upon business combination are recognised separately from goodwill and are valued using the cost approach, the income approach - excess earnings, and the income approach - relief from royalty.

Contingent consideration upon business combination is valued as the fair value of the earn-out consideration at the transaction date and is discounted at a rate of 31.3% on the assumption that payments will be made three years post transaction date based on annual recurring revenue ("ARR") targets being met.

The implied transaction internal rate of return ("IRR") i.e. discount rate is based on the cash flow forecasts and the debt-free/cash-free enterprise value as at the transaction date.

Other acquisition costs are expensed to the statement of profit or loss.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****3. ACCOUNTING POLICIES - continued****Financial instruments**

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Stock options

Dotmatics Limited operates an equity-settled share based remuneration scheme for employees. Employees are eligible to participate in the long term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the three year vesting period.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

| | 2020 | 2019 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 4,732,907 | 4,316,646 |
| Europe | 6,959,016 | 5,368,749 |
| Asia | 2,148,865 | 2,527,955 |
| Australasia | 374,577 | 330,708 |
| North America | 16,428,075 | 13,418,698 |
| Africa | 105,988 | 85,600 |
| | <u>30,749,428</u> | <u>26,048,356</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****4. TURNOVER - continued**

During the year, the group recognised royalty income amounting to £156,772 (2019 - £265,500).

5. EMPLOYEES AND DIRECTORS

| | 2020 £ | 2019 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 18,472,498 | 14,109,943 |
| Social security costs | 1,754,516 | 1,202,906 |
| Other pension costs | <u>577,861</u> | <u>444,959</u> |
| | <u>20,804,875</u> | <u>15,757,808</u> |

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

| | 2020 | 2019 |
|-------------------------------------|------------|------------|
| Directors | 5 | 5 |
| Corporate, administration and sales | 90 | 59 |
| Application scientists | 76 | 78 |
| Software developers | <u>53</u> | <u>43</u> |
| | <u>224</u> | <u>185</u> |

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Directors' remuneration | 565,500 | 598,222 |
| Directors' pension contributions to money purchase schemes | <u>20,000</u> | <u>20,000</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | 2020 | 2019 |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |

Information regarding the highest paid director is as follows:

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Emoluments etc | 260,413 | 268,504 |
| Pension contributions to money purchase schemes | <u>10,000</u> | <u>10,000</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

| | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Other operating leases | 344,872 | 74,220 |
| Depreciation - owned assets | 135,795 | 107,147 |
| Loss on disposal of fixed assets | - | 2,363 |
| Goodwill amortisation | 181,582 | - |
| Customer relationships amortisation | 8,523 | - |
| Development costs amortisation | 28,667 | - |
| Computer software amortisation | 95,404 | - |
| Foreign exchange differences | (285,938) | 47,458 |
| Research and development | 2,318,351 | 1,892,984 |
| Defined Contribution pension costs | 577,861 | 444,959 |
| Auditors' remuneration | <u>64,000</u> | <u>34,000</u> |

7. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|--------------------|---------------|---------------|
| | £ | £ |
| Bank loan interest | <u>16,663</u> | <u>16,916</u> |

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

| | 2020 | 2019 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Current tax: | | |
| Foreign corporation tax | 135,156 | 53,086 |
| Deferred tax | <u>674,316</u> | <u>55,378</u> |
| Tax on profit | <u>809,472</u> | <u>108,464</u> |

UK corporation tax has been charged at 19% (2019 - 19%).

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****8. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2020 £ | 2019 £ |
|--|----------------|------------------|
| Profit before tax | <u>659,713</u> | <u>2,843,309</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 125,345 | 540,229 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 16,882 | 6,015 |
| Capital allowances in excess of depreciation | - | (13,112) |
| Depreciation in excess of capital allowances | 2,261 | - |
| Loss on disposal of fixed assets | - | 19 |
| Enhanced taxation relief arising on research & development expenditure | (569,766) | (467,567) |
| Enhanced taxation relief restricted to profits | 303,401 | - |
| Other timing differences leading to an increase/(decrease) in taxation | 75,634 | (333) |
| Movement in deferred tax not recognised | 258,061 | 30,554 |
| Difference in foreign tax rates | (69,045) | 12,659 |
| Deferred tax reversal | <u>666,699</u> | <u>-</u> |
| Total tax charge | <u>809,472</u> | <u>108,464</u> |

