

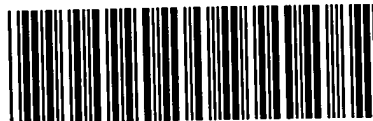
Matillion Limited

**Annual Report and Financial
Statements**

**For the year ended 31
January 2024**

Company Number 07474948

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Matillion Limited

Company Information

Directors

Matthew Scullion
Peter McCord
Brian Gentile
Andrew Vitus
Dharmesh Thakker
Alan Black
David Hall
Thomas Hussey
William Kohler
Joseph Quinlan
Andreas Weiskam

Registered number

07474948

Registered office

Two New Bailey
Stanley Street
Salford
England
M3 5GS

Independent auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Street
Manchester
M3 3EB
United Kingdom

Contents

SECTION	PAGE
STRATEGIC REPORT	4
DIRECTORS REPORT	9
REPORT OF THE INDEPENDENT AUDITOR	13
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
CONSOLIDATED STATEMENT OF CASH FLOWS	20
NOTES TO THE CONSOLIDATED FINANCIALS STATEMENTS	21
COMPANY FINANCIAL STATEMENTS OF MATILLION LIMITED	55
NOTES TO THE COMPANY FINANCIAL STATEMENTS	57

Matillion Limited
Strategic Report
For the Year Ended 31, January 2024

The directors present the strategic report of Matillion Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 January 2024.

Fair review of the business

The principal activity of the Group is of the supply of cloud-based computer data software and related services to its customers across a wide range of industries.

The directors are delighted that the Group has enjoyed another successful period of revenue growth. Key financial metrics to note include:

- Revenue for the year ended 31 January 2024 was \$92.6m compared to the period ended 31 January 2023: \$81.6m. Gross Margin for the year ended 31 January 2024 was \$74.8m versus \$67.6 for the period ended 31 January 2023, a growth of 13% and 11% respectively;
- Loss before tax for the year ended 31 January 2024 was \$44.4m. For the period ended 31 January 2023 loss before tax was \$70.4, a decrease of 37%;
- Cash as at the year ended 31 January 2024 was \$93.0m compared to \$144.8m for the year ended 31 January 2023, a decrease of 36%;

The Group continues to invest heavily in its internal product development in support of its strategy. New releases every 6-8 weeks increase the functionality of the software, and new product releases supporting either existing cloud data platform partners on new cloud infrastructure, or new cloud data platform partners expand the addressable market and increase the choice for potential customers.

Research and development expenses in the year ended 31 January 2024 was \$34.0m compared to \$32.5m for the period ended 31, January 2023. Sales and Marketing expense in the year ended 31 January 2024 was \$50.6m compared to \$75.2m for the period ended 31 January 2023.

Matillion Limited
Strategic Report
For the Year Ended 31, January 2024

Principal risks and uncertainties

People Risk

The Group needs to maintain high levels of technical expertise within its team. This risk is mitigated by a culture with a high focus on staff well-being, ensuring low staff turnover, and investment in training its staff. Further, its recruitment policies ensure that new members of staff have the required level of technical ability. Strong relationships with local universities ensure the possibility of attracting the best students on placements, who in turn have a high inclination to return post-graduation.

Technological risk

Like any technology company, the Group needs to remain at the forefront of the industry with its product offerings. This risk is mitigated by the continued investment in research and development.

Financing risk

As a rapidly expanding but still loss-making business, continued timely access to debt and capital markets will be essential to the business. This risk is mitigated by remaining a leader in a rapidly growing sector, and by maintaining strong relationships with both current and potential future investors. The company considers that its cash reserves are sufficient to meet its short- and long-term obligations. Cashflow is monitored closely by management, detailed cash projections are performed and reviewed on an ongoing basis.

Matillion Limited
Strategic Report
For the Year Ended 31, January 2024

Financial Instruments

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Group to concentrations of credit risk primarily consist of cash, cash equivalents and accounts receivable. The Group maintains its cash and cash equivalents with high-quality financial institutions with investment grade ratings. The Group has since taken further steps to diversify its cash holdings following the difficulties experienced by Silicon Valley Bank, previously one of the Groups principal banking partners. For accounts receivable, the Group is exposed to credit risk in the event of non-payment by customers up to the amounts recorded on the consolidated balance sheet. The Group manages its accounts receivable credit risk through ongoing credit evaluation of its customers' financial conditions. The Group has no significant concentration of risk, with exposure spread over a large number of customers.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's use of financial instruments is confined to bank accounts and leases. Management ensures that the Group has sufficient cash at bank to allow it to settle all obligation as they fall due.

Foreign Currency Risk

The functional currency of the Group is the United States dollar (USD). The majority of customers are invoiced, and a portion of the Group's expenses are paid in the functional currency of the Group. Some customers are invoiced in currencies other than the functional currency and the Group has a significant portion of costs in non-USD currencies due to employee bases in the United Kingdom and Ireland, which, due to potential fluctuations in exchange rates, may impact the results of the Group. The Group bears all foreign exchange risk arising from trading.

Interest Rate Risk

Interest rate risk is the risk of fluctuating interest rates. The Group's cash and cash equivalents consist of cash and certificates of deposit. The Group's primary investment policy and strategies are focused on the preservation of capital and supporting its liquidity requirements. Due to the short-term nature of the financial instruments, the Group has not been exposed to, nor does it anticipate being exposed to, material risks due to changes in interest rates. Management regularly monitors interest rate movements and considers any material impact on the financial statements from unfavourable interest rate movements in the foreseeable future.

Directors' Section 172 statement

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including customers, shareholders, employees, suppliers, and the wider community in which it operates. The Board is focused on its responsibilities under section 172, and the impact of the business on key stakeholder groups in its decision making. The following identifies where information on factors the Board believe demonstrate its compliance with section 172(1)(a)-(f) are contained in this report:

Matillion Limited
Strategic Report
For the Year Ended 31, January 2024

Risk management

The company has a long-term strategic plan that effectively identifies, evaluates and mitigates the risks the company faces, ensuring they are sufficiently considered and, if applicable, hedged against for the future. The directors will invariably delegate day-to-day management and decision making to executive management but will ensure that management is acting in accordance with the strategy and plans agreed by the Board.

Relationships with suppliers, customers and others

The directors appreciate the importance of fostering relationships with key stakeholders, including customers and suppliers, and focus on the maintenance and growth of these relationships in decision making and strategic planning. The company employs dedicated resources to manage these relationships and ensures that the Board has a high degree of visibility to take stakeholder considerations into account.

The interest of the company's employees

The Board recognises that employees are central to the long-term success of the company. The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its prosperity. All employees are entitled to participate in the company's share option schemes.

The company encourages the involvement of employees by means of regular meetings to keep them informed of the company's progress. To that end, the company's CEO hosts a company-wide meeting every six weeks and provides employees with the opportunity to ask questions or raise concerns.

The company carries out annual employee engagement surveys which are measured against company targets as well as industry and peer standards, alongside periodic topic-specific surveys when required.

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, or sexual orientation. All company's employees are covered by these policies, and it applies to all areas of employment including recruitment, selection, training, deployment, career development, and promotion. These areas are reviewed, and policies and practices are amended, if necessary, to ensure that no unfair or unlawful discrimination, intentional, unintentional, direct, or indirect, overt or latent exists. The company gives full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Selection for employment, promotion, training, or any other benefit is performed on the basis of aptitude, ability and behaviour. The company provides any reasonable adjustments to ensure disabled people have access to its services and employment opportunities and is determined to challenge discriminatory assumptions about disabled people. The company makes the health and physical and mental wellbeing of its employees a top priority, making both internal and external resources available to all employees.

Matillion Limited
Strategic Report
For the Year Ended 31, January 2024

Community and environment

The company's approach is to use its position to ensure it is an asset to the communities and people with which it interacts. The Board ensures significant consideration is given to the impact of the company's operations on the community and environment in their decision making. The company strives to create positive change in reducing the environmental impact of the company and to meet the highest level of health, safety and environmental standards while maintaining effective and continuing business practices, as well as to streamline energy and carbon reporting.

Shareholders

The Board recognises the importance of regular and open dialogue with shareholders and the need to ensure the strategy and goals of the company are effectively communicated to them. Feedback is welcomed by the directors and business decisions are made closely and with the approval of shareholders. Financial information packs are issued to the Board and shareholders on a monthly and quarterly basis, and Board meetings are held at least four times a year.

Conversion to IFRS

For all periods up to and including the year ended 31 January 2023, the Group has historically prepared its consolidated financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102' or Local GAAP"). These consolidated financial statements for the year ended 31 January 2024, are the first the Group has prepared in accordance with IFRS.

The Group has prepared financial statements that comply with IFRS applicable as at 31 January 2024, together with the comparative period data for the period ended 31 January 2023, as described in the summary of accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 February 2022, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its FRS 102 financial statements, including the statement of financial position as at 1 February 2022 and the financial statements as of, and for, the year ended 31 January 2023.

Matthew Scullion

Director

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Date: 18 December 2024

Matillion Limited
Directors' Report
For the Year Ended 31, January 2024

The directors present their report and the financial statements for the year ended 31 January 2024.

Principal activity

The principal activity of the parent company was that of providing software and services to allow customers to exploit their data using the cloud.

Going concern

The Group and Company is in a net current assets and net assets position as at the year-end. The wide application of the Company's product(s) and the consequent diverse spread of industries in which its customers operate, together with an acceleration of digitalisation in many businesses, has supported growth in the year ended 31 January 2024. The company has produced cash flow analysis sensitising a range of scenarios as part of the Directors' review of the going concern basis of preparation.

The Group made a loss before taxation the year ended 31 January 2024 of \$44.4m compared to \$70.4m for the period ended 31 January 2023. There was a net cash outflow from operations of \$45.2m in the year ended 31 January 2024 versus an outflow of \$69.5m for the period ended 31 January 2023. The Group has net current assets of \$123.9m and net assets of \$133.4m as at 31 January 2024 respectively (31 January 2023: net current assets \$166.5m and net assets of \$170.6m). The Group has cash at bank of \$93.0m as at 31 January 2024 (2023: \$144.8m) and has no internal or external borrowings as at 31 January 2024.

The Group has prepared cash flow forecasts for at least 12 months from the date of approval of these financial statements which indicate that, taking account of a severe but plausible downside, Matillion will have sufficient funds to meet its liabilities as they fall due for that year.

The directors are confident that Matillion will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. Financial risk management measures are described in the Financial Instruments section of the Strategic Report above.

Results and dividends

The consolidated statement of comprehensive income is set out in the financial statements section and shows a loss after tax of \$45.1m for the year ended 31 January 2024 and a loss of \$71.6m for period ended 31 January, 2023.

