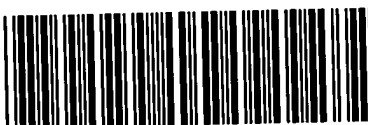


Company registration number 10564783

ROSSUM LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

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ROSSUM LTD

COMPANY INFORMATION

Directors	Mr P Baudis Mr T Gogar Mr T H Oelschig
Secretary	OHS Secretaries Limited
Company number	10564783
Registered office	71-75 Shelton Street Covent Garden London WC2H 9JQ
Auditor	Rouse Audit LLP 55 Station Road Beaconsfield Buckinghamshire HP9 1QL

ROSSUM LTD

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ROSSUM LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2023

The directors present the strategic report for the period ended 31 December 2023.

Rossum Ltd (the "Company") is a private company, limited by shares, incorporated on 16 January 2017 in England & Wales under Company Registration Number 10564783. The address of its registered office and principal place of business is 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

Rossum Group is composed of Rossum Ltd (the "Company") and its three wholly-owned subsidiaries (the "Group"): Rossum Czech Republic s.r.o., Rossum USA Inc. and Rossum Israel Ltd.

The accounting period end date was changed, from 31st January to 31st of December. As a result, this period includes 11 months while the prior year included 12 months of results to 31st January 2023.

Principal activities, development and performance of the group during the year

Founded in 2017 in Prague, Rossum Czech Republic s.r.o. is the developer and the owner of Rossum, a powerful and easy-to-use cloud-native Intelligent Document Processing (IDP) solution. Rossum's AI-based deep learning adapts quickly to changes in document layouts, giving customers more resilient data capture, and enabling them to streamline manual work. Rossum's AI data capture solution is a clear industry leader with out-of-the-box accuracy and its ability to learn over time. Outperforming competitors in a wide range of use cases.

Rossum operates globally and has a strong presence in the UK and US market, where it plans to continue growing its team to better serve the local markets. Rossum serves hundreds of the world's leading companies ranging from business software vendors like Celonis to Fortune 500 class enterprises such as Panasonic, Siemens, and Bosch.

At Rossum, we envision a world where people build rather than type. We believe that people should spend their precious time in meaningful activities, not in repetitive and unnecessary tasks like manual data entry that machines can do faster and more accurately.

Rossum uses a SaaS subscription business model to drive its revenue, meaning it charges its customers recurring fees for access to its platform.

Unlike the traditional model which relies on one-time expense, the SaaS model creates a predictable future revenue stream, tracked through the Annual Recurring Revenue (ARR) metric, which shows the value of the recurring revenue of a business's term subscriptions normalised for a single calendar year.

Business review

In 2021, Rossum substantiated its product leadership (especially accuracy of the data extraction model) and thus secured one of the largest financing rounds in Central Europe to continue its efforts to win the market in the IDP category: In September 2021, Rossum raised \$100 million in a Series-A funding, split between \$60 million in equity with some extension possibilities for \$40 million.

Shortly after the fundraising, the investors pushed the company to grow aggressively, which led to extensive hiring in the go-to-market teams and R&D. While the markets were at their peak, and in order to ensure aggressive growth in 2022, leadership overinvested in opening the US entity and hiring additional salesforce there to drive such growth.

Unfortunately, as a result of the budding recession, in early 2022, the tech industry as a whole witnessed a sharp drop in revenue. Dow Jones U.S. Technology Index, an index tracking major tech companies, was down more than 35%. The NASDAQ, another tech-focused index, was down more than 33%.

ROSSUM LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

Rossum, among other tech scaleups which overinvested into aggressive growth, saw the slowdown in its sales in the first three quarters of the year and had to heavily reassess its business strategy. This led the group to perform a substantial restructuring, reducing its headcount by ~20% in September 2022, and by another ~20% in May and November 2023.

At the end of 2022, Rossum renewed its leadership team, terminating cooperations with its then CRO and VP Marketing, and hiring a new CFO, CHRO, CMO, and CSO who together with the existing leadership team led by the CEO created a new business strategy to drive the needed changes.

At the end of 2023, it became clear that the new strategy did not allow Rossum to sufficiently reduce its cash burn. Therefore, Rossum's leadership decided to build a plan forward to significantly lower the burn and reach cash-flow-positivity in Q3 2026. As part of this plan, Rossum decreased its FTEs from ~210 at the end of January 2023 to ~150 at the beginning of 2024, and parted ways with 2 C-levels to reduce its recurring cost base. Rossum also closed a \$ 10 million loan with CIBC bank to support its growth plan in the years to come.

Key performance indicators

The Board uses a number of key performance indicators ("KPIs") to monitor Rossum's performance against budgets and forecasts as well as to measure progress against the Board's strategic objectives. These are summarised below:

KPI	Purpose of KPI	Period ended Dec 2023 (11 months)	Year ended Jan 2023
Annual Recurring Revenue (ARR)	Metric of predictable and recurring revenue generated by customers within a year	\$12.2m	\$9.1m
Net Retention Ratio (NRR)	Measure how you are retaining and engaging your customers	102%	104%
Revenue	A principal earnings driver for the Group	\$10.6m	\$8.0m
Operating Profit/(Loss)	To ensure that revenue growth generates increases in bottom line profits	\$(16.1)m	\$(25.3)m

Rossum's ARR has grown from \$0.1M at the beginning of 2019 to \$12.2M as at 31 December 2023, reaching an impressive compound annual growth (CAGR) of +161% over this 5-year period.

More than 54% of the current customer base ARR is generated by multi-year contracts, with an average duration close to 3 years (34 months). These multi-year contracts enable more resilience and visibility.

Rossum's Net Retention Ratio (NRR) stands at 102% YoY at the end of December 2023, remaining roughly stable since the end of January 2023 (104%). Customer feedback is generally very positive. After noticing some fluctuations in this ratio, we identified the cause to be that the clients are overestimating their ability to integrate fast on their end. Therefore, Rossum intends to improve the retention by focusing heavily on customer experience and expansion by penetrating the accounts with an expanded product offering beyond data capture and focusing on solving IDP flow end-to-end.