Tax effects relating to effects of other comprehensive loss

| | Gross £ | 2020 Tax £ | Net £ |
|-------------------------------------|------------------|------------------|------------------|
| Translation in foreign subsidiaries | <u>(267,073)</u> | <u>-</u> | <u>(267,073)</u> |
| | Gross £ | 2019 Tax £ | Net £ |
| Translation in foreign subsidiaries | <u>(72,312)</u> | <u>-</u> | <u>(72,312)</u> |

Movement in deferred tax not recognised totalling £258,061 (2019 - £30,554) consists of deferred tax movement on unused trading losses carried forward.

There is an unrecognised deferred tax asset relating to unrelieved trading losses carried forward of £938,526 (2019 - recognised deferred tax asset £666,699).

It was announced in the March 2021 budget, the main rate of corporation tax will increase to 25% from 1 April 2023 and will have an impact on future deferred tax calculations.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. INTANGIBLE FIXED ASSETS**Group**

| | Goodwill £ | Customer relationships £ | Development costs £ | Computer software £ | Totals £ |
|-----------------------|------------------|--------------------------------|---------------------------|---------------------------|------------------|
| COST | | | | | |
| Business combinations | <u>3,471,930</u> | <u>163,744</u> | <u>550,709</u> | <u>1,832,760</u> | <u>6,019,143</u> |
| At 31 December 2020 | <u>3,471,930</u> | <u>163,744</u> | <u>550,709</u> | <u>1,832,760</u> | <u>6,019,143</u> |
| AMORTISATION | | | | | |
| Amortisation for year | <u>181,582</u> | <u>8,523</u> | <u>28,667</u> | <u>95,404</u> | <u>314,176</u> |
| At 31 December 2020 | <u>181,582</u> | <u>8,523</u> | <u>28,667</u> | <u>95,404</u> | <u>314,176</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2020 | <u>3,290,348</u> | <u>155,221</u> | <u>522,042</u> | <u>1,737,356</u> | <u>5,704,967</u> |

11. TANGIBLE FIXED ASSETS**Group**

| | Freehold property £ | Short leasehold £ | Improvements to property £ |
|-----------------------|---------------------------|-------------------------|-------------------------------------|
| COST | | | |
| At 1 January 2020 | 951,200 | 2,204 | 67,671 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Exchange differences | - | (80) | - |
| At 31 December 2020 | <u>951,200</u> | <u>2,124</u> | <u>67,671</u> |
| DEPRECIATION | | | |
| At 1 January 2020 | 33,198 | 37 | 12,182 |
| Charge for year | 4,024 | 142 | 4,512 |
| Exchange differences | - | - | - |
| At 31 December 2020 | <u>37,222</u> | <u>179</u> | <u>16,694</u> |
| NET BOOK VALUE | | | |
| At 31 December 2020 | <u>913,978</u> | <u>1,945</u> | <u>50,977</u> |
| At 31 December 2019 | <u>918,002</u> | <u>2,167</u> | <u>55,489</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****11. TANGIBLE FIXED ASSETS - continued****Group**

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|-----------------------------|----------------------------------|----------------------------|------------------|
| COST | | | | |
| At 1 January 2020 | 539,624 | 35,092 | 1,029 | 1,596,820 |
| Additions | 121,419 | - | 5,106 | 126,525 |
| Disposals | (1,006) | (297) | - | (1,303) |
| Exchange differences | <u>(4,301)</u> | <u>(177)</u> | <u>-</u> | <u>(4,558)</u> |
| At 31 December 2020 | <u>655,736</u> | <u>34,618</u> | <u>6,135</u> | <u>1,717,484</u> |
| DEPRECIATION | | | | |
| At 1 January 2020 | 279,562 | 19,752 | 171 | 344,902 |
| Charge for year | 121,725 | 4,866 | 526 | 135,795 |
| Exchange differences | <u>(2,154)</u> | <u>(101)</u> | <u>-</u> | <u>(2,255)</u> |
| At 31 December 2020 | <u>399,133</u> | <u>24,517</u> | <u>697</u> | <u>478,442</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2020 | <u>256,603</u> | <u>10,101</u> | <u>5,438</u> | <u>1,239,042</u> |
| At 31 December 2019 | <u>260,062</u> | <u>15,340</u> | <u>858</u> | <u>1,251,918</u> |

Included in cost of land and buildings is freehold land of £750,000 (2019 - £750,000) which is not depreciated.