The directors do not recommend the payment of a dividend for the year ended 31 January 2024 and no dividend was recommended or paid for the year ended 31 January 2023

Matillion Limited
Directors' Report
For the Year Ended 31, January 2024

Streamlined Energy and Carbon Reporting (SECR) Disclosure

Methodology

The Group reports its carbon emissions following the Greenhouse Gas Protocol methodology. It reports carbon dioxide (CO₂) emissions resulting from energy use in its buildings and employees' business travel. No comparatives have been reported since this is the first year the Group is publishing its Energy and Carbon Reporting Disclosure under SECR.

During the year ended 31 January 2024, the Group collected data on energy use for its UK headquarters and business travel for its UK staff. It then applied emission uplift rates to reflect uncertainty concerning the quality and coverage of emission measurement and estimation. The rates used were 5% for electricity and 5% for business travel. This is consistent both with the Intergovernmental Panel on Climate Change's *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* and the Group's internal analysis of data coverage and quality. The Group applies operational control approach for its Energy and Carbon Reporting Disclosure.

tCO₂e

tCO₂e

UK		FY'24
Scope 1	Direct GHG emissions	-
Scope 2	Indirect energy emissions (location based)	11.21
Scope 3	Other indirect emissions comprising company travel	728.86
Total		740.07

tCO₂e per UK FTE **1.88**

Energy consumption in kWh **54,144**

Energy efficiency action taken

Energy expenditure comprises the electricity usage at our UK office. With travel comprising the bulk of CO₂ emissions, the Group is focused on reducing the number of trips employees undertake with more diligent reviews of business need and necessity of such trips, in each particular case substituting business travel with remote communication as and where possible.

Matillion Limited
Directors' Report
For the Year Ended 31, January 2024

Directors

The directors who served during the year and up to the date of approval of the financial statements were:

Matthew Scullion

Peter McCord

Brian Gentile

Andrew Vitus

David Hall

Dharmesh Thakker

Joseph Quinlan

William Kohler

Thomas Hussey

Alan Black

Andreas Weiskam

Qualifying third party indemnity provisions

Matillion Limited put in place qualifying third party indemnity provisions for all of the directors of the company.

Disclosure of information to auditor

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

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

Matillion Limited
Directors' Report
For the Year Ended 31, January 2024

Post balance sheet events

There were no post balance sheet events requiring disclosure.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with International Financial Reporting Standards (IFRS).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The auditor, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

The directors have agreed with the Company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the Company's financial statements for the year ended 31, January, 2024 should be limited to £5,000,000 and that in any event the auditor's liability for damages should be limited to that part of any loss suffered by the Company as is just and equitable having regard to the extent to which the auditor, the Company and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 10, April 2024. This report was approved by the Board on and signed on its behalf.

Matthew Scullion

Director

Date: 18 December 2024

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Matthew Scullion
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Independent auditors' report to the members of Matillion Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Matillion Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 January 2024; Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditors' report to the members of Matillion Limited (continued)

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 January 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Independent auditors' report to the members of Matillion Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in the selection and application of significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations;

Independent auditors' report to the members of Matillion Limited (continued)

- Reviewing the financial statement disclosures and agreement to underlying supporting documentation; and
- Challenging assumptions made by management in the selection and application of significant accounting judgements and estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Dev Solanki (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
19 December 2024

Consolidated financial statements of Matillion Limited

Consolidated statement of comprehensive income For the year ended 31 January 2024

	Notes	31 January 2024 \$000	31 January 2023 \$000
Revenue	4	92,638	81,631
Cost of sales		(17,780)	(14,063)
Gross profit		74,858	67,568
Administrative expenses	6	(127,269)	(139,692)
Other operating income	8.1	4,511	-
Operating loss		(47,900)	(72,124)
Other (losses)/ gains	8.2	(321)	133
Finance costs	9	(719)	(3)
Finance income	10	4,524	1,613
Loss before tax		(44,416)	(70,381)
Income tax expense	11	(708)	(805)
Loss and total comprehensive loss for the year		(45,124)	(71,186)
Loss and total comprehensive loss attributable to equity holders of the Parent		(45,124)	(71,186)

The accompanying notes are an integral part of these consolidated financial statements. All activities arose from continuing operations.


Consolidated financial statements of Matillion Limited

Consolidated Statement of Financial Position
As at 31 January 2024

	Notes	2024 \$000	2023 \$000	1 February 2022 \$000
Non-current assets				
Intangible assets	12	252	515	248
Property, plant and equipment	13	7,859	1,930	1,427
Financial asset	14.1	95	-	-
Right-of-use assets	19	14,752	63	-
Contract assets	4	4,390	2,613	1,069
Trade and other receivables	15	125	3,455	3,444
Total non-current assets		27,473	8,576	6,188
Current assets				
Contract assets	4	18,185	12,685	7,331
Trade and other receivables	15	30,525	27,270	15,892
Cash and cash equivalents	16	92,999	144,871	214,469
Total current assets		141,709	184,826	237,692
Total assets		169,182	193,402	243,880
Current liabilities				
Trade and other payables	17	13,245	14,394	11,500
Income tax liabilities		278	-	-
Contract liabilities	4	4,271	3,876	2,005
Lease liabilities	19	1,327	49	-
Total current liabilities		19,121	18,319	13,505
Non-current liabilities				
Trade and other payables	17	125	3,455	3,444
Contract liabilities	4	1,542	1,069	451
Lease liabilities	19	13,947	-	-
Provisions	20	1,037	-	-
Total non-current liabilities		16,651	4,524	3,895
Net assets		133,410	170,559	226,480
Equity				
Called up share capital	18	9	8	8
Share premium	18.1	291,969	290,602	288,816
Share based payment reserve		31,429	26,338	13,701
Accumulated deficit		(189,997)	(146,389)	(76,045)
Equity attributable to equity holders of the Parent		133,410	170,559	226,480

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 17 to 54 were approved by the Board of Directors on 18 December 2024 and signed on its behalf by Matthew Scullion

DocuSigned by:

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Director

Consolidated financial statements of Matillion Limited

**Consolidated Statement of Changes in Equity
for the year ended 31 January 2024**

	Notes	Called-up share capital \$000	Share premium \$000	Share based payment reserve \$000	Accumulated deficit \$000	Total equity \$000
Attributable to equity holders of the Parent:						
At 1 February 2023		8	290,602	26,338	(146,389)	170,559
Loss for the year and total comprehensive loss		-	-	-	(45,124)	(45,124)
Issue of share capital	18	1	1,367	-	-	1,368
Share based payments	22	-	-	6,607	-	6,607
Exercise of share based payment awards		-	-	(1,516)	1,516	-
As at 31 January 2024		9	291,969	31,429	(189,997)	133,410

**Consolidated Statement of Changes in Equity
for the year ended 31 January 2023**

	Notes	Called-up share capital \$000	Share premium \$000	Share based payment reserve \$000	Accumulated deficit \$000	Total equity \$000
Attributable to equity holders of the Parent:						
As at 1 February 2022	23.2	8	288,816	13,701	(76,045)	226,480
Loss for the year and total comprehensive loss		-	-	-	(71,186)	(71,186)
Issue of share capital	18	-	1,786	-	-	1,786
Share based payments	21	-	-	13,479	-	13,479
Exercise of options		-	-	(842)	842	-
At 31 January 2023		8	290,602	26,338	(146,389)	170,559

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated financial statements of Matillion Limited

**Consolidated statement of cash flows
for the year ended 31 January 2024**

	Notes	2024	2023
		\$000	\$000
Operating activities			
Loss for the year		(45,124)	(71,186)
Adjustments to reconcile loss for the year to net cash flows:			
Depreciation of property, plant and equipment	13	1,610	919
Depreciation of right-of-use assets	19	1,132	78
Amortisation of intangible assets	12	164	98
Finance costs	9	719	3
Finance income	10	(4,524)	(1,459)
Research and development credit	8.1	(4,511)	-
Unrealised foreign exchange		168	119
Share-based payment expense	21	6,607	13,479
Movement in expected credit loss provision	15	(1,344)	1,473
Taxation expense	11	708	805
Movements in working capital:			
Increase in trade and other receivables		(1,348)	(19,456)
(Decrease) / Increase in trade and other payables		(3,611)	5,228
Cash flow from operating activities		(49,354)	(69,899)
Interest received	10	4,521	1,459
Interest paid	19	(1)	(3)
Income tax paid		(430)	(1,071)
Net cash flows used in operating activities		(45,264)	(69,514)
Investing activities			
Purchase of property, plant and equipment	12	(7,539)	(1,421)
Purchase of intangible assets	13	(14)	(365)
Costs to acquire right of use assets	19	(304)	-
Refund from previously purchased intangible assets	13	113	-
Security deposits paid		(180)	-
Cash used in other investing activities		(4)	-
Net cash flows used in investing activities		(7,928)	(1,786)
Financing activities			
Payment of principal portions of lease liabilities	19	(48)	(84)
Proceeds from issue of ordinary share capital		1,368	1,786
Net cash flows from financing activities		1,320	1,702
Net decrease in cash and cash equivalents		(51,872)	(69,598)
Cash and cash equivalents at 1 February	16	144,871	214,469
Cash and cash equivalents at 31 January		92,999	144,871

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

1. General information

Matillion Limited ("Matillion" or the "Company" and together with its subsidiaries, the "Group") is a private company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is located at Two New Bailey, Stanley Street, Salford, England M3 5GS.

The Group is principally engaged in providing data transformation services for cloud data warehouses.

2. Accounting policies

This section provides an overview of the Group's material accounting policies adopted in the preparation of these consolidated financial statements.

2.1. Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the UK Companies Act 2006 as applicable to companies reporting under those standards.

For all periods up to and including the year ended 31 January 2023, the Group has historically prepared its consolidated financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102' or "UK GAAP"). These consolidated financial statements for the year ended 31 January 2024, are the first the Group has prepared in accordance with IFRS. Refer to Note 24 for information on how the Group adopted IFRS. The accounting principles set out below, unless stated otherwise, have been applied consistently for all periods presented in the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in United States (US) dollars, which is also the functional currency of Matillion Limited, and all values are rounded to the nearest thousand (\$000), except when otherwise indicated. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern (Note 2.3).

2.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 January 2024.

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. Subsidiaries are fully consolidated from the date on which control commences until the date when control ceases.

Intra-Group balances and transactions are eliminated in preparing the consolidated financial statements.

2.3. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the Director's Report on page 9. The wide application of the Group companies' products and the consequent diverse spread of industries in which its customers operate, together with an acceleration of digitalisation in many businesses, has supported the Group's growth in the year ended 31 January 2024.