For the period ended 31 December 2023, Rossum generated an increase in revenue of \$ 2.6 million, a 32% increase on the previous year over an 11-month period.

The loss from operations improved from \$25.3M to \$16.1M thanks to the substantial headcount reduction performed by Rossum together with the revenue increase between January and December 2023.

ROSSUM LTD

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

Future developments

In early 2023, Rossum invested significantly into services and sophisticated support by forming new teams of:

- Technical account managers, composed of profiles with a high level of technicality and a deep understanding of the product.
- Professional services professionals, who work on integration or configuration projects for customers.

From Q2 2023 onwards, Rossum is implementing a new strategy consisting of (i) launching mandatory onboarding and success plans, and (ii) applying a consistent price to the post-sales services. This strategy will help:

- Increase the gross margin: In the past, these services used to be provided to customers for free, or not at the right price.
- Improve customer retention and increase the possibility of expansion.

This new strategy enabled Rossum to generate a new stream of revenue during the year ended 31 December 2023 for an amount of \$0.3m and to increase its gross margin.

Principal risks and uncertainties

There are a number of risks and uncertainties associated with the group. The following risks are the material risks of which the directors are aware. Additional risks which are not presently known to the directors, or that the directors deem immaterial, may also have an effect on the group's business or results of operations.

The group faces trade related risks that include continuing adverse economic conditions, a significant reduction in global economic growth due to factors such as public and private debts or geopolitical instabilities/wars, trade disputes, and timing of contract receipts.

The group experiences operational risks in areas such as increases in operating costs, unpredictable fluctuations in prices, technology and systems disruption, and legal and regulatory developments.

The group experiences management risks in retaining key personnel within the group.

The group experiences financial risk in the management of future growth, adequacy of financial resources, liquidity, exchange rate fluctuations, insurance cover and changes in tax legislation.

The group also identifies risks and uncertainties specifically for the tech industry and the IDP market:

- We are experiencing turbulent times in the tech industry with a big drop in valuations, a focus on profitability instead of growth, and, as a result, the consolidation of the market through M&A (Mergers and Acquisitions).
- The market is commoditising basic data capture. This means that high accuracy and speed of learning will not be a strong enough differentiator alone anymore, especially in the biggest and more common use cases and industries. Rossum estimates that it has a 2-year head-start advantage to position itself and to build advanced solutions for complex data capture problems.

The board manages and mitigates these risks through various internal reporting systems, regular board meetings and financial reports including forecasts. The board also works closely with its external advisors to ensure that risks within the board's reasonable control are effectively managed.

ROSSUM LTD

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

Going concern

As part of the regular financial management of the group, the directors review the detailed cash flow projections and cash requirements of the group. These cash flow projections include the net cash flows arising from operations and capital expenditure proposal, and they take into account bank and other financing facilities available to the group and assess the cash flow adequacy of the group on a month by month basis for a twelve month forward period from the date of the signature of the financial statements. The projections indicate that the group will achieve a breakeven position around Q3 2026, following the Board's decision taken at the end of 2023 to significantly lower the cash burn from 2024 onwards and to define a clear path towards cash-flow positivity.

Therefore, the financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet its liabilities as they fall due for at least 12 months from the date of this report.

After making such enquiries as they consider appropriate, the directors consider that there is a reasonable expectation that the group has adequate cash and related financial resources to continue its business for the foreseeable future.

On behalf of the board

DocuSigned by:

Tomás Gogar

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Mr T Gogar

Director

Date: 29/07/2024

ROSSUM LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the period ended 31 December 2023.

Principal activities

The principal activity of the group continued to be that of software development and supply of software services.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr T Gogar
Mr P Baudis
Mr T H Oelschig

Qualifying third party indemnity provisions

In accordance with the group's articles of association, the directors are granted an indemnity from the group to the extent permitted by law in respect of liabilities incurred as a result of their office as directors. Directors' and officers' liability insurance has also been maintained during the year by the group in respect of directors and senior executives of the group.

Statement of directors' responsibilities

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 year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity and group's financial position and financial performance; and
- make an assessment of the company and group's ability to continue as a going concern.

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

ROSSUM LTD

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

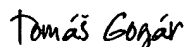
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

DocuSigned by:



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Mr T Gogár

Director

Date: 29/07/2024

ROSSUM LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSSUM LTD

Opinion

We have audited the financial statements of Rossum Ltd (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the group statement of changes in equity, the group statement of cash flows and the group notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the parent company and group's affairs as at 31 December 2023 and of the group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

ROSSUM LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROSSUM LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their 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 and 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 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.

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- through discussions with the directors and other management we identified the laws and regulations applicable to the company; and
- focusing on the specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, we assessed the extent of compliance with those laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the company and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates detailed in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

ROSSUM LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ROSSUM LTD

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Rouse Audit LLP

Joanna Lovatt (Senior Statutory Auditor)
For and on behalf of Rouse Audit LLP

Date: 29/07/2024

Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

ROSSUM LTD**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Notes	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 as restated \$'000
Revenue	3	10,560	7,984
Gross profit		10,560	7,984
Other operating income		44	18
Administrative expenses		(27,014)	(33,262)
Operating loss	4	(16,410)	(25,260)
Finance income	6	659	-
Finance costs	7	(313)	(35)
Loss before taxation		(16,064)	(25,295)
Income tax expense	8	-	(31)
Loss and total comprehensive income for the period		(16,064)	(25,326)

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 34 form part of these group financial statements.

ROSSUM LTD**GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2023**

		31 December 2023	31 January 2023 as restated
	Notes	\$'000	\$'000
Non-current assets			
Intangible assets	9	1,604	1,196
Property, plant and equipment	10	380	187
Right-of-use assets	11	524	139
		<u>2,508</u>	<u>1,522</u>
Current assets			
Trade and other receivables	12	4,446	4,738
Cash and cash equivalents		29,775	35,115
		<u>34,221</u>	<u>39,853</u>
Current liabilities			
Trade and other payables	15	3,795	3,812
Borrowings	14	418	-
Lease liabilities	16	560	124
Deferred revenue	17	6,212	5,399
		<u>10,985</u>	<u>9,335</u>
Net current assets		<u>23,236</u>	<u>30,518</u>
Non-current liabilities			
Borrowings	14	9,582	-
Net assets		<u>16,162</u>	<u>32,040</u>
Equity			
Called up share capital	18	-	-
Share premium account	19	68,520	68,518
Share-based payment	20	690	506
Retained earnings		(53,048)	(36,984)
Total equity		<u>16,162</u>	<u>32,040</u>

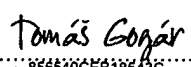
The notes on pages 15 to 34 form part of these group financial statements.