Company

| | Freehold property £ | Improvements to property £ | Plant and machinery £ |
|-----------------------|---------------------------|-------------------------------------|-----------------------------|
| COST | | | |
| At 1 January 2020 | 951,200 | 67,671 | 404,220 |
| Additions | <u>-</u> | <u>-</u> | <u>89,141</u> |
| At 31 December 2020 | <u>951,200</u> | <u>67,671</u> | <u>493,361</u> |
| DEPRECIATION | | | |
| At 1 January 2020 | 33,198 | 12,182 | 219,327 |
| Charge for year | <u>4,024</u> | <u>4,512</u> | <u>89,921</u> |
| At 31 December 2020 | <u>37,222</u> | <u>16,694</u> | <u>309,248</u> |
| NET BOOK VALUE | | | |
| At 31 December 2020 | <u>913,978</u> | <u>50,977</u> | <u>184,113</u> |
| At 31 December 2019 | <u>918,002</u> | <u>55,489</u> | <u>184,893</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****11. TANGIBLE FIXED ASSETS - continued****Company**

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|----------------------------------|----------------------------|------------------|
| COST | | | |
| At 1 January 2020 | 25,646 | 1,029 | 1,449,766 |
| Additions | <u>-</u> | <u>-</u> | <u>89,141</u> |
| At 31 December 2020 | <u>25,646</u> | <u>1,029</u> | <u>1,538,907</u> |
| DEPRECIATION | | | |
| At 1 January 2020 | 16,870 | 171 | 281,748 |
| Charge for year | <u>3,105</u> | <u>343</u> | <u>101,905</u> |
| At 31 December 2020 | <u>19,975</u> | <u>514</u> | <u>383,653</u> |
| NET BOOK VALUE | | | |
| At 31 December 2020 | <u>5,671</u> | <u>515</u> | <u>1,155,254</u> |
| At 31 December 2019 | <u>8,776</u> | <u>858</u> | <u>1,168,018</u> |

Included in cost of land and buildings is freehold land of £750,000 (2019 - £750,000) which is not depreciated.

12. FIXED ASSET INVESTMENTS**Company**

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 January 2020 and 31 December 2020 | <u>4,140</u> |
| NET BOOK VALUE | |
| At 31 December 2020 | <u>4,140</u> |
| At 31 December 2019 | <u>4,140</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****12. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**Dotmatics, Inc.**

Registered office: C/O Kinloch & Associates P.C., 8808 Centre Park Dr, Columbia, MD 21045, United States
Nature of business: Software development and sales

| Class of shares: | % holding | 2020 £ | 2019 £ |
|--------------------------------|--------------|----------------|----------------|
| Ordinary | 100.00 | | |
| Aggregate capital and reserves | | 680,773 | 651,077 |
| Profit before tax for the year | | <u>500,423</u> | <u>499,341</u> |

Dotmatics, Inc. is a company registered in the United States of America, under the jurisdiction of the State of Delaware, with registration number 84364596.

Dotmatics Australia Pty Ltd

Registered office: C/O Polyglot Group Pty Ltd, 25 Burton Street, Glebe NSW 2037, Australia
Nature of business: Software development and sales

| Class of shares: | % holding | 2020 £ | 2019 £ |
|--------------------------------|--------------|---------------|---------------|
| Ordinary | 100.00 | | |
| Aggregate capital and reserves | | (57,095) | (69,760) |
| Profit before tax for the year | | <u>31,977</u> | <u>13,465</u> |

Dotmatics Australia Pty Ltd is a company registered in Australia, under the Australian Company number 613502417 with the Australian Securities and Investments Commission.