The Group made a loss before taxation for the year ended 31 January 2024 of \$44.4m (2023: \$70.3m). There was a net cash outflow used in operations of \$45.2m in the year ended 31 January 2024 (2023: \$69.5m). The Group has net current assets of \$123.8m and net assets of \$133.4m as at 31 January 2024 respectively (2023: net current assets \$166.5m and net assets of \$170.5m). The Group has cash at the bank of \$92.9m as at 31 January 2024 (2023: \$144.8m) and has no internal or external borrowings as at 31 January 2024 (31 January 2023: same).

In preparing these financial statements, the directors have reviewed and approved a going concern assessment which considers the liquidity forecast of the Group for the period through to 31 January 2026. (the going concern assessment period). The liquidity forecast reflects the expected impact of the economic environment, including the current inflationary environment. More specifically, full consideration has been given to the potential risks and uncertainties linked to the changing macro-economic environment and the possible impact on the Group's customer base.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.3. Going concern – continued

The Group has prepared cash flow forecasts for at least 12 months from the date of approval of these financial statements, which indicate that, taking account of a severe but plausible downside, Matillion will have sufficient funds to meet its liabilities as they fall due for that year.

The directors are confident that Matillion will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the consolidated financial statements and therefore have prepared the consolidated financial statements on a going concern basis. Financial risk management measures are described in the financial instruments note (Note 14) in the notes to the consolidated financial statements.

2.4. Summary of accounting policies

a. Revenue

The Group sells software licences and provides related support services. In accordance with IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Software licence revenue primarily represents amounts derived from the sale of the Group's Extract Transform Load (ETL) solution. There are two types of arrangements offered to the customer being either a fixed term licence contract or access to the software on a usage basis i.e., 'Pay As You Go' (PAYGO).

Under fixed-term contracts, customers purchase a set number of credits representing expected software usage (typically measured in hours) at an agreed consumption price (typically per hour). After these credits expire, customers can buy additional credits as overages, switch to a PAYGO model or enter into a new contract.

All customers are provided with basic support along with their purchased licence. Additionally, customers can purchase incremental, premium support packages: Mission Critical Support (MCS) or MCS plus (Premium support services). These can be purchased as part of a licence contract or as a separate contract. Customers can also purchase professional services for the provision of training or onboarding assistance, which includes initial set up and configuration. The professional services are disclosed under the 'Provision of support services' in Note 4.

Identification of performance obligations

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

Typically, the products and services outlined above qualify as separate performance obligations and the proportion of the contractual fee allocated to them is recognised separately. Contracts in which software licence subscription combines the delivery of software and post customer support services, require unbundling.

For further detail of performance obligations please refer to Note 4.

Determination of transaction price and standalone selling prices

The Group determines the transaction price it is entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Contract payment terms are generally monthly or annually in advance for fixed term contracts and monthly in arrears for PAYGO contracts.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices (SSPs) of the obligations. The SSP of each obligation in the contract is determined according to the prices that the Group would obtain by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where SSPs for performance obligations are observable and consistent across the customer base, SSP estimates are derived from pricing history. Where there are no directly observable estimates available, the residual approach is used. Under the residual approach, the SSP for the obligation is estimated to be the total transaction price less the sum of the observable SSPs of other services in the contract.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

a. Revenue from contracts with customers – continued

Determination of transaction price and standalone selling prices - continued

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

For a PAYGO contract, or overages in a fixed term contract, revenue varies depending on usage i.e., the level of software usage over a specified period. The element of the transaction price that depends on usage is variable consideration. Due to the high level of uncertainty associated with estimating this variable consideration, it is only recognised when it is certain and incurred.

Timing of recognition

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

1. **Sale of Software Licence:** Revenue in relation to the fixed term licence contract is recognised once a legal arrangement is in place (which identifies the rights of both parties, has commercial substance, and confirms commercial terms, including payments terms) and control has been transferred such that the customer can commence use of the software.

There is no ongoing requirement for the Group to support the licence once it has been transferred to the customer and therefore this is deemed to be a right of use licence. As such revenue is recognised when the control relating to the licence has been transferred which is typically when electronic delivery has taken place. For contracts in which software licence subscription combines the delivery of software and post customer support services, 90% of the total contract value is recognised on delivery of the software license with the remaining 10% allocated to the post customer support performance obligation.

For PAYGO and overage charges, due to the high level of uncertainty associated with estimating this variable consideration, revenue is only recognised when it is certain and incurred i.e. as the credits are consumed by the customer.

2. **Post-Customer Support:** Due to the "stand ready" nature of these obligations, revenue is recognised on a straight-line basis over the term of the contract as the customer simultaneously receive and consume the benefits of these services.
3. **Professional Services:** Revenue from professional services is recognised when delivered or by reference to the stage of completion of the service at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.

Principal versus agent considerations

When the Group sells goods or services through a marketplace partner, a key consideration is determining whether the marketplace partner or the end user is Matillion's customer. The key criterion in this determination is whether the marketplace partner has taken control of the product. This is assessed based on whether the marketplace partner or Matillion has the primary responsibility for fulfilling the promise to the customer, has discretion to set prices, and bears inventory risk.

The Group has concluded that the end user is Matillion's customer and that the Group is the principal in its revenue arrangements because control of the goods and services is not transferred to the marketplace partner. As a principal, receipts from customers and fees to the marketplace partner are reported on a gross basis in revenue and cost of sales.

Practical expedients

The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

a. Revenue from contracts with customers - continued

Trade receivables, contract assets and liabilities

The Group uses the term “Trade receivables” for contract receivables. These are recognised when the right to consideration is unconditional.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer a contract asset is recognised. The Group recognises a contract asset for revenue earned from fixed term contracts where recurring billing leads to differences between the billed amounts and the recognised revenue. Upon completion of subsequent invoicing, the amount recognised as contract assets is reclassified to trade receivables.

Refer to the accounting policy in relation to financial assets (Note 2.4 section (i)) for further details of the Group's accounting policy for trade receivables and contract assets.

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are derecognised, and revenue recognised when the Group satisfies its performance obligation (i.e., transfers control of the related goods or services to the customer).

Incremental costs of obtaining customer contracts

The incremental costs of obtaining customer contracts are capitalised under IFRS 15 and amortised over the period during which the related revenue is recognised. Contract acquisition costs primarily consist of certain sales commissions earned by the Group's sales force on the signing of contracts and up-front referral fees paid to business partners.

Revenue from these contracts comprises multiple performance obligations, which are recognised either at a specific point in time or over the contract's duration, depending on the nature of the obligation. Sales commissions primarily relate to the sale of credits for the right to use software licence, with control of the licence being transferred at the inception of the contract. As a result, sales commissions associated with the performance obligation for the sale of the software license are recognised at the contract's inception, in line with the transfer of control of the software to the customer. The Group has determined that the incremental costs associated with the post customer support and professional services performance obligations are not material.

When sales commissions are earned based on the credits consumed by the customer from using the software over the course of the contract, the expense is recognised as incurred in line with the recognition of the variable consideration to which it relates.

The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less.

b. Cost of sales

Cost of sales includes items such as hosting costs, transaction and credit card fees related to payment processing services, employee costs and the cost of third parties who provide training and professional services to customers. All other operating expenses incurred in the ordinary course of business are recorded in administrative expenses.

c. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

c. Taxes - continued

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

d. Foreign currencies

a) *Functional and Presentation currency*

The Group's consolidated financial statements are presented in United States dollar (USD), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency, being the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each entity are measured using that functional currency.

b) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

e. Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in (Note 21).

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

e. Share-based payments - continued

That cost is recognised in employee benefits expense (Note 7), together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market condition, the transactions are treated as vested irrespective of whether the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

f. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvement	Shorter of lease term and useful life
Fixtures, fittings & equipment	3 years
Computer equipment	3 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

g. Leases - continued

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimated restoration costs to be incurred at the end of the lease.

Right-of-use assets - continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office premises 2 to 11 years

Depreciation of right-of-use assets is recognised within the consolidated statement of comprehensive income in the administrative expenses category. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, less any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to extend. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. With respect to its property leases, the Group is not reasonably certain to exercise the renewal options for its office leases and as such has excluded renewal options while determining the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured for any modifications of the lease or a change in the assessment of the lease term or a change in the lease payments.

The accretion of interest on lease liabilities is recognised within "finance cost" in the consolidated statement of comprehensive income.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group is currently not holding intangible assets with infinite useful lives.

Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life as follows:

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

h. Intangible assets - continued

- Computer software 3 years

The assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the administrative expense category.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;

Research and development costs - continued

- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The existence of a market or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during development.

Generally, commercial viability of new products is not proven until all high-risk development issues have been resolved through testing pre-launch versions of the of the new feature or product. As a result, technical feasibility is proven only after completion of the detailed design phase and formal approval, which occurs just before the products are ready to go to market. Accordingly, development costs have not been capitalised. However, the Group continues to assess the eligibility of development costs for capitalisation on a project-by-project basis.

Costs which are incurred after the general release of internally generated software or costs which are incurred in order to enhance existing products are expensed in the period in which they are incurred and included within selling and administrative expenditure in the financial statements.

i. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The Group financial assets include trade receivables, security deposit for the Group's lease arrangement and cash and cash equivalents. The Group financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Groups business model for managing them. For a financial asset to be classified and measured at amortised cost, the instrument needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

i. Financial instruments- continued

Financial assets – continued

collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

Derecognition

The Group’s financial assets at amortised cost includes trade and other receivables, security deposit, and cash balances with banks.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

The Group recognises the impairment of financial assets based on an expected credit loss (“ECL”) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The Group’s ECL model is a probability-weighted estimate of the present value of cash shortfalls. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value and, in the case of items measured at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent management, the Groups classifies its financial liabilities as measured at amortised cost, mainly trade payables, lease liabilities and deferred income. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expense in the consolidated statements of comprehensive income.

The Group is not currently holding any financial liabilities at fair value through profit or loss.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.4. Summary of accounting policies - continued

i. Financial instruments- continued

Financial liabilities

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j. Impairment of non-financial assets

The Group assess at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

k. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

l. 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. The Group also incurs costs for defined contributions plans as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

m. Government Grant

Government grants in relation to expenditure are credited when the expenditure is charged to the Consolidated Statement of Comprehensive Income.

n. Provisions

A provision is recognised only when all three of the following conditions are met:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, i.e. the present value of the amount that the Group would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

2. Accounting policies – continued

2.5. Adoption of new and revised standards

The following new standards and amendments became effective for the period ended 31 January 2024. These have no significant impact on the consolidated results or financial position of the Group.