ROSSUM LTD

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2023

The financial statements were approved by the board of directors and authorised for issue on 29/07/2024 and are signed on its behalf by:

DocuSigned by:


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Mr T Gogar
Director

Company registration number 10564783 (England and Wales)

ROSSUM LTD**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Notes	Share capital \$'000	Share premium account \$'000	Share-based payment \$'000	Retained earnings \$'000	Total \$'000
As restated for the year ended 31 January 2023:						
Balance at 1 February 2022		-	68,518	232	(11,719)	57,031
Effect of correction of over deferral of income		-	-	-	61	61
As restated		-	68,518	232	(11,658)	57,092
Year ended 31 January 2023:						
Loss and total comprehensive income		-	-	-	(25,384)	(25,384)
Effect of prior year adjustment		-	-	-	58	58
Credit to equity for equity settled share-based payments	20	-	-	274	-	274
Balance at 31 January 2023 as restated		-	68,518	506	(36,984)	32,040
Period ended 31 December 2023:						
Loss and total comprehensive income		-	-	-	(16,064)	(16,064)
Issue of share capital	18	-	2	-	-	2
Credit to equity for equity settled share-based payments	20	-	-	184	-	184
Balance at 31 December 2023		-	68,520	690	(53,048)	16,162

ROSSUM LTD**GROUP STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Notes	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 as restated \$'000
Cash flows from operating activities			
Cash absorbed by operations	23	(14,261)	(24,538)
Interest paid		(295)	(35)
Income taxes paid		(8)	(20)
Net cash outflow from operating activities		(14,564)	(24,593)
Investing activities			
Purchase of intangible assets		(982)	(693)
Purchase of property, plant and equipment		(241)	(159)
Interest received		659	-
Net cash used in investing activities		(564)	(852)
Financing activities			
Proceeds from issue of shares		2	-
Proceeds from bank loans		10,000	-
Payment of lease liabilities		(214)	(320)
Net cash generated from/(used in) financing activities		9,788	(320)
Net decrease in cash and cash equivalents		(5,340)	(25,765)
Cash and cash equivalents at beginning of year		35,115	60,880
Cash and cash equivalents at end of year		29,775	35,115

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Rossum Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ. The company's principal activities and nature of its operations are disclosed in the directors' report.

Rossum group consists of the company and its three wholly-owned subsidiaries (the "group"):

- Rossum Czech Republic s.r.o. registered at Křižíkova 148/34 Praha 8 - Karlín, 186 00 Czech Republic. The CRN for Rossum Czech Republic is 059 44 619;
- Rossum USA Inc. registered at 954 Lexington Avenue, Suite 1016, New York, NY 10021. The CRN for Rossum Inc is 6336175; and
- Rossum Israel Ltd registered at Rehov Yigal Alon 94, 6789139 Tel Aviv-Yafo, Israel. The CRN for Rossum Israel is 516253572. Rossum Israel is currently dormant and is being liquidated.

Rossum Czech Republic s.r.o. is the developer and owner of Rossum, a cloud-native Intelligent Document Processing (IDP) solution combining the industry's most advanced data extraction capabilities with a complete low-code platform that automates significant amounts of manual work across a company's document processing workflow.

The purpose of the other companies of the group is to promote, market, distribute and support Rossum services to its clients or other users that may subscribe to Rossum in the specific markets where each of them operate.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in US dollars, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest \$'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

As part of the regular financial management of the group, the directors review the detailed cash flow projections and cash requirements of the group. These cash flow projections include the net cash flows arising from operations and capital expenditure proposal, and they take into account bank and other financing facilities available to the group and assess the cash flow adequacy of the group on a month by month basis for a twelve month forward period from the date of the signature of the financial statements. The projections indicate that the group will achieve a breakeven position around Q3 2026, following the Board's decision taken at the end of 2023 to significantly lower the cash burn from 2024 onwards and to define a clear path towards cash-flow positivity.

Therefore, the financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet its liabilities as they fall due for at least 12 months from the date of this report.

After making such enquiries as they consider appropriate, the directors consider that there is a reasonable expectation that the group has adequate cash and related financial resources to continue its business for the foreseeable future.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.5 Revenue

The group generates revenues from subscriptions to the group's web-based Intelligent Document Processing platform under a software-as-a-service model. The group's customers do not have the right to take possession of the online software solution. Subscriptions period can be from yearly to multi-year arrangements, are generally non-cancellable and do not provide for refund of subscription fees.

The group recognises revenue when performance obligations under the terms of a contract are satisfied. A performance obligation is a contractual promise to transfer a distinct good or service to the customer. This occurs when the control of the product or service is transferred to the customer.

A customer contract is generally identified when the group and a customer have executed an agreement or online acceptance that requires the group to grant access to its online software products and provide professional services in exchange for consideration from the customer.

At contract inception, the group assesses the subscription and associated service offerings or bundle of service offerings in its contracts to identify performance obligations that are distinct. A performance obligation is distinct when it is separately identifiable from other items in a bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. To identify performance obligations, the group considers all of the offerings promised in the contract.

The transaction price is the total amount of consideration the group expects to be entitled to in exchange for the service offerings in a contract. The transaction price for subscription services is generally fixed at contract inception; therefore, the group's contracts do not contain a variable consideration. Sales, value-added and other taxes the group collects from customers concurrent with revenue-producing activities are excluded from revenue.

Once the group has determined the transaction price, the total transaction price is allocated to each performance obligation in a manner depicting the amount of consideration to which the group expects to be entitled in exchange for transferring the services to the customer (allocation objective). If the allocation objective is met at contractual prices, no allocations are performed. Otherwise, the group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis.