Dotmatics KK

Registered office: The Portal, Akihabara 1F, Higashikanda 2-10-9, Chiyoda-ku, Tokyo, Japan
Nature of business: Software development and sales

| Class of shares: | % holding | 2020 £ | 2019 £ |
|---------------------------------------|--------------|---------------|----------------|
| Ordinary | 100.00 | | |
| Aggregate capital and reserves | | 63,584 | 18,370 |
| Profit/(loss) before tax for the year | | <u>90,824</u> | <u>(1,936)</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 17) | 54,378 | 57,457 | 54,378 | 57,457 |
| Trade creditors | 467,669 | 442,403 | 355,345 | 299,876 |
| Amounts owed to group undertakings | - | - | 1,908,862 | 3,811,288 |
| Corporation tax | 5,359 | - | 5,359 | - |
| Social security and other taxes | 66,154 | 7,494 | 5,592 | (4,472) |
| VAT | 208,816 | 183,937 | 205,214 | 57,900 |
| Other creditors | 69,409 | 13,302 | 2,347 | - |
| Deferred income < 1 year | 18,639,503 | 14,929,576 | 8,873,211 | 7,311,304 |
| Accrued expenses | <u>2,611,067</u> | <u>1,649,683</u> | <u>1,590,253</u> | <u>1,119,732</u> |
| | <u>22,122,355</u> | <u>17,283,852</u> | <u>13,000,561</u> | <u>12,653,085</u> |

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|--------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Bank loans (see note 17) | 219,020 | 268,947 | 219,020 | 268,947 |
| Deferred income > 1 year | <u>5,331,619</u> | <u>3,480,113</u> | <u>2,652,668</u> | <u>1,966,912</u> |
| | <u>5,550,639</u> | <u>3,749,060</u> | <u>2,871,688</u> | <u>2,235,859</u> |

16. LOANS

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Amounts falling due within one year or on demand: | | | | |
| Bank loans | <u>54,378</u> | <u>57,457</u> | <u>54,378</u> | <u>57,457</u> |
| Amounts falling due between one and two years: | | | | |
| Bank loans - 1-2 years | <u>56,036</u> | <u>59,626</u> | <u>56,036</u> | <u>59,626</u> |
| Amounts falling due between two and five years: | | | | |
| Bank loans - 2-5 years | <u>162,984</u> | <u>190,967</u> | <u>162,984</u> | <u>190,967</u> |
| Amounts falling due in more than five years: | | | | |
| Repayable by instalments | | | | |
| Bank loans more 5 yr by instalments | <u>-</u> | <u>18,354</u> | <u>-</u> | <u>18,354</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****16. LOANS - continued**

The bank loan is repayable by 180 monthly instalments starting in June 2010, interest is being charged at a rate of 2.51% above the Bank of England base rate.

On 14 January 2021, the mortgage held by Dotmatics Limited was repaid early in full, this decision was taken after the balance sheet date.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Within one year | 199,729 | 377,722 |
| Between one and five years | 343,881 | 467,050 |
| In more than five years | <u>219,035</u> | <u>277,555</u> |
| | <u>762,645</u> | <u>1,122,327</u> |

Company

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------|----------------|
| | 2020 | 2019 |
| | £ | £ |
| Within one year | 74,220 | 74,220 |
| Between one and five years | 279,872 | 295,202 |
| In more than five years | <u>226,580</u> | <u>277,876</u> |
| | <u>580,672</u> | <u>647,298</u> |

18. SECURED DEBTS

The following secured debts are included within creditors:

| | Company | |
|------------|----------------|----------------|
| | 2020 | 2019 |
| | £ | £ |
| Bank loans | <u>273,398</u> | <u>326,404</u> |

A debenture was created on 24 May 2010 and a legal charge on 24 September 2010 in favour of the bank secured over freehold land and buildings and all other assets and rights of the company.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****19. FINANCIAL INSTRUMENTS****Dotmatics Limited Group:**

The carrying amount for each category of financial instrument within the group is as follows:

| | 2020 £ | 2019 £ |
|--|-------------|-------------|
| Financial Assets | | |
| Financial assets measured at fair value through the profit or loss: | - | - |
| Financial assets that are debt instruments measured at amortised cost: | 23,865,625 | 19,613,445 |
| Financial assets that are equity instruments measured at cost less impairment: | <u>-</u> | <u>-</u> |
| | 23,865,625 | 19,613,445 |
| Financial Liabilities | | |
| Financial liabilities measured at fair value through the profit or loss: | - | - |
| Financial liabilities measured at amortised cost: | (3,421,543) | (2,431,792) |
| Loan commitments measured at cost less impairment: | <u>-</u> | <u>-</u> |
| | (3,421,543) | (2,431,792) |

The directors consider that the carrying values of all the group's financial assets and liabilities approximate their fair values as at the balance sheet date.