- IFRS 17 – Insurance Contracts (effective from 1 January 2023).
- Amendments to IAS 1 – Disclosure of Accounting Policies (effective from 1 January 2023).
- Amendments to IAS 8 – Definition of Accounting Policies (effective from 1 January 2023).
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023).
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023).

The following amendments are in issue but have yet to become effective. These are not expected to have a significant impact on the consolidated results or financial position.

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective from 1 January 2024).
- Amendments to IAS 1 – Non-Current Liabilities with Covenants (effective from 1 January 2024).
- Amendments to IFRS 7 and IAS 7 – Supplier Finance Arrangements (effective from 1 January 2024).
- Amendments to IAS 21 – Lack of Exchangeability (effective from 1 January 2025).

3. Accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Group accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition

The Group recognises revenue when, or as, it satisfies a performance obligation by transferring control of the good or service to a customer. The judgment of when to recognise revenue is intrinsically linked to the performance obligation assessment because revenue can only be recognised when or as the performance obligation is satisfied.

For software licences, the distinction of whether to recognise revenue over time or at a point in time is a key judgment and depends on whether there remains any ongoing obligation to satisfy the contractual requirements, given the context of the customer contract.

As there is no ongoing requirement for the Group to support the licence once it has been transferred to the customer the sale of software is deemed to be a right of use licence. As such revenue is recognised when the control relating to the licence has been transferred which is typically on electronic delivery.

Development costs

Development costs on internally developed software is capitalised when the Group is able to demonstrate all of the following: the technical feasibility of the resulting asset; the ability and intention to complete the development and use or sell it; how the asset will generate probable future economic benefits; and the ability to measure reliably the expenditure attributable to the asset during its development.

Assessing when these criteria are achieved is a critical judgment and is informed through a robust and regular product life cycle assessment during which management estimates the future sales and long-term operating margins of the asset. Determining the internal rates of staff time that is eligible for capitalisation is also a key judgment and is decided in a biannual rates assessment which involves rigorous time sheet reviews and eligibility assessments.

Generally, commercial viability of new products is not proven until all high-risk development issues have been resolved through testing pre-launch versions of the product. As a result, technical feasibility is proven only after completion of the detailed design phase and formal approval, which occurs just before the products are ready to go to market. Accordingly, development costs have not been capitalised. However, the Group continues to assess the eligibility of development costs for capitalisation on a project-by-project basis.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

3. Accounting judgements, estimates and assumptions

Determining the lease term of leases with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has office lease arrangements that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal periods for leases of the Group office premises are not included as part of the lease term as these are not reasonably certain to be exercised. However, the periods covered by termination options are included as part of the lease term as they are reasonably certain not to be exercised.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition - Estimating stand-alone selling price

Contracts in which software licence subscription combines the delivery of software and post customer support services, require unbundling and the allocation of the transaction price to the respective performance obligations based upon their stand-alone selling price. In determining the stand-alone selling price to allocate to the support services in the bundle, management has made judgments with respect to the estimated observable selling price of post customer support based on pricing history. The Group has estimated that the obligation to provide basic support and maintenance, including period product upgrades, is, typically, 10% of the software license value in a contract. This estimate is applied across all of the contract population regardless of the term.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payments

The Group operates share schemes under which it grants equity-settled awards over ordinary shares in the Company to its employees. The Group recognises a compensation expense that is based on the fair value of the awards measured using the Black-Scholes or the Monte Carlo pricing models. The valuation model is dependent on the relevant inputs which include estimating the expected life of the share option or growth share, the share price at the date of grant and the expected volatility of the share price. Management determines these estimates based on historical experience as well as engaging an external consultant (see further discussion in note 21).

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of revenue	2024	2023
	\$000	\$000
Sale of software	88,798	78,935
Provision of support services	3,840	2,696
Total revenue	92,638	81,631

Geographical markets		
United States of America	53,171	48,930
Europe	17,556	15,562
United Kingdom	11,764	10,923
Rest of the world	10,147	6,216
Total revenue	92,638	81,631

Timing of revenue recognition

Sale of software and services transferred at a point in time	88,798	78,935
Services transferred over time	3,840	2,696
Total revenue	92,638	81,631

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 January		1 February 2022
	2024	2023	
	\$000	\$000	\$000
Trade receivables	16,014	16,699	9,800
Contract assets	22,575	15,298	8,400
Contract liabilities	5,813	4,945	2,456
Contract assets			
Current	18,185	12,685	7,331
Non-current	4,390	2,613	1,069
Contract liabilities			
Current	4,271	3,876	2,005
Non-current	1,542	1,069	451

A contract asset is recognised when revenue earned from a customer contract exceeds the amounts billed or receivable, particularly in cases where recurring billing under fixed-term contracts results in timing differences between the invoiced amounts and the recognised revenue. As such, the balances of this account vary and depend on the number of ongoing software subscriptions at the end of the year under which the software license has been delivered to the customer and the timing of invoicing in line with the contract terms.

Set out below is the movement in the allowance for expected credit losses of contract assets:

	2024	2023
	\$000	\$000
As at 1 February	312	171
Charge during the year	149	141
As at 31 January	461	312

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

4. Revenue – continued

Performance obligations

Contract liabilities include the transaction price allocated to support services or professional services within ongoing contracts where amounts have been billed but the associated services have not yet been delivered.

Information about the Group's performance obligations are summarised below:

Sale of software licence

As a right to use license, the performance obligation is fulfilled and revenue recognised when control has been transferred such that the customer can commence the use of the software. This is usually upon the delivery of the software key or the issuance of Matillion credits against the customer account. Invoicing terms are typically annually or monthly in advance with net 30-day payment terms.

For PAYGO and overage charges, due to the high level of uncertainty associated with estimating this variable consideration, revenue is only recognised when it is certain and incurred i.e. as the credits are consumed by the customer.

Support services

The stand-ready performance obligation is fulfilled over the contract term as time passes. Invoicing for support services aligns with the terms of the underlying software sale contract. Due to the "stand ready" nature of these obligations, revenue is recognised on a straight-line basis over the term of the contract as the customer simultaneously receive and consume the benefits of these services.

Professional services

The performance obligation is fulfilled over time, with invoicing for these services aligned with the terms of the underlying software sale contract. Revenue from professional services is recognised upon delivery or based on the stage of completion at the reporting period's end.

Set out below is the amount of revenue recognised from:

	2024	2023
	\$000	\$000
Amounts included in contract liabilities at the beginning of the year	3,876	2,005

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 January are, as follows:

	2024	2023
	\$000	\$000
Within one year	4,271	3,876
More than one year	1,542	1,069

The remaining performance obligations expected to be recognised in more than one year relate to the delivery of support and/ or professional services.

5. Capital management

For the purpose of the Group's capital management, capital includes issued capital, preference shares, share premium and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value and maintain a surplus of funds.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and business finance requirements. To maintain or adjust the capital structure, the Group issue new shares

The Group calculates the surplus of funds by calculating the net cash position after taking into account its lease liabilities and, trade and other payables. The below table shows the net surplus for the Group and the Group's total capital:

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

5. Capital management – continued

	2024	2023	1 February 2022
	\$000	\$000	\$000
Lease liabilities	(15,274)	(49)	-
Trade and other payables	(13,370)	(17,849)	(14,944)
	(28,644)	(17,898)	(14,944)
Less: Cash and cash equivalent	92,999	144,871	214,469
Net surplus	64,355	126,973	199,525
Total capital	133,410	170,559	226,480

The Group has no loan obligations as 31 January 2024 (31 January 2023 and 1 February 2022: \$nil)

6. Operating loss

The following items have been included in arriving at operating loss:

	Note	2024	2023
		\$000	\$000
Depreciation of property, plant and equipment	13	1,610	998
Depreciation of right-of-use assets	19	1,132	78
Amortisation of intangible assets	12	164	98
Movement in ECL provision			
- Trade receivables	15	(1,493)	1,333
- Contract assets		149	141
Share based payment expense	22	6,607	13,479
Research and development costs	8.1	38,549	32,544

	Note	2024	2023
		\$000	\$000
Fees payable to the Group's auditor for :			
- the audit of the consolidated and company only annual financial statements		764	230
- non audit services		-	-

7. Employee benefit expense

Included in cost of sales and administrative expenses:

	2024	2023
	\$000	\$000
Wages and salaries	82,070	84,155
Social security costs	7,394	6,683
Other pension costs – defined contribution plan	572	457
Share-based payment expense	6,607	13,479
Total employee benefits expense	96,643	104,774

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

	2024	2023
	Number	Number
Support and development	327	295
Sales, Marketing and Delivery	179	247
Administration	64	58
Total employees	570	600

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

7. Employee benefit expense – continued

Directors' remuneration consists of:

	2024	2023
	\$000	\$000
Emoluments	802	619
Benefits	7	6
Payments to defined contribution pension scheme	3	3
Total	812	628

Post-employment benefits are accruing for 2 directors under the Company's defined contribution pension scheme during the year (2023: 2). No directors (2023: None) were members of defined benefit schemes.

None of the directors (2023: none) exercised share options in the Parent's shares during the year.

Emoluments of the highest paid director were \$492k (2023: \$345k). Company pension contributions of \$2k (2023: \$2k) were made to a pension scheme on their behalf.

During the year the highest paid director received 411,251 shares under long-term incentive schemes (2023: \$nil).

Key Management Personnel remuneration consists of:

	2024	2023
	\$000	\$000
Short-term employee benefits	4,187	2,764
Payments to defined contribution pension scheme	8	8
Share based payment expense	3,659	5,680
Total	7,854	8,452

8. Other income and expenses

8.1 Other operating income

During the year ended 31 January 2024, the Group received \$4,511K (31 January 2023: \$nil) in research and development tax credits under the 'Research and Development Tax Credits Scheme.' There are no unfulfilled conditions or contingencies attached to this grant. The research and development tax credits relate to research and development expenses incurred by the Group during the period from February 2021 to December 2022.