Subscription revenue relates to term subscriptions to the group's platform, which includes proprietary software and related support. Subscriptions include access to proprietary software, ongoing support and the right to receive unspecified software updates and upgrades released when and if available during the subscription term. Subscription revenues are recognised ratably over the contract terms beginning on the date the group's service is made available to customers, which typically begins on the commencement date of each contract.

1.6 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Internally generated software - Straight line over 1-4 years

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	Straight line over 1-4 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.9 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.11 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 reporting end date.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Deferred tax

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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 income statement, 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 the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

From a reporting perspective, the group recognises an expense for stock-based compensation based on IFRS 26.6. The ESOP expense is accounted for each year through the vesting period.

The days in each financial year that the employee stayed are calculated based on the start of the vesting period and if it exists, their termination date. The vested value each year is valued with the valuation calculated on the Black-Scholes valuation sheet.

In the case employee leaves and part of the ESOP expense already booked would not vest, the expense for the unvested part would be cancelled. However, this should not happen as the calculation is prepared after the options for the period were vested.

Due to the absence of an active market for the company's common stock, the company utilised acceptable methodologies in accordance with the generally accepted valuation practices in the market, to estimate the fair value of its common stock at each grant date of awards. Significant changes to the key assumptions underlying the factors used could result in different fair values of common stock at each valuation date.

The fair value of stock options is recognised over the period during which an optionee is required to provide services in exchange for the stock option award, known as the requisite service period (usually the vesting period) on a straight-line basis. Stock-based compensation expense is recognised based on the fair value determined on the date of grant and is reduced for forfeitures as they occur.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.18 Foreign exchange

The consolidated financial statements are presented in thousands of USD, as the US dollar is the group's and company's functional and presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

1.19 Deferred revenue

Deferred revenue primarily consists of amounts that have been invoiced but not yet recognised as revenue and pertains exclusively to subscriptions services. The current portion of deferred revenue represents the amounts that are expected to be recognised as revenue within one year of the consolidated balance sheet date.

1.20 Bank borrowings

Interest bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs. Subsequent to initial recognition, loans are recorded at amortised cost with interest being calculated using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.21 Standards in issue not effective

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 February 2023 that would be expected to have a material impact to the group.

2 Critical accounting estimates and judgements

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For the group, there were no such items which required such judgements or estimates.

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2023****3 Revenue**

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Revenue analysed by class of business		
Sales of subscription to software	10,245	7,984
Sales of maintenance and support services	129	-
Professional services	186	-
	<u>10,560</u>	<u>7,984</u>

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Revenue analysed by geographical market		
United States	2,986	2,070
United Kingdom	1,212	689
Germany	1,171	1,200
Czech Republic	901	693
France	555	486
Netherlands	504	452
Others	3,231	2,394
	<u>10,560</u>	<u>7,984</u>

"Others" mainly include countries located in Europe (59%), as well as Asia (25%), North and South America (14%), and Africa (2%).

4 Operating loss

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Operating loss for the period is stated after charging/(crediting):		
Exchange losses	220	40
Fees payable to the company's auditor for the audit of the company's financial statements	101	34
Depreciation of property, plant and equipment	48	24
Amortisation of right-of-use assets	247	331
Amortisation of intangible assets	574	279
Share-based payments	184	275
	<u>1,874</u>	<u>1,363</u>

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2023****5 Employees**

The average monthly number of persons (including directors) employed by the group during the period was:

	Period ended 31 December 2023 Number	Year ended 31 January 2023 Number
Administrative	20	20
Go to market	49	57
R&D	71	83
Total	<u>140</u>	<u>160</u>

Their aggregate remuneration comprised:

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Wages and salaries	8,260	11,045
Social security costs	2,262	2,581
Share based payments	184	274
	<u>10,706</u>	<u>13,900</u>

6 Finance income

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Financial interest	<u>659</u>	<u>-</u>

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****7 Finance costs**

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Lease interest costs	18	6
Bank fees	157	28
Other finance costs	138	1
Total interest expense	<u>313</u>	<u>35</u>

8 Income tax expense

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Current tax		
UK corporation tax on profits for the current period	-	31
	<u>-</u>	<u>31</u>

The charge for the period can be reconciled to the loss per the income statement as follows:

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Loss before taxation	(16,064)	(25,295)
Expected tax credit based on a corporation tax rate of 23.94% (2023: 19.00%)	(3,846)	(4,806)
Deferred tax asset not recognised	3,846	4,837
Taxation charge for the period	<u>-</u>	<u>31</u>

The group had tax losses carried forward as at 31 December 2023 of \$47,780k, a deferred tax asset of \$10,042k has not been recognised due to uncertainty over whether these losses will be available to be used in the future.

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****9 Intangible assets**

	Internally developed software \$'000
Cost	
At 31 January 2023	2,554
Additions - internally generated	982
	<hr/>
At 31 December 2023	3,536
	<hr/>
Amortisation and impairment	
At 31 January 2023	1,358
Charge for the year	574
	<hr/>
At 31 December 2023	1,932
	<hr/>
Carrying amount	
At 31 December 2023	1,604
	<hr/> <hr/>
At 31 January 2023	1,196
	<hr/> <hr/>

During the year ended 31 December 2023, the Group capitalised expenses for the ongoing development of the Rossum product to the amount of \$982k. In the same period the product has been amortised over its expected shelf life and amortisation amounted to \$574k.