20. PROVISIONS FOR LIABILITIES

| | Group | |
|-------------------|------------------|---------------|
| | 2020 £ | 2019 £ |
| Deferred tax | <u>687,285</u> | <u>-</u> |
| Other provisions | <u>2,318,701</u> | <u>54,267</u> |
| Aggregate amounts | <u>3,005,986</u> | <u>54,267</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****20. PROVISIONS FOR LIABILITIES - continued**

| Group | Deferred tax £ | Other provisions £ |
|---|----------------------|--------------------------|
| Balance at 1 January 2020 | - | 54,267 |
| Charge to Statement of Comprehensive Income during year | <u>687,285</u> | <u>2,264,434</u> |
| Balance at 31 December 2020 | <u>687,285</u> | <u>2,318,701</u> |

The deferred tax liability of £687,285 (2019 - £nil) relates to the acquisition of BioBright, LLC, this has been calculated at 27%.

The other provisions balance comprises of contingent consideration payable in respect of the acquisition of BioBright LLC totalling £2,283,939 (2019 - £nil) and other tax provisions totalling £34,762 (2019 - £54,267).

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2020 £ | 2019 £ |
|---------|---------------|----------------|-----------|-----------|
| 261,360 | Ordinary | £0.0001 | 26 | 26 |
| 212,170 | 'A' Preferred | £0.0001 | 21 | 21 |
| 46,175 | 'B' Preferred | £0.0001 | 5 | 5 |
| 4,103 | 'C' Preferred | £0.0001 | - | - |
| | | | <u>52</u> | <u>52</u> |

Each Ordinary 'A' Preferred, and 'B' Preferred share has full rights in the company with respect to voting, dividends and distribution.

Each Ordinary 'C' Preferred share has no voting rights or right to participate in dividend, and non-redeemable. Right to participate in a distribution of capital provided minimum value is met.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****22. RESERVES****Group**

| | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Other reserves £ | Totals £ |
|--------------------------------|---------------------------|-----------------------|---------------------------------------|------------------------|------------------|
| At 1 January 2020 | 1,093,388 | 1,495 | 5 | 358,492 | 1,453,380 |
| Deficit for the year | (149,759) | | | | (149,759) |
| Consolidation foreign exchange | - | - | - | (267,073) | (267,073) |
| Share option charge | - | - | - | 72,961 | 72,961 |
| At 31 December 2020 | <u>943,629</u> | <u>1,495</u> | <u>5</u> | <u>164,380</u> | <u>1,109,509</u> |

Company

| | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Other reserves £ | Totals £ |
|---------------------|---------------------------|-----------------------|---------------------------------------|------------------------|------------------|
| At 1 January 2020 | 497,747 | 1,495 | 5 | 358,492 | 857,739 |
| Profit for the year | 682,534 | | | | 682,534 |
| Share option charge | - | - | - | 72,961 | 72,961 |
| At 31 December 2020 | <u>1,180,281</u> | <u>1,495</u> | <u>5</u> | <u>431,453</u> | <u>1,613,234</u> |

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium represents the excess consideration for shares issued over their nominal value, after deducting directly related issuance costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Other reserve

The other reserve represents the expense calculated regarding the share options issued during the year and foreign exchange gains and losses on translation of overseas subsidiaries. Please see note 27 for further details.

Profit and loss account

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

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****23. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £577,861 (2019 - £444,962). Contributions totalling £Nil (2019 - £1,733) were payable to the fund at the reporting date and are included in creditors.

24. ULTIMATE PARENT COMPANY

Prior to 22 March 2021, Dotmatics Limited did not have a parent undertaking and was therefore the ultimate parent company of the group.