8.2 Other (losses)/ gains

	2024	2023
	\$000	\$000
Net foreign exchange (losses)/ gains	(321)	133

9. Finance costs

	Note	2024	2023
		\$000	\$000
Interest on lease liabilities	19.2	684	3
Interest on restoration provision	20	35	-
		719	3

10. Finance income

	2024	2023
	\$000	\$000

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

Interest income on cash and cash equivalents	4,521	1,613
Other interest income	3	-
Total other income	4,524	1,613

11. Income taxes

The major components of income tax expense for the years ended 31 January are:

	2024	2023
	\$000	\$000
Income tax:		
Current income tax charge	-	-
Prior year tax adjustment	-	(306)
Foreign taxation	708	1,111
Total current tax charge/(credit)	708	805

Factors affecting the tax charge for the year:

Reconciliation of tax expense and the accounting loss multiplied by standard rate of corporation tax in the United Kingdom for 2023 and 2024:

	2024	2023
	\$000	\$000
Loss on ordinary activities before taxation	(44,416)	(70,381)
Loss on ordinary activities before taxation multiplied at the standard rate of corporation tax in the UK of 24% (2023 : 19%)	(10,673)	(13,372)
Tax effects of:		
Accelerated depreciation for tax purposes	132	(41)
Expenses not deductible for tax purposes	(661)	1,726
Additional deduction for R&D tax credit	(1,084)	-
Other permanent differences	-	(316)
Adjustment to tax charge in respect of prior periods	-	(306)
Remeasurement of deferred tax for changes in tax rates	(496)	3,554
Foreign taxation	708	1,111
Movement in deferred tax not recognised	12,782	8,449
Total tax charge for the year	708	805

At 31 January 2024, there was a deferred tax asset of \$44,981k (2023: \$34,651k, 1 February 2022: \$18,395k) relating to losses carried forward, which has not been recognised in the financial statements.

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

12. Intangible assets

	Acquired software \$000	Total intangible assets \$000
Cost		
At 1 February 2022	248	248
Additions	365	365
At 31 January 2023	613	613
Additions	14	14
Disposal	(113)	(113)
At 31 January 2024	514	514
Accumulated amortisation		
At 1 February 2022	-	-
Amortisation charge for the year	98	98
At 31 January 2023	98	98
Amortisation charge for the year	164	164
At 31 January 2024	262	262
Net carrying value		
At 31 January 2024	252	252
At 31 January 2023	515	515
At 1 February 2022	248	248

13. Property, plant and equipment

	Leasehold improvement \$000	Fixtures, fittings & equipment \$000	Computer equipment \$000	Total \$000
Cost				
At 1 February 2022	583	701	2,065	3,349
Additions	394	73	954	1,421
Disposals	-	(44)	-	(44)
At 31 January 2023	977	730	3,019	4,726
Additions	4,653	2,117	769	7,539
Disposals	-	-	(7)	(7)
At 31 January 2024	5,630	2,847	3,781	12,258
Accumulated depreciation				
At 1 February 2022	491	572	858	1,921
Depreciation charge for the year	43	136	740	919
Disposals	-	(44)	-	(44)
At 31 January 2023	534	664	1,598	2,796
Depreciation charge for the year	253	358	999	1,610
Disposals	-	-	(7)	(7)
At 31 January 2024	787	1,022	2,590	4,399
Net carrying value				
At 31 January 2024	4,843	1,825	1,191	7,859
At 31 January 2023	443	66	1,421	1,930
At 1 February 2022	92	128	1,207	1,427

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

14. Financial assets and financial liabilities

14.1. Financial assets

		2024	2023	1 February 2022
	Notes	\$000	\$000	\$000
Debt instruments at amortised costs				
Trade receivables	15	16,014	16,699	9,800
Other receivables	15	5,704	3,122	1,622
Cash and cash equivalents		92,999	144,871	214,469
Financial assets	19.1	95	-	-
Total financial assets		114,812	164,692	225,891
Current		114,717	164,692	225,891
Non-current		95	-	-
		114,812	164,692	225,891

Debt instruments at amortised cost include trade receivables, other receivables and security deposits (financial asset).

See Note 14.4 for disclosure of the Group's exposure to credit risk.

14.2 Financial liabilities

		2024	2023	1 February 2022
	Note	\$000	\$000	\$000
Interest-bearing loans and borrowings				
Lease liabilities – current	19	1,327	49	-
Lease liabilities – non-current	19	13,947	-	-
Total interest-bearing loans and borrowings		15,274	49	-

		2024	2023	1 February 2022
	Note	\$000	\$000	\$000
Other financial liabilities at amortised cost, other than interest bearing loans and borrowings				
Trade payables	17	5,795	4,469	4,992
Accruals and other payables	17	5,891	8,472	5,184
		11,686	12,941	10,176
Current		13,013	12,990	10,176
Non-current		13,947	-	-
		26,960	12,990	10,176

All other financial liabilities at amortised cost, other than interest bearing loans and borrowings (i.e. lease liabilities) are current in nature.

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

14. Financial assets and financial liabilities – continued

14.3 Fair value measurement

The fair values of the Group's financial instruments, including financial assets and financial liabilities, approximate their carrying values as of the reporting date. The carrying amounts are a reasonable approximation of fair values due to their short-term nature or the application of market interest rates for similar instruments.

14.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise lease liabilities, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other receivables and short-term deposits that derive directly from its operations as well as cash and cash equivalents.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk. The Group's financial instruments affected by market risk include lease liabilities and cash and cash equivalent.

The fair value of the Group's financial instruments recognised on the balance sheet as of 31 January 2024, 31 January 2023 or 1 February 2022 is not significantly exposed to price risk.

Interest rate risk

The Group has \$nil variable interest bearing loans and borrowings as of 31 January 2024 (2023: \$nil). Further, the Group has no term deposits with financial institutions that earn interest income. Interest income relates to the Group's cash and cash equivalents which are current accounts and short term deposits held with financial institutions.

Accordingly, changes in interest rates would have no significant impact on the fair value of financial instruments recognised on the balance sheet as of 31 January 2024, 31 January 2023 or 1 February 2022.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency – e.g. non USD transactions).

The majority of customers are invoiced, and a portion of the Group's expenses are paid in United States Dollar (USD). However, some customers are invoiced in Pound Sterling (GBP) and the Group has a significant portion of costs in GBP due to employees based in the United Kingdom. As such changes in the USD to GBP exchange rate will impact the monetary assets and liabilities held in GBP at the balance sheet date. The Group's exposure to foreign currency changes for other currencies is not material.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the value of monetary assets and liabilities.

	Change in USD to GBP rate	Effect on loss before tax and Equity \$000
31 January 2024	+2%	(80)
	-2%	80
31 January 2023	+2%	36
	-2%	(36)

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

14. Financial assets and financial liabilities – continued

14.4 Financial instruments risk management objectives and policies – continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that potentially subjected the Group to concentrations of credit risk primarily consist of cash and cash equivalents and trade receivables.

The credit risk on liquid funds is considered to be low, as the Group maintains its cash and cash equivalents with well-established and high-quality financial institutions with investment grade ratings. The Group has no significant concentration of credit risk since the exposure is spread over a number of financial institutions.

In 2023, the Group took steps to further diversify its cash holdings following the difficulties experienced by Silicon Valley Bank, previously one of the Groups principal banking partners.

Trade receivables and contract assets

For trade receivables, the Group is exposed to credit risk in the event of non-payment by customers up to the amounts recorded on the consolidated balance sheet. The Group manages its customer credit risk through ongoing credit evaluation of its customers' financial conditions. The Group has no significant concentration of credit risk since the exposure is spread over a large number of customers.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customers. The calculation reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Group does not hold collateral as security.

The exposure to credit risk on contract assets is similar to that of trade receivables and an impairment assessment of contract assets is also performed at each reporting date to measure expected credit losses.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 January 2024

	Contract assets		Trade receivables					
	Current	Non-Current	Days past due					Total
			Current	<30 days	30–60 days	61–90 days	>91 days	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expected credit loss rate	2%	2%	2%	5%	10%	23%	26%	8%
Estimated total gross carrying amount at risk of default	18,556	4,480	9,216	3,903	597	1,414	2,241	17,371
Expected credit loss	(371)	(90)	(184)	(195)	(60)	(331)	(587)	(1,357)
	18,185	4,390	9,032	3,708	537	1,083	1,654	16,014

31 January 2023

	Contract assets		Trade receivables					
	Current	Non-Current	Days past due					Total
			Current	<30 days	30–60 days	61–90 days	>91 days	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expected credit loss rate	2%	2%	2%	5%	9%	25%	75%	15%
Estimated total gross carrying amount at risk of default	12,944	2,667	8,856	4,429	2,197	1,601	2,466	19,549
Expected credit loss	(259)	(54)	(177)	(221)	(205)	(400)	(1,847)	(2,850)
	12,685	2,613	8,679	4,208	1,992	1,201	619	16,699

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

14. Financial assets and financial liabilities – continued

14.4 Financial instruments risk management objectives and policies – continued

Credit risk - continued

1 February 2022

	Contract assets		Trade receivables					Total
	Current	Non-Current	Days past due					
	\$000	\$000	Current	<30 days	30–60 days	61–90 days	>91 days	
Expected credit loss rate	2%	2%	2%	5%	10%	25%	68%	13%
Estimated total gross carrying amount at risk of default	7,481	1,090	5,857	2,569	664	738	1,489	11,317
Expected credit loss	(150)	(21)	(119)	(128)	(66)	(185)	(1,019)	(1,517)
	7,331	1,069	5,738	2,441	598	553	470	9,800

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures that the Group has sufficient cash and cash equivalents to allow it to settle all obligation as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 January 2024	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Lease liabilities	-	1,327	8,565	11,487	21,379
Trade and other payables	5,857	-	-	-	5,857
Accruals	5,828	-	-	-	5,828
	11,685	1,327	8,565	11,487	33,064

As at 31 January 2023	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Lease liabilities	22	26	-	-	48
Trade and other payables	4,505	-	-	-	4,505
Accruals	8,436	-	-	-	8,436
	12,963	26	-	-	12,989

As at 1 February 2022	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Trade and other payables	5,413	-	-	-	5,413
Accruals	4,763	-	-	-	4,763
	10,176	-	-	-	10,176

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

15. Trade and other receivables

	2024	2023	1 February 2022
	\$000	\$000	\$000
Amounts due falling within one year:			
Receivables from third-party customers	17,371	19,549	11,317
Allowance for expected credit losses	(1,357)	(2,850)	(1,517)
	16,014	16,699	9,800
Other receivables	5,704	3,122	1,622
Prepayments	8,807	7,449	4,470
	14,511	10,571	6,092
Trade and other receivables – current	30,525	27,270	15,892
Amounts falling due after more than one year:			
Total trade and other receivables – non-current	125	3,455	3,444

Trade receivables are non-interest bearing and are generally subject to net 30-day payment terms.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024	2023
	\$000	\$000
As at 1 February	2,850	1,517
(Reversal) / Charge during the year	(1,493)	1,333
As at 31 January	1,357	2,850

16. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023	1 February 2022
	\$000	\$000	\$000
Cash at banks and on hand	92,999	144,871	214,469

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

17. Trade and other payables

	2024	2023	1 February 2022
	\$000	\$000	\$000
Trade payables	5,795	4,469	4,992
Other taxation and social security	1,685	4,908	4,768
Accruals	5,828	8,436	4,763
Other payables	62	36	421
	13,370	17,849	14,944
Current	13,245	14,394	11,500
Non-current	125	3,455	3,444
	13,370	17,849	14,944

Trade payables and other payables are non-interest bearing and are normally settled in 30 to 60 days.