10 Property, plant and equipment

	Plant and equipment \$'000
Cost	
At 31 January 2023	219
Additions	241
	<hr/>
At 31 December 2023	460
	<hr/>
Accumulated depreciation and impairment	
At 31 January 2023	32
Charge for the period	48
	<hr/>
At 31 December 2023	80
	<hr/>
Carrying amount	
At 31 December 2023	380
	<hr/> <hr/>
At 31 January 2023	187
	<hr/> <hr/>

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****11 Right of use assets**

	Vehicles \$'000	Buildings \$'000	Total \$'000
Cost			
At 31 January 2023	44	712	756
Additions	31	601	632
Disposals	(44)	(712)	(756)
	<u>31</u>	<u>601</u>	<u>632</u>
At 31 December 2023	31	601	632
Amortisation and impairment			
At 31 January 2023	36	581	617
Charge for the year	13	234	247
Eliminated on disposals	(44)	(712)	(756)
	<u>5</u>	<u>103</u>	<u>108</u>
At 31 December 2023	5	103	108
Carrying amount			
At 31 December 2023	<u>26</u>	<u>498</u>	<u>524</u>
At 31 January 2023	<u>8</u>	<u>131</u>	<u>139</u>

Loss for the year has been arrived at after charging:

	31 December 2023	31 January 2023
Depreciation expense on right-of-use assets	247	331
Interest expense on lease liabilities	18	6
	<u>265</u>	<u>337</u>

12 Trade and other receivables

	31 December 2023 \$'000	31 January 2023 as restated \$'000
Trade receivables	3,224	2,326
Provision for bad and doubtful debts	(597)	(413)
	<u>2,627</u>	<u>1,913</u>
Other receivables	612	768
Prepayments	1,207	2,057
	<u>4,446</u>	<u>4,738</u>

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****13 Trade receivables - credit risk****Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

At 31 December 2023, trade receivables of \$689k (prior year: \$889k) were past their due date for payment but were not considered to be impaired. The ageing of these receivables is as follows:

	31 December 2023 \$'000	31 January 2023 \$'000
Trade receivables		
Trade debtors not yet due	2,535	1,023
Trade debtors overdue between 0 and 90 days	366	875
Trade debtors overdue over 90 days	128	158
Trade debtors sent to external collection agency	195	270
	<u>3,224</u>	<u>2,326</u>

14 Borrowings

	Current		Non-current	
	31 December 2023 \$'000	31 January 2023 \$'000	31 December 2023 \$'000	31 January 2023 \$'000
Bank loans	418	-	9,582	-
	<u>418</u>	<u>-</u>	<u>9,582</u>	<u>-</u>

In November 2023, Rossum Ltd contracted non-dilutive financing in the form of a loan with CIBC Innovation Banking in a maximum amount of \$15 million, to support its organic growth. The company has drawn the first \$10 million in December 2023. The remaining amount of \$5 million may be drawn according to performance indicators agreed with CIBC. As part of this agreement Rossum Ltd has pledged its assets as collateral to secure the loan.

15 Trade and other payables

	31 December 2023 \$'000	31 January 2023 \$'000
Trade payables	296	815
Social security and other taxation	336	581
Other payables	3,163	2,416
	<u>3,795</u>	<u>3,812</u>

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

16 Lease liabilities	31 December 2023 \$'000	31 January 2023 \$'000
Maturity analysis		
Within one year	232	124
In two to five years	328	-
Total lease liabilities	<u>560</u>	<u>124</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities.

17 Deferred revenue	31 December 2023 \$'000	31 January 2023 as restated \$'000
Arising from subscription services	<u>6,212</u>	<u>5,399</u>

Deferred revenues are classified based on the amounts that are expected to be recognised within the next 12 months and after more than 12 months from the reporting date, as follows:

	31 December 2023 \$'000	31 January 2023 \$'000
To be recognised in the next 12 months	6,191	4,895
To be recognised after 1 year	21	504
	<u>6,212</u>	<u>5,399</u>

18 Share capital	31 December 2023 Number	31 January 2023 Number	31 December 2023 \$'000	31 January 2023 \$'000
Ordinary share capital issued and fully paid				
Series A of 0.0001p each	37,856,000	37,856	-	-
Series Seed of 0.0001p each	75,173,000	75,173	-	-
Ordinary of 0.0001p each	168,126,062	168,113	-	-

ROSSUM LTD**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****18 Share capital****(Continued)**

The nominal value of these shares is £0.000001 (or \$0.0000013436).

As of 28th April 2023, Rossum Ltd's shares were subdivided: Instead of 281,142 shares at a nominal value of £0.001, it now has 281,142,000 shares at a nominal value of £0.000001. The total aggregate value remains the same.

Each share is entitled to one vote in any circumstances. Each share is entitled to dividend payments or any other distribution and to participate in a distribution arising from a winding up of the company (*pari passu*, as if the equity shares constituted one class of shares). The shares are not redeemable.

19 Share premium account

	31 December 2023 \$'000	31 January 2023 \$'000
At the beginning of the period	68,518	68,518
Issue of new shares	2	-
At the end of the period	<u>68,520</u>	<u>68,518</u>

The share premium reserve represents the premium paid between the market price of the shares and nominal value of the shares at time of purchase.

20 Share-based payments

The Company operates one equity-settled share-based remuneration scheme for employees and service providers. The options are vested upon completion of a four-year vesting period starting at the commencement date of the employment or cooperation with a one-year cliff. The options vest on a monthly basis and are conditioned by continuous service of the employee or the service provider. If the employee or the service provider stops working for the Group, the options stop vesting. These options will expire ten years from the termination date of the individual.

The exercise price of options outstanding at 31 December 2023 ranged between \$18.49 to \$207.89, and their weighted average contractual life was 1.32 years. Of the total number of options outstanding at 31 December 2023, 13,151.7 had vested and were exercisable.

	Number of share options		Average exercise price	
	31 December 2023	31 January 2023	31 December 2023 \$'000	31 January 2023 \$'000
Outstanding at 1 February 2023	9,153	13,344	59.33	68.58
Granted in the period	19,510	44	109.79	109.79
Forfeited in the period	(1,476)	(4,235)	122.10	89.01
Outstanding at 31 December 2023	<u>27,187</u>	<u>9,153</u>	<u>92.10</u>	<u>59.33</u>

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2023

20 Share-based payments

(Continued)

The weighted average fair value of each option granted during the year was \$109.79 (prior year: \$109.79).

From a reporting perspective, the Group recognises an expense for stock-based compensation based on IFRS 26.6. The ESOP expense is accounted for each year through the vesting period.

The days in each financial year that the employee stayed are calculated based on the start of the vesting period and if it exists, their termination date. The vested value each year is valued with the valuation calculated on the Black-Scholes valuation sheet.