From 22 March 2021, the immediate parent undertaking of the Company is Insightful Science, LLC, and the ultimate parent company and controlling party is Insight Partners.

25. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Loan amounts owed to related parties are repayable on demand and interest free in the current and prior year.

Sales and purchases between related parties are made at normal market rates. Outstanding balances with such entities are unsecured, interest free and cash settlement is expected within 30 days of invoice.

The group has not provided or benefited from any guarantees for any amounts due to or from a related party as at the statement of financial position date.

Entities with control, joint control or significant influence over the group

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| | £ | £ |
| Purchases | 7,500 | 15,000 |
| Amount due to related party | <u>9,000</u> | <u>9,000</u> |

Entities with common directors or common shareholders

| | 2020 | 2019 |
|-----------|--------------|---------------|
| | £ | £ |
| Purchases | <u>7,468</u> | <u>12,596</u> |

26. POST BALANCE SHEET EVENTS

On 14 January 2021, the mortgage held by Dotmatics Limited was repaid early in full, this decision was taken after the balance sheet date.

On 22 March 2021, the entire share capital of Dotmatics Limited was acquired by Insightful Science, LLC, a software provider serving the global life sciences community with headquarters in the USA and global operations.

There have been no events subsequent to the reporting date that require adjustment to the 2020 consolidated and company statutory accounts.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****27. SHARE-BASED PAYMENTS**

Dotmatics Limited operates an equity-settled share based remuneration scheme for employees. Employees are eligible to participate in the long term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the three year vesting period.

| Equity settled | Number 2020 | Number 2019 |
|--|------------------------|------------------------|
| Outstanding at the beginning of the year | 20,239 | 16,410 |
| Granted during the year | - | 3,829 |
| Lapsed during the year | (2,735) | - |
| Outstanding at the end of the year | <u>17,504</u> | <u>20,239</u> |
| | 2020 | 2019 |
| Weighted average share price at the date of exercise | - | - |
| Weighted average exercise price of options outstanding | £114.19 | £114.19 |
| Range of exercise prices for options outstanding | £114.19 | £114.19 |
| Weighted average remaining contractual life, years | <u>7.37</u> | <u>8.53</u> |

The Black Scholes valuation inputs for equity settled options were as follows:

| | 2020 | 2019 |
|--|------------------------|------------------------|
| Share price | - | £114.19 |
| Exercise price | - | £114.19 |
| Expected volatility | - | 23.00% |
| Expected option life, years | - | 0-5 |
| Expected dividend yield | - | 0.00% |
| Risk free interest rate | - | 0.46% - 1.08% |
| Cash settled | Number 2020 | Number 2019 |
| Outstanding at the beginning of the year | 1,094 | 1,094 |
| Granted during the year | - | - |
| Outstanding at the end of the year | <u>1,094</u> | <u>1,094</u> |
| | 2020 | 2019 |
| Weighted average share price at the date of exercise | £114.19 | £114.19 |
| Weighted average exercise price of options outstanding | £114.19 | £114.49 |
| Range of exercise prices for options outstanding | £114.19 | £114.19 |
| Weighted average remaining contractual life, years | <u>7.50</u> | <u>8.51</u> |

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****27. SHARE-BASED PAYMENTS - continued****Valuation inputs**

The Black Scholes valuation inputs for cash settled options were as follows:

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| Share price | £114.19 | £114.19 |
| Exercise price | £114.19 | £114.19 |
| Expected volatility | 21.00% | 23.00% |
| Expected option life, years | - | - |
| Expected dividend yield | 0.00% | 0.00% |
| Risk free interest rate | -0.000503% | 0.99% |

The share based payment charge associated with the options is calculated using the Black Scholes Model, and totals £72,961 (2019 - £185,583).

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****28. BUSINESS COMBINATIONS**

On 24 June 2020, Dotmatics Inc. acquired 100% of the share capital of BioBright LLC, a company registered in the United States of America which develops scientific informatics software. The financial effects of this transaction are set out below.