For explanations on the Group's liquidity risk management processes, refer to Note 14.4.

18. Issued capital and reserves

The amounts of share capital disclosed in the table below are presented rounded to the nearest whole number:

	2024	2023	1 February 2022
	\$	\$	\$
Allotted, called up and fully paid			
"A" Ordinary shares of £0.0001 each	976	748	674
"B" Ordinary shares of £0.0001 each	803	803	803
"C" Ordinary shares of £0.0001 each	491	491	491
"Series B1" Non- Redeemable Preference shares of £0.0001 each	1,659	1,659	1,659
"Series B2" Non- Redeemable Preference shares of £0.0001 each	105	105	105
"Series C" Non- Redeemable Preference shares of £0.0001 each	1,676	1,676	1,676
"Series D" Non- Redeemable Preference Shares of £0.0001 each	1,239	1,239	1,239
"Series E" Non- Redeemable Preference Shares of £0.0001 each	1,160	1,160	1,160
Growth shares of £0.0001 each	625	-	-
Deferred shares of £0.0001 each	321	321	321
	9,055	8,202	8,128

18.1 Share Premium

	2024	2023	1 February 2022
	\$000	\$000	\$000
"A" Ordinary Shares Premium	7,588	6,232	5,422
"B" Ordinary Shares Premium	119	119	119
"Series B1" Non- Redeemable Preference Shares Premium	16,700	16,700	16,700
"Series B2" Non- Redeemable Preference Shares Premium	1,238	1,238	1,238
"Series C" Non- Redeemable Preference Shares Premium	35,830	35,830	35,830
"Series D" Non- Redeemable Preference Shares Premium	79,847	79,847	79,847
"Series E" Non- Redeemable Preference Shares Premium	150,648	150,636	149,660
	291,969	290,602	288,816

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

18. Issued capital and reserves - continued

18.1 Share Premium - continued

Full voting and dividend rights apply to all classes of Ordinary shares, save in respect of a preferred dividend pursuant to article 4.2 of the Company's articles of association and except that shareholder of exclusively A Ordinary shares holding less than 1% of the total share capital do not have voting rights. The shares do not confer any rights of redemption.

The B1 and C Preference shares have full voting and dividend rights, with a right to receive a preferred dividend pursuant to article 4.2 of the Company's articles of association together with such rights on a distribution of assets on a liquidation or a return of capital and on an exit as set out in articles 5 and 6 of the Company's articles of association. The B1 and C Preference shares are not redeemable.

The B2 Preference shares have full voting and dividend rights, excluding any right to receive a preferred dividend pursuant to article 4.2 of the Company's articles of association together with such rights on a distribution of assets on a liquidation or a return of capital and on an exit as set out in articles 5 and 6 of the Company's articles of association. The B2 Preference shares are not redeemable.

The deferred shares have no voting or dividend rights together with such rights on a distribution of assets on a liquidation or a return of capital and on an exit as set out in articles 5 and 6 of the Company's articles of association. The deferred shares are redeemable.

Growth shares are a distinct class of shares. The Growth Shares have no voting rights and are not redeemable. The A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares, and the Growth Shares shall rank pari passu in all respects.

The below shows the movement in the issued and fully paid shares for the reporting dates:

	2024	2024	2023	2023
	Shares		Shares	
	Thousands	\$000	Thousands	\$000
At 1 February	57,471	8	56,812	8
Share issued during the year	6,715	1	659	-
At 31 January	64,186	9	57,471	8

The below shows the movement in the share premium account for the reporting dates:

	2024	2023
	\$000	\$000
At 1 February	290,602	288,816
Share issued during the year	1,367	1,786
At 31 January	291,969	290,602

Information relating to the Group's share-based payment plans, including details of share-based payment awards issued, exercised and forfeited during the financial year and share-based payment awards outstanding at the end of the reporting period, is set out in Note 20.

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

19. Leases**Group as a lessee**

The Group has lease contracts for office premises. The non-cancellable lease period of the Group leases is between 5 and 11 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the Group lease contracts include extension and termination options which are further discussed below.

As at 1 February 2022, the Group had an office lease with term of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for this lease.

19.1 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office premises	Total
	\$000	\$000
At 1 February 2022	-	-
Additions	141	141
Depreciation for the year	(78)	(78)
At 31 January 2023	63	63
Additions	15,821	15,821
Depreciation for the year	(1,132)	(1,132)
At 31 January 2024	14,752	14,752

The Group has provided a security deposit of \$165k (2023: \$nil) related to its office premises lease. This has been recognised as a non-current asset with an amortised carrying value of \$80k (2023: \$nil).

19.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Office premises	Total
	\$000	\$000
At 1 February 2022	-	-
Additions	141	141
Interest accrual	3	3
Repayment of principal	(84)	(84)
Interest paid	(3)	(3)
Exchange differences	(8)	(8)
At 31 January 2023	49	49
Additions	14,449	14,449
Interest accrual	684	684
Repayment of principal	(48)	(48)
Interest paid	(1)	(1)
Exchange differences	141	141
At 31 January 2024	15,274	15,274
	2024	2023
	\$000	\$000
Current	1,327	49
Non-current	13,947	-
	15,274	49

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

19. Leases – continued

The maturity analysis of lease liabilities and the movements during the year are disclosed in Note 13.4.

The following are the amounts recognised in consolidated statements of profit or loss:

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	1,132	78
Interest expense on lease liabilities	684	3
Expense relating to short-term leases (included in administrative expenses)	-	48
Total amount recognised in the consolidated statements of comprehensive income	1,816	129

The Group lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 3).

As of 31 January 2024 (31 January 2023: same), the Group's lease liabilities and right-of use assets do not include the impact of extension options as management is not reasonably certain to exercise the extension options. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease term:

At 31 January 2024	Within five years \$000	More than five years \$000	Total \$000
Extension options expected not to be exercised	-	24,978	24,978

20. Provisions

The Group has recognised a provision for the estimated restoration costs of the office lease, reflecting the liability for returning the building to its original condition at the end of the lease term.

The following table shows the movement in the provision for restoration costs:

	2024
	\$000
At 1 February	-
Additions	980
Interest	35
Exchange movement	22
At 31 January	1,037

21. Pensions and other post-employment benefit plans

The Group's member companies operate insured defined contribution pension schemes for the benefit of employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The total expense charged to the consolidated statements of profit and loss for the years ended 31 January 2024 is \$572k (2023: \$457k).

22. Share-based payments

Matillion operates three types of share-based payment arrangements under which awards (collectively referred to as the "Awards") are issued to Group employees. The details of these Awards are summarised below:

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

22. Share-based payments – continued

Growth Share Subscription Agreement ("Growth Shares")

The Group operates a management Growth Share incentive plan. Growth Shares represent a distinct class of shares that differ from ordinary shares and have no voting rights. All Growth Shares are issued/allotted at nominal value with no expiry date. These Shares typically vest over a four-year period in scheduled tranches, contingent upon the satisfaction of service related vesting conditions. Further, the Growth Shares are subject to a hurdle price. In the event of a holder of Growth Shares leaving the Group, unvested Growth Shares will be either cancelled or converted to Deferred Shares. Upon the sale of Growth Shares, the shareholder will benefit from the difference between the sale consideration received for the Growth Shares and the hurdle value.

Matillion has also granted Growth Shares to the leadership team, some of which are subject to additional market-based and non-market-based performance conditions. Certain of these awards vest immediately upon the satisfaction of performance conditions, while others vest in scheduled tranches following satisfaction of the performance conditions.

There are no cash settlement alternatives in relation to the Growth Shares and the Group accounts for the Growth Shares as an equity-settled plan.

Company Share Option Plan ("CSOP")

The Group operates share-based payment schemes (EMI, ISO, CSOP, Unapproved) for its employees. All employees are granted share options in the Company as part of the all-employee share scheme. The options are granted with a fixed exercise price, vest over a four-year period in different tranches, are exercisable once vested and expire ten years after the date of grant. Employees are required to remain in employment with the group for at least one year after the grant date at which point 25% of the options granted vest; otherwise the awards lapse. After the first tranche, the remaining tranches vest monthly over the following three years. On exercise of the options by the employees, the Company issues new shares.

There are no cash settlement alternatives in relation to the schemes and the Group accounts for the schemes as equity-settled plans.

Data Productivity Cloud ("DPC") Options

In the year ended 31 January 2023, Matillion awarded certain employees a bonus to acknowledge their contributions to the delivery of the Data Productivity Cloud product. The bonus consists of two components: a) a 50% cash payment, and b) the issuance of share options amounting to 50% of the bonus. The bonus amount was calculated based on the base salary earned during a specified period. Upon the issuance of the DPC award, 50% of the granted options vest immediately, with the remaining 50% vesting 12 months after the grant/award date. There are no cash settlement alternatives in relation to the options and as such these are accounted for as equity-settled arrangements. The cash bonus was paid to employees in the month following the issuance of the award.

The expense recognised for employee services received during the year is shown in the following table:

	2024	2023
	\$000	\$000
Expense arising from equity-settled share-based payment transactions	6,607	13,479

Movements during the year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options and Growth Shares during the year:

	2024	2024	2023	2023
	Number	WAEP	Number	WAEP
Outstanding at 1 February	15,233,075	\$3.75	11,632,769	\$3.35
Granted during the year	3,518,756	\$2.08	5,837,549	\$4.66
Forfeited during the year	(3,204,411)	\$5.26	(1,635,658)	\$5.21
Exercised during the year	(1,804,805)	\$0.76	(601,585)	\$1.31
Outstanding at 31 January	13,742,615	\$3.73	15,233,075	\$3.36

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

22. Share-based payments – continued

The total number of awards fully vested at year-end was 8,978,020 (2023: 6,582,759). Of these, 912,500 awards (2023: 1,784,533) are not capable of exercise under the terms of the EMI scheme, and 109,500 awards (2023: 109,500) unapproved options are also not capable of exercise.

The weighted average remaining contractual life for the Awards outstanding as at 31 January 2024 was 7.4 years (2023: 8 years).

The weighted average fair value of options granted during the year was \$2.47 (2023: \$3.83).

The range of exercise prices for Awards exercised during the year was \$0.03 to \$8.40 (2023: \$0.58 to \$8.25).