In the case employee leaves and part of the ESOP expense already booked would not vest, the expense for the unvested part would be cancelled. However, this should not happen as the calculation is prepared after the options for the period were vested.

For the Black-Scholes valuation following inputs are used:

Strike price – strike price of the option.

Underlying price – same as the strike price, as Rossum uses common share valuation at the time to set the strike price of the option

Time to expiration – 10 years

Interest free rate – yearly average of 10Y US treasury rate

Volatility – 4 years volatility of similar publicly traded companies, which is the approach used by the valuation companies that prepared Rossum's common share valuation on which the strike price is based.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

21 Capital risk management

As of 31 December 2023, the group has drawn \$10 million in non-dilutive financing in the form of a loan with CIBC Innovation Banking. The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of Rossum Ltd comprising issued capital, contribution outside of share capital, employee stock-options and retained earnings. The group is not subject to any externally imposed capital requirements.

Financial risk management objectives

The group monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange currency risk and price risk), credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by utilising natural hedging between the revenue and costs, or assets and liabilities denominated in the same currency.

Interest rate risk

As of 31 December 2023, the group is required to pay interest on the loan with CIBC Innovation Banking, this is a variable rate of interest based on the secured overnight financing rate (SOFR) plus a mark-up. At 31 December 2023 the amount subject to interest rate risk was \$10,000k (prior year: \$Nil).

Credit risk

The group's exposure to credit risk is limited to the carrying amount of trade receivables recognised at the date of the statement of financial position. At 31 December 2023 the amount subject to credit risk was \$2,684k (prior year: \$1,913k).

In order to minimise credit risk, the group may request an advance payment from new customers with a higher risk profile. When a receivable becomes overdue, a strict collection process is followed to recover the funds, through sending dunning letters, restricting the access to the platform, and forwarding the customer's file to our external collection agency. The group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The group is not exposed to any significant credit risk exposure to any single counterparty, or any group of counterparties having similar characteristics.

Liquidity risk

The group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows.

Foreign exchange risk

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Finance department utilises natural hedging between the costs and the revenues denominated in the same currency.

The group is mainly exposed to the foreign currency of Europe (Euro, Sterling pound, Czech koruna). The majority of the group's revenue is denominated in USD, while a material share of the group's costs are denominated in CZK, GBP and EUR.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	31 December 2023 \$'000	31 January 2023 \$'000
Short-term employee benefits	263	184
Other long-term benefits	59	58
	<u>322</u>	<u>242</u>

Remuneration for the highest paid director amounted to \$107k (prior year: \$121k).

23 Cash absorbed by operations

	31 December 2023 \$'000	31 January 2023 \$'000
Loss for the period before income tax	(16,064)	(25,295)
Adjustments for:		
Finance costs	313	35
Investment income	(659)	-
Amortisation and impairment of intangible assets	574	279
Depreciation and impairment of property, plant and equipment	48	24
Depreciation of right-of-use assets	247	331
Equity settled share based payment expense	184	274
Movements in working capital:		
Decrease/(increase) in trade and other receivables	292	(2,443)
Increase in trade and other payables	804	2,257
Cash absorbed by operations	<u>(14,261)</u>	<u>(24,538)</u>

24 Prior period adjustment

There is a prior period adjustment to reflect the over-deferral of income brought forward into the prior period that should have been recognised in the year ended 31 January 2022. The adjustment has increased reserves brought forward by \$61k and reduced creditors by a corresponding amount. There has been no impact to the profit and loss for this adjustment.

There is also another prior period adjustment to reflect a credit note for expenditure recognised in the prior year that was received in the current period. The adjustment has decreased expenditure by \$58k and increased debtors and the profit and loss in the prior year by a corresponding amount.

ROSSUM LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

24 Prior period adjustment

(Continued)

Changes to the statement of financial position

	At 31 January 2023		
	Previously reported	Adjustment	As restated
	\$'000	\$'000	\$'000
Current assets			
Debtors due within one year	4,680	58	4,738
Creditors due within one year			
Deferred income	(4,956)	61	(4,895)
Net assets	<u>31,921</u>	<u>119</u>	<u>32,040</u>
Capital and reserves			
Retained earnings	(37,103)	119	(36,984)
Total equity	<u>31,921</u>	<u>119</u>	<u>32,040</u>

Changes to the income statement

	Period ended 31 January 2023		
	Previously reported	Adjustment	As restated
	\$'000	\$'000	\$'000
Administrative expenses	(33,320)	58	(33,262)
Loss for the financial period	<u>(25,384)</u>	<u>58</u>	<u>(25,326)</u>

ROSSUM LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2023**

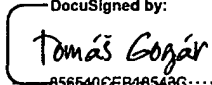
	Notes	31 December 2023		31 January 2023 as restated	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Investments	9		41,098		20,422
Current assets					
Trade and other receivables	11	24,145		17,919	
Cash and cash equivalents		17,260		34,258	
		41,405		52,177	
Current liabilities	12	(3,527)		(3,140)	
Net current assets			37,878		49,037
Total assets less current liabilities			78,976		69,459
Non-current liabilities	13		(9,582)		-
Net assets			69,394		69,459
Equity					
Called up share capital	16		-		-
Share premium account	17		68,520		68,518
Share based payment			674		491
Retained earnings			200		450
Total equity			69,394		69,459

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Profit and Loss account for the year. The result for the financial period dealt with in the financial statements of the parent company was a loss of \$250k (for the prior year: \$161k profit).

The financial statements were approved by the board of directors and authorised for issue on 29/07/2024 and are signed on its behalf by:

DocuSigned by:



856540CEB16543G.....