Recognising amounts of identifiable assets acquired and liabilities assumed

| | Book Value £ | Fair value adjustment £ | Fair value £ |
|--------------------------------------|-----------------|-------------------------------|------------------|
| Tangible fixed assets | 734 | - | 734 |
| Intangible fixed assets | <u>2,203</u> | <u>2,545,011</u> | <u>2,547,214</u> |
| | 2,937 | 2,545,011 | 2,547,948 |
| Stocks | - | - | - |
| Debtors | 116,951 | - | 116,951 |
| Cash at bank and in hand | <u>426,446</u> | <u>-</u> | <u>426,446</u> |
| Total assets | 546,334 | 2,545,011 | 3,091,345 |
| Creditors | | | |
| Due within one year | (267,276) | 70,737 | (196,539) |
| Deferred tax on intangible assets | <u>-</u> | <u>(695,899)</u> | <u>(695,899)</u> |
| Total identifiable net assets | <u>279,058</u> | <u>1,919,849</u> | <u>2,198,907</u> |
| Goodwill | | | <u>3,471,930</u> |
| Total purchase consideration | | | <u>5,670,837</u> |
| Consideration | | | £ |
| Cash | | | 3,094,985 |
| Contingent consideration | | | 2,218,257 |
| Transaction costs | | | <u>357,594</u> |
| Total purchase consideration | | | <u>5,670,836</u> |

The contingent consideration is based upon attainment of annual recurring revenue ("ARR") milestones and is payable in two separate tranches.

Tranche 1 being a maximum payment of £2.9m if ARR is greater than £3.7m after two years, or greater than £5.1m after three years. Tranche 2 being a maximum payment of £3.7m if the ARR is greater than £5.1m, providing the sellers have taken the option to extend the milestone term.

The fair value of the contingent consideration is calculated based on the ARR forecasts provided by management and are discounted at a rate of 31.3% on the assumption that payments totalling £5m will be made three years post transaction date.

Dotmatics Limited (Registered number: 05614524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****28. BUSINESS COMBINATIONS****Cash outflow on acquisition**

| | £ |
|--|-------------------------|
| Purchase consideration settled in cash, as above | 3,094,985 |
| Transaction costs paid | <u>357,595</u> |
| | 3,452,580 |
| Cash acquired | <u>(426,446)</u> |
| Net cash outflow on acquisition | <u>3,026,134</u> |

The results of BioBright LLC since its acquisition are as follows:

| | Current period since acquisition £ |
|---------------------|---|
| Loss for the period | <u>(769,432)</u> |

29. GOING CONCERN

The Group has generated profits before tax and cash inflows from operating activities over the past two years, and continues to grow. As at 31 December 2020, the Group had total equity of £1,109,561 (2019 - £1,453,432), and net current assets of £2,722,177 (2019 - £4,004,841). It generated a profit before tax for the year to 31 December 2020 of £659,713 (2019 - £2,843,309), a net loss of £149,759 (2019 - net profit £2,734,845), solely due to significant investments in R&D and growing business infrastructure, and generated cash from operating activities of £7,854,961 (2019 - £3,458,092). As at 31 December 2020, the Group had cash and cash equivalents of £14,439,929 (2019 - £10,049,391) and total bank loans payable of £273,398 (2019 - £326,404), of which only £110,414 (2019 - £117,083) is due prior to 31 December 2022 (2019 - due prior to 31 December 2021).

The company has considered the impact of the Covid-19 crisis on its ability to continue as a going concern. It has considered the recurring nature of the company's license revenue from its existing customers and expected service revenues therefrom, alongside its current pipeline of new sales opportunities. It has considered the strength of its existing and targeted customer base and the impact of restrictions on their ability to continue to operate during at least the next twelve months. It has considered the potential impact on its key suppliers, and has not experienced any significant impact on availability of services. The group's employees have adapted well to working from home where required. The Directors have revisited the Group's forecasts to 31 December 2022, to consider a range of scenarios, based on experience to date during the restrictions, and all reasonably possible scenarios enabled the Group's operations to continue to be funded from existing cash reserves, for at least twelve months from the date of signing these financial statements. The Directors therefore concluded that no material uncertainty over the group and company going concern basis of accounting exists as at the date of signing the financial statements.

As such, after careful consideration, the directors consider that it remains appropriate to prepare the accounts on a going concern basis.