The range of exercise prices for Awards outstanding at the end of the year was \$0.03 to \$8.40 (2023: \$0.03 to \$8.25).

The following tables list the inputs to the models used for the three plans for the years ended 31 January 2024 and 2023, respectively:

	2024	2023
Dividend yield (%)	0.0	0.0
Expected volatility (%)	57	59
Risk-free interest rate (%)	4.70	2.82
Expected life of share options/Growth Shares (years)	4	3-4
Weighted average share value (\$)	5.40	7.51
Model used	Black-Scholes-Merton	

The expected volatility used was based upon an analysis of the historical volatility assumptions of comparative public companies and factors specific to Matillion over a period three years prior to its date of grant. The risk-free interest rate was based on the yields available on UK government bonds.

To determine the share price at the date of grant, the Group has used a 409A valuation performed by an external consultant. The external consultant utilised the OPM Backsolve approach to estimate the implied total equity value of the Group. This method allows for the allocation of a company's equity value among the various equity capital owners (preferred and common shareholder). The OPM uses the preferred shareholders' liquidation preferences, participation rights, dividend policy, and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date. Under this method, an OPM allocation model was built based on the Company's capital structure and reasonable option model inputs (term, volatility, etc.).

During the year, Matillion issued certain Growth Share awards to senior executives with market-related conditions. The fair value of these Growth Shares, with market-related performance conditions, is calculated using the Monte Carlo simulation model, with inputs aligned to the award terms and conditions. Management has estimated the expected life of the award to be 3 years, with a risk-free interest rate of 3.9% (UK government bond zero-coupon yield) and 4.05% (US government bond zero-coupon yield). Other inputs are the same as those outlined in the table above. The total expense for these awards is not material.

During the year, Matillion replaced its CSOP awards with Growth Share awards for certain staff members. The replacement awards were issued under the same terms and conditions as the original CSOP awards. Consequently, this modification did not result in any incremental increase in the fair value of the awards at the date of replacement. Therefore, no additional share-based payment expense was recognised in the income statement due to this modification.

During the year replacement awards were issued, whereby certain CSOP awards were cancelled and replaced with Growth Shares. There was no incremental fair value in relation to the replacement awards issued in the year ended 31 . During the prior year, certain CSOP awards were replaced with revised awards issued at a lower exercise price compared to the original awards. As a result, management calculated the incremental fair value of the replacement awards and recognised this incremental expense over the remaining vesting period of the replacement awards. The share-based payment charge for the current financial year includes an incremental expense of \$133k (FY 2023: \$185k) related to the replacement awards issued during FY 2023.

23. Group information

Matillion Limited is owned by a number of private shareholders and investment funds, none of whom own more than 20% of the issued share capital of the company. Accordingly, there is no Parent entity nor ultimate controlling party.

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

23. Group information – continued

The table below shows the Company's subsidiaries:

Entity	Principal activities	Country of incorporation	Address	2024	2023	1 February 2022
				Holdings	Holdings	Holdings
Matillion (USA) Inc	Provision of sales and marketing services	United States of America	675 15th Street, Floor 21 Denver, CO 80202, United States of America	100%	100%	100%
Matillion Spain S.L.	Dormant entity	Spain	Paseo de la Castellana 77, Suite 06.105 Madrid, 28046, Spain	100%	Nil	Nil

24. First-time adoption of IFRS

These consolidated financial statements, for the year ended 31 January 2024, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 January 2023, the Group prepared its consolidated financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102" or "UK GAAP").

The Group has prepared financial statements that comply with IFRS applicable as at 31 January 2024, together with the comparative period data for the period ended 31 January 2023, as described in the summary of accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 February 2022, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its FRS 102 financial statements, including the statement of financial position as at 1 February 2022 and the financial statements as of, and for, the year ended 31 January 2023.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- The Group has elected to apply the IFRS 1 exemption in relation to IAS 21 The Effects of Changes in Foreign Exchange Rates, and as such, has deemed the cumulative currency translation differences to be zero as at 1 February 2022.
- The Group has elected to apply the IFRS 16: Leases recognition exemption relating to leases with a remaining term of twelve months or less at the transition date. As such, these leases are accounted for as short-term leases with the associated remaining lease payments expensed on a straight-line basis over the remaining lease term.
- The estimates at 1 February 2022 and at 31 January 2023 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 February 2022, the date of transition to IFRS, and as at 31 January 2023.
- The Group will not restate completed revenue contracts with customers that began and ended within the same annual reporting period i.e. financial year 2023; or are completed prior to the transition date of 1 February 2022. The Group will also not restate contracts that were modified prior to 1 February 2022.

Management has decided not to take the exemption available under IFRS 1 with regards to IFRS 2: 'Share-based Payment' and has been applied the provisions of IFRS 2 retrospectively.

Group reconciliation of equity

In preparing the consolidated financial statements for the year ended 31 January 2024, management identified certain errors in the balances reported for the years ended 31 January 2023 and 31 January 2022. These errors relate to the

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

24. First-time adoption of IFRS – continued

recognition of revenue and the allocation of proceeds from the issuance of share capital. Prior period errors are further explained in Notes 24.1 and 24.2.

The changes in the consolidated statement of financial position and consolidated statement of comprehensive income due to the restatement and the transition from UK GAAP to IFRS are presented below. The 'restatement' column presents the changes as a result of prior period errors, and the 'IFRS reclassification and remeasurements' column presents the changes as a result of the transition to IFRS.

Consolidated Statement of Financial Position UK GAAP to IFRS Conversion

As at 1 February 2022

Notes	As originally reported under UK GAAP \$000	IFRS reclassification and remeasurements \$000	As reported under IFRS \$000
Non-current assets			
Intangible assets	248	-	248
Property, plant and equipment	1,427	-	1,427
Contract assets	24.3 -	1,069	1,069
Trade and other receivables	24.7 -	3,444	3,444
Total non-current assets	1,675	4,513	6,188
Current assets			
Contract assets	24.3 -	7,331	7,331
Trade and other receivables	24.1, 24.3 28,699	(12,807)	15,892
Cash and cash equivalents	214,469	-	214,469
	243,168	(5,476)	237,692
Total assets	244,843	(963)	243,880
Current liabilities			
Trade and other payables	24.1, 24.3 13,564	(2,064)	11,500
Contract liabilities	24.3 -	2,005	2,005
	13,564	(59)	13,505
Non-current liabilities			
Trade and other payables	23.1, 24.3 4,317	(873)	3,444
Contract liabilities	24.3 -	451	451
	4,317	(422)	3,895
Net assets	226,962	(482)	226,480
Equity			
Called up share capital	24.2 8	-	8
Share premium	24.2 288,816	-	288,816
Share based payment reserve	24.4 8,585	5,116	13,701
Foreign currency translation reserve	24.5 (1,165)	1,165	-
Accumulated deficit	24.1, 24.3 (69,282)	(6,763)	(76,045)
Equity attributable to equity holders of the Parent	226,962	(482)	226,480

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

24. First-time adoption of IFRS – continued

Consolidated Statement of Financial Position UK GAAP to IFRS Conversion

As at 31 January 2023

	Notes	As originally reported under UK GAAP \$000	Restatement	IFRS reclassification and remeasurement \$000	As reported under IFRS \$000
Non-current assets					
Intangible assets		515	-	-	515
Property, plant and equipment		1,930	-	-	1,930
Right-of-use assets	24.6	-	-	63	63
Contract assets	24.3	-	-	2,613	2,613
Trade and other receivables	24.7	-	-	3,455	3,455
Total non-current assets		2,445	-	6,131	8,576
Current assets					
Contract assets	24.3	-	-	12,685	12,685
Trade and other receivables	24.1, 24.3	49,201	(4,248)	(17,683)	27,270
Cash and cash equivalents		144,871	-	-	144,871
		194,072	(4,248)	(4,998)	184,826
Total assets		196,517	(4,248)	1,133	193,402
Current liabilities					
Trade and other payables	24.1, 24.3	19,719	(968)	(4,357)	14,394
Contract liabilities	24.3	-	-	3,876	3,876
Lease liabilities	24.6	-	-	49	49
		19,719	(968)	(432)	18,319
Non-current liabilities					
Trade and other payables	24.1, 24.3	4,866	(342)	(1,069)	3,455
Contract liabilities	24.3	-	-	1,069	1,069
		4,866	(342)	-	4,524
Net assets		171,932	(2,938)	1,565	170,559
Equity					
Called up share capital	24.2	8	-	-	8
Share premium	24.2	290,602	-	-	290,602
Share based payment reserve	24.4	16,174	-	10,164	26,338
Foreign currency translation reserve	24.5	(1,165)	-	1,165	-
Accumulated deficit	24.1, 24.3	(133,687)	(2,938)	(9,764)	(146,389)
Equity attributable to equity holders of the Parent		171,932	(2,938)	1,565	170,559

Consolidated financial statements of Matillion Limited
Notes to the consolidated financial statements

24. First-time adoption of IFRS – continued

Consolidated Statement of Comprehensive Income UK GAAP to IFRS Conversion

For the year ended 31 January 2023

	Notes	As originally reported under UK GAAP	Restatement	IFRS reclassification and remeasurement	As reported under IFRS
		\$000		\$000	\$000
Revenue	24.1	84,040	(2,409)	-	81,631
Cost of sales		(14,063)	-	-	(14,063)
Gross profit		69,977	(2,409)	-	67,568
Administrative expenses	24.1, 24.3, 24.6-7	(136,158)	(529)	(3,005)	(139,692)
Operating loss		(66,181)	(2,938)	(3,005)	(72,124)
Other income	24.6	126	-	7	133
Finance income		1,613	-	-	1,613
Finance costs	24.6	-	-	(3)	(3)
Loss before tax		(64,442)	(2,938)	(3,001)	(70,381)
Income tax expense		(805)	-	-	(805)
Loss for the financial year		(65,247)	(2,938)	(3,001)	(71,186)

Restatement

The following notes provide an explanation of the correction of errors, changes made and their impact on the consolidated financial statements for the year 31 January 2023.

24.1 Revenue, administrative expenses and contract balances

During the year ended 31 January 2024, management conducted an internal review of the Group's contract balances and identified certain issues which were principally caused by ineffective design and operating effectiveness of certain internal controls and incorrect data migration during a change in accounting software. These adjustments impacted the Group's contract balances and have impacted the Group's reported loss for the year ended 31 January 2023.

Based on above, the balances for trade and other receivables, trade and other payables, accumulated deficit, revenue and administrative expenses have been restated.