Mr T Gogar

Director

Company registration number 10564783 (England and Wales)

ROSSUM LTD**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Notes	Share capital \$'000	Share premium account \$'000	Share based payment \$'000	Retained earnings \$'000	Total \$'000
As restated for the year ended 31 January 2023:						
Balance at 1 February 2022		-	68,518	-	228	68,746
Effect of correction of over deferral of income		-	-	-	61	61
As restated		-	68,518	-	289	68,807
Year ended 31 January 2023:						
Profit		-	-	-	103	103
Other comprehensive income:						
Effect of prior year adjustment		-	-	-	58	58
Total comprehensive income		-	-	-	161	161
Credit to equity for equity settled share-based payments	15	-	-	491	-	491
Balance at 31 January 2023 as restated		-	68,518	491	450	69,459
Period ended 31 December 2023:						
Loss and total comprehensive income		-	-	-	(250)	(250)
Issue of share capital	16	-	2	-	-	2
Credit to equity for equity settled share-based payments	15	-	-	183	-	183
Balance at 31 December 2023		-	68,520	674	200	69,394

ROSSUM LTD

COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Rossum Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

1.1 Reporting period

The company has changed the accounting reporting date to be 31 December 2023, to ensure all companies in the group have coterminous year ends. This set of financial statements is reporting on a period of 11 months, and as such the figures are not entirely comparable to the comparative year.

1.2 Accounting convention

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

The financial statements are prepared in United States Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rossum Ltd. These consolidated financial statements are available from its registered office, 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Subscription revenue

The company generates most of its revenue from subscriptions to the group's web-based Intelligent Document Processing platform under a software-as-a-service model. The group's customers do not have the right to take possession of the online software solution. Subscriptions period can be from yearly to multi-year arrangements, are generally non-cancellable and do not provide for refund of subscription fees.

The company recognises revenue when performance obligations under the terms of a contract are satisfied. A performance obligation is a contractual promise to transfer a distinct good or service to the customer. This occurs when the control of the product or service is transferred to the customer.

Subscription revenue relates to term subscriptions to the group's platform, which includes proprietary software and related support. Subscriptions include access to proprietary software, ongoing support and the right to receive unspecified software updates and upgrades released when and if available during the subscription term. Subscription revenues are recognised ratably over the contract terms beginning on the date the group's service is made available to customers, which typically begins on the commencement date of each contract.

ROSSUM LTD

COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Revenue from other group companies

The Company recognises income in respect of services charged to other group companies when the service is supplied.

1.5 Non-current investments

The interest of the company in shares of subsidiary and associated undertakings is stated at cost. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is recognised by comparing the carrying amount to the higher of the recoverable amount and value in use.

1.6 Carrying value of payables and receivables

Receivables and payables are recorded initially at fair value. Subsequent measurement is stated at amortised cost. In most cases trade receivables and payables are stated at the amount expected to be paid or received, although any trade payables or receivables held for a significant period may be discounted.

1.7 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

1.8 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.9 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

1.10 Share-based payments

From a reporting perspective, the company recognises stock-based compensation based on FRS 102 section 26. The ESOP expense is accounted for each year through the vesting period.

The days in each financial year that the employee stayed are calculated based on the start of the vesting period and if it exists, their termination date. The vested value each year is valued with the valuation calculated on the Black-Scholes valuation sheet.

In the case employee leaves and part of the ESOP expense already booked would not vest, the expense for the unvested part would be cancelled. However, this should not happen as the calculation is prepared after the options for the period were vested.

ROSSUM LTD

COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Due to the absence of an active market for the company's common stock, the company utilised acceptable methodologies in accordance with the generally accepted valuation practices in the market, to estimate the fair value of its common stock at each grant date of awards. Significant changes to the key assumptions underlying the factors used could result in different fair values of common stock at each valuation date.

The fair value of stock options is recognised over the period during which an optionee is required to provide services in exchange for the stock option award, known as the requisite service period (usually the vesting period) on a straight-line basis. Stock-based compensation expense is recognised based on the fair value determined on the date of grant and is reduced for forfeitures as they occur.

1.11 Foreign currencies

Transactions in currencies other than US dollars are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

2 Judgements and key sources of estimation uncertainty

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

For the Company, there were no such items which required such judgements or estimates.

3 Revenue

All revenue in the year relates to services charged to another group company based in the Czech Republic.

4 Operating loss

	Period ended 31 December 2023	Year ended 31 January 2023
Operating loss for the period is stated after charging/(crediting):	\$'000	\$'000
Exchange losses/(gains)	72	(74)
Fees payable to the company's auditor for the audit of the company's financial statements	67	31
Share-based payments	30	-
	<u> </u>	<u> </u>

ROSSUM LTD

COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	Period ended 31 December 2023 Number	Year ended 31 January 2023 Number
Sales	5	1

Their aggregate remuneration comprised:

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Wages and salaries	1,250	300
Social security costs	136	41
Pension costs	14	5
	<u>1,400</u>	<u>346</u>

6 Finance income

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Interest income		
Interest on bank deposits	659	-
Interest receivable from group companies	533	706
	<u>1,192</u>	<u>706</u>

Interest income relates to interest charged on intercompany receivables to other group companies based in the Czech Republic and United States, and interest received from short term deposit bank accounts.

ROSSUM LTD**COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2023**7 Finance costs**

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Interest on bank overdrafts and loans	110	-
Other finance costs	170	17
	<u>280</u>	<u>17</u>

8 Taxation

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
Current tax		
UK corporation tax on profits for the current period	-	31
	<u>-</u>	<u>31</u>

The actual charge for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	Period ended 31 December 2023 \$'000	Year ended 31 January 2023 \$'000
(Loss)/profit before taxation	(250)	192
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 23.94% (2023: 19.00%)	(60)	36
Unutilised tax losses carried forward	60	(5)
Taxation charge for the period	<u>-</u>	<u>31</u>

The company had tax losses carried forward as at 31 December 2023 of \$217k, a deferred tax asset of \$54k has not been recognised due to uncertainty over whether these losses will be available to use in the future.

9 Fixed asset investments

		31 December 2023 \$'000	31 January 2023 \$'000
	Notes		
Investments in subsidiaries	10	41,098	20,422
		<u>41,098</u>	<u>20,422</u>

ROSSUM LTD

COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

9 Fixed asset investments (Continued)

Movements in non-current investments

	Shares in subsidiaries \$'000
Cost or valuation	
At 1 February 2023	20,422
Additions	20,523
Share based payment	153
	41,098
Carrying amount	
At 31 December 2023	41,098
	41,098
At 31 January 2023	20,422
	20,422

10 Subsidiaries

Rossum Ltd holds investment in Rossum Czech Republic s.r.o., Rossum USA Inc. and Rossum Israel Ltd.

- Rossum Czech Republic s.r.o. is registered at Krizikova, 148/34 Praha 8 - Karlín, 186 00 Czech Republic. The CRN for Rossum Czech Republic is 059 44 619.
- Rossum USA Inc. is registered at 954 Lexington Avenue, Suite 1016, New York, NY 10021. The CRN for Rossum Inc is 6336175.
- Rossum Israel Ltd is registered at Rehov Yigal Alon 94, 6789139 Tel Aviv-Yafo, Israel. The CRN for Rossum Israel is 516253572. Rossum Israel is currently dormant and is being liquidated.

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Rossum Czech Republic s.r.o.	Czech Republic	Direct	100.00
Rossum USA Inc.	United States of America	Direct	100.00
Rossum Israel Ltd	Israel	Direct	100.00

11 Trade and other receivables

	31 December 2023	31 January 2023 as restated
Amounts falling due within one year:	\$'000	\$'000
Trade receivables	1,698	1,063
Intercompany receivables	22,340	16,794
Other receivables	71	62
Prepayments and accrued income	36	-
	24,145	17,919

ROSSUM LTD**COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****12 Current liabilities**

		31 December 2023	31 January 2023 as restated
	Notes	\$'000	\$'000
Bank loans	14	418	-
Trade payables		26	68
Intercompany payables		2,403	2,778
Tax payables		55	53
Social security payables		64	122
Employee payables		75	21
Other payables		486	98
		<u>3,527</u>	<u>3,140</u>

13 Non-current liabilities

		31 December 2023	31 January 2023
	Notes	\$'000	\$'000
Bank loans and overdrafts	14	9,582	-
		<u>9,582</u>	<u>-</u>

14 Borrowings

		31 December 2023	31 January 2023
		\$'000	\$'000
Bank loans		10,000	-
		<u>10,000</u>	<u>-</u>
Payable within one year		418	-
Payable after one year		9,582	-
		<u>9,998</u>	<u>-</u>

In November 2023, Rossum Ltd contracted non-dilutive financing in the form of a loan with CIBC Innovation Banking in a maximum amount of \$ 15 million, to support its organic growth. The company has drawn the first \$ 10 million in December 2023. The remaining amount of \$ 5 million may be drawn according to performance indicators agreed with CIBC. The company is required to pay interest on the loan at a variable rate of interest based on the secured overnight financing rate (SOFR) plus a mark-up. As part of this agreement Rossum Ltd has pledged its assets as collateral to secure the loan.

15 Share-based payment transactions

The company operates one equity-settled share based remuneration scheme for employees and service providers. The options are vested upon completion of a four-year vesting period starting at the commencement date of the employment or cooperation with a one-year cliff. The options vest on a monthly basis and are conditioned by continuous service of the employee or the service provider. If the employee or the service provider stops working for the company, the options stop vesting. These options will expire ten years from the termination date of the individual.

ROSSUM LTD**COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****15 Share-based payment transactions**

(Continued)

	Number of share options		Weighted average exercise price	
	31 December 2023 Number	31 January 2023 Number	31 December 2023 \$'000	31 January 2023 \$'000
Outstanding at 1 February 2023	9,153	13,344	59.33	68.58
Granted	19,510	44	109.79	109.79
Forfeited	(1,476)	(4,235)	122.10	89.01
Outstanding at 31 December 2023	<u>27,187</u>	<u>9,153</u>	<u>92.10</u>	<u>59.33</u>
Exercisable at 31 December 2023	<u>13,152</u>	<u>8,592</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 December 2023 had an exercise price ranging from \$18.49 to \$207.89, and their weighted average contractual life was 1.32 years.

16 Share capital

	31 December 2023	31 January 2023	31 December 2023	31 January 2023
Series A of 0.1p each	37,856,000	37,856	-	-
Series Seed of 0.1p each	75,173,000	75,173	-	-
Ordinary of 0.1p each	168,126,062	168,113	-	-

The nominal value of these shares is £0.000001 (or \$0.0000013436).

As of 28th April 2023, Rossum Ltd's shares were subdivided: Instead of 281,142 shares at a nominal value of £0.001, it now has 281,142,000 shares at a nominal value of £0.000001. The total aggregate value remains the same.

Each share is entitled to one vote in any circumstances. Each share is entitled to dividend payments or any other distribution and to participate in a distribution arising from a winding up of the company (*pari passu*, as if the equity shares constituted one class of shares). The shares are not redeemable.

17 Share premium account

This reserve of \$68,520k represents the premium paid between the market price of the shares and nominal value of the shares at time of purchase. During the period a further \$2k of share premium was paid on shares issued.

18 Directors' transactions

Apart from the employment contracts between the directors and the group, no contract existed during the period ended 31 December 2023 in relation to the company's business in which any director was interested.

ROSSUM LTD**COMPANY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023****19 Prior period adjustment**

There is a prior period adjustment to reflect the over-deferral of income brought forward into the prior period that should have been recognised in the year ended 31 January 2022. The adjustment has increased reserves brought forward by \$61k and reduced creditors by a corresponding amount. There has been no impact to the profit and loss for this adjustment.

There is also another prior period adjustment to reflect a credit note for expenditure recognised in the prior year that was received in the current period. The adjustment has decreased expenditure by \$58k and increased debtors and the profit and loss in the prior year by a corresponding amount.

Changes to the statement of financial position

	As previously reported \$'000	Adjustment \$'000	As restated at 31 Jan 2023 \$'000
Current assets			
Debtors due within one year	17,861	58	17,919
Creditors due within one year			
Other payables	(3,201)	61	(3,140)
Net assets	<u>69,165</u>	<u>119</u>	<u>69,459</u>
Capital and reserves			
Retained earnings	<u>331</u>	<u>119</u>	<u>450</u>

Changes to the income statement

	As previously reported \$'000	Adjustment \$'000	As restated \$'000
Year ended 31 January 2023			
Administrative expenses	(1,387)	58	(1,329)
Profit for the financial period	<u>103</u>	<u>58</u>	<u>161</u>