24.2 Called up share capital and share premium

During the year ended 31 January 2022, Matillion Limited issued 'Series D' and 'Series E' ordinary shares. The proceeds were initially recorded in the account for called-up share capital and share premium of 'Series A' ordinary shares. An adjustment of \$25k has since been made to correctly reallocate the proceeds to reflect the issuance of 'Series D' and 'Series E' shares.

Based on the above, the previously reported balances for issued share capital and share premium have been corrected. The Group considers these adjustments immaterial and as a result has not disclosed them separately as restatements in the tables above. The adjustments have no impact on the total equity of the Group.

24.3 Contract assets and liabilities

In accordance with IFRS 15: Revenue from Contracts with Customers, contract assets and contract liabilities are presented on the statement of financial position. As a result, the balance of contract asset and liabilities has been reclassified from trade and other receivables to contract assets and from trade and other payables to contract liabilities to comply with IFRS requirements. These reclassified balances pertain to accrued income (for contract assets) and deferred income (for contract liabilities).

Consolidated financial statements of Matillion Limited

Notes to the consolidated financial statements

24. First-time adoption of IFRS – continued

Notes to the reconciliation of equity as at 1 February 2022 and 31 January 2023 and total comprehensive loss attributable to equity holders of the Parent for the year ended 31 January 2023

24.4 Share based payment reserve

Under FRS 102, the Group recognised share-based payment expense on a straight-line basis over the awards' vesting period. The Group's share-based payment awards vest in instalments over the vesting period. Accordingly, the share-based payment charge has been recalculated in compliance with IFRS 2 requirements by treating each instalment as a separate share-based payment grant and recording the related expense over the vesting period for the relevant instalment.

24.5 Foreign currency translation reserve

Under FRS 102, the Group recognised translation differences on foreign operations and the impact of change of presentation currency in a separate component of equity. Cumulative currency translation differences are deemed to be zero as at 1 February 2022.

24.6 Right-of-use assets and lease liabilities

The Group has recognised the Right-of-Use Assets (ROUA) and lease liability in accordance with IFRS 16 for the Group's office lease arrangement. The ROUA is depreciated over its respective lease term. The conversion adjustment reflects the ROUA's carrying value and lease liability outstanding balance as of the reporting date.

Under IFRS, the Group initially measures its lease liabilities at the present value of the lease payments, discounted using the lessee's incremental borrowing rate. The Group subsequently measures its lease liabilities using the amortised cost method by recognising the interest expense on the lease as a finance costs and lease repayment as a reduction on the lease liabilities. The Group has recognised an exchange rate difference of \$8k on lease liabilities.

24.7 Trade and other receivables

Management has identified non-current balances related to other receivables amounting to \$3,455k for FY 2023 (1 February 2022: \$3,444k), which have been reclassified from current trade and other receivables to non-current trade and other receivables. Furthermore, the Group has calculated the expected credit losses for trade receivables as per the IFRS requirements and recognised a decrease in the ECL provision by \$1,333k for FY 2023 (1 February 2022: an increase in the ECL provision by \$1,063k). Additionally, the Group has calculated the expected credit losses for contract assets as per the IFRS requirements and recognised an ECL provision of \$312k for FY 2023 (1 February 2022: \$171k).

25. Related parties

Note 23 provides information about the Group's structure, including details of the subsidiaries.

The Group's related parties are its subsidiary undertakings and its key management personnel, which comprises the Group's Executive Leadership Team members, the Non-executive Directors and any other company controlled by the Group's Directors.

During the period, the Group received directorial services from a company controlled by a director, Brian Gentile which totalled \$80k (2023: \$60k).

YFM Equity Partners earned a monitoring fee, on behalf of Series A investors, of \$50k (2023: \$49k).

26. Ultimate controlling party

Matillion Limited does not have an ultimate Parent company. The share capital of the Company is held by multiple individual shareholders, and no single entity or individual holds a controlling interest.

Company financial statements of Matillion Limited


**Company Statement of Financial Position
As at 31 January 2024**

	Notes	2024 \$000	2023 \$000
Non-current assets			
Intangible assets	C5	252	515
Property, plant and equipment	C6	5,369	1,206
Investments	C7	4	-
Financial asset		13	-
Right-of-use assets	C13	6,884	63
Contract assets	C9	4,390	2,613
Trade and other receivables	C8	125	3,455
Total non-current assets		17,037	7,852
Current assets			
Contract assets	C9	18,185	12,685
Income tax receivable		-	256
Trade and other receivables	C8	29,805	26,170
Cash and cash equivalents	C10	90,406	141,906
Total current assets		138,396	181,017
Total assets		155,433	188,869
Current liabilities			
Trade and other payables	C11	30,248	26,348
Income tax liabilities		27	-
Contract liabilities	C9	4,271	3,876
Lease liabilities	C13	592	49
Total current liabilities		35,138	30,273
Non-current liabilities			
Trade and other payables	C11	125	3,455
Contract liabilities	C9	1,542	1,069
Lease liabilities	C13	6,118	-
Provisions	C14	1,037	-
Total non-current liabilities		8,822	4,524
Net assets		111,473	154,072
Equity			
Called up share capital	C12	9	8
Share premium	C12	291,969	290,602
Share based payment reserve	C15	31,429	26,338
Accumulated deficit		(211,934)	(162,876)
Total equity		111,473	154,072

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting its individual income statement and related notes. The Company loss for the year ended 31 January 2024 was \$50,574k (Loss for the year ended 31 January 2023: \$78,388k).

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 55 to 69 were approved by the Board of Directors on 18 December 2024 and signed on its behalf by Matthew Scullion

DocuSigned by:

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 Director

Company financial statements of Matillion Limited

Company Statement of Changes in Equity
for the year ended 31 January 2024

	Notes	Called-up share capital \$000	Share premium \$000	Share based payment reserve \$000	Accumulated deficit \$000	Total equity \$000
At 1 February 2023		8	290,602	26,338	(162,876)	154,072
Loss for the year and total comprehensive loss		-	-	-	(50,574)	(50,574)
Issue of share capital	C12	1	1,367	-	-	1,368
Share based payments	C7, C15	-	-	6,607	-	6,607
Exercise of share based payment awards		-	-	(1,516)	1,516	-
As at 31 January 2024		9	291,969	31,429	(211,934)	111,473

Company Statement of Changes in Equity
for the year ended 31 January 2023

	Notes	Called-up share capital \$000	Share premium \$000	Share based payment reserve \$000	Accumulated deficit \$000	Total equity \$000
As at 1 February 2022		8	288,816	13,701	(85,330)	217,195
Loss for the year and total comprehensive loss		-	-	-	(78,388)	(78,388)
Issue of share capital	C12	-	1,786	-	-	1,786
Share based payments	C7, C15	-	-	13,479	-	13,479
Exercise of options		-	-	(842)	842	-
At 31 January 2023		8	290,602	26,338	(162,876)	154,072

The accompanying notes are an integral part of these financial statements.

Company financial statements of Matillion Limited

Notes to the company financial statements

C1. Basis of preparation

The separate financial statements of Matillion Limited ("the Company" or Matillion") are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") Application of Financial Reporting Requirements issued by the Financial Reporting Council (FRC). Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

For all periods up to and including the year ended 31 January 2023, the Company has historically prepared its financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102" or "UK GAAP"). These Company financial statements for the year ended 31 January 2024, are the first the Company has prepared in accordance with FRS 101. Refer to Note C16 for information on how the Company adopted FRS 101. The accounting principles set out below, unless stated otherwise, have been applied consistently for all periods presented in the financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes
- an opening Statement of Financial Position as at the date of transition (1 February 2022) to FRS 101
- a Statement of Financial Position as at the beginning of the preceding period when an entity makes a retrospective restatement of items in its financial statements
- comparative period reconciliations for property plant equipment and intangible assets
- disclosures in respect of transactions with wholly owned subsidiaries
- disclosures in respect of capital management
- disclosures in respect of the compensation of Key Management Personnel
- the effects of new, but not yet effective accounting standards
- certain disclosures required by IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) in respect of disaggregation of revenue and performance obligations

As the consolidated financial statements of Matillion Limited include the equivalent disclosure, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- disclosures in respect of the share-based payment transactions
- disclosures required by IFRS 7 'Financial Instruments: Disclosures' (IFRS 7).

The financial statements have been prepared on a going concern basis (Note 2.3 in the Consolidated Financial statements) under the historical cost convention. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. For further details, see Note 3 in the Consolidated Financial Statements.

The Company's Financial Statements are presented in United States (US) dollars, which is the Company's functional currency. All values are rounded to the nearest whole number except when otherwise indicated.

C2. Summary of accounting policies

The Company has applied consistent accounting policies, as summarised in Note 2.4 of the Group's consolidated financial statements, except as detailed below.

C2.1 Investments in subsidiary undertakings

Investments included in non-current assets are investments in subsidiary companies and these are held at historical cost less accumulated impairments. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Company financial statements of Matillion Limited
Notes to the company financial statements

C3 Employee benefit expense

The Company's aggregate payroll costs were as follows:

	2024	2023
	\$000	\$000
Wages and salaries	44,927	38,772
Social security costs	5,531	5,042
Other pension costs – defined contribution plan	572	457
Share-based payment expense	3,251	8,298
Total employee benefits expense	54,281	52,569

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

	2024	2023
	Number	Number
Support and development	291	259
Sales, Marketing and Delivery	53	60
Administration	49	45
Total employees	393	364

C3.1 Directors' Remuneration

The remuneration of Executive Directors for both the Company and Group is disclosed in Note 7 of the consolidated financial statements.

C4 Auditor's Remuneration

The audit fee payable in relation to the audit of the consolidated and company financial statements is \$764k (31 January 2023: \$230k) Fees payable to the Company's auditor for audit-related assurance services and other non-audit services were \$nil (2023: \$nil).

C5 Intangible assets

	Acquired software	Total intangible assets
	\$000	\$000
Cost		
At 31 January 2023	613	613
Additions	14	14
Disposal	(113)	(113)
At 31 January 2024	514	514
Accumulated amortisation		
At 31 January 2023	98	98
Amortisation charge for the year	164	164
At 31 January 2024	262	262
Net carrying value		
At 31 January 2024	252	252
At 31 January 2023	515	515

Company financial statements of Matillion Limited
Notes to the company financial statements

C6 Property, plant and equipment

	Leasehold improvement	Fixtures, fittings & equipment	Computer equipment	Total
	\$000	\$000	\$000	\$000
Cost				
At 31 January 2023	718	604	2,146	3,468
Additions	3,536	1,027	660	5,223
Disposals	-	-	(7)	(7)
At 31 January 2024	4,254	1,631	2,799	8,684
Accumulated depreciation				
At 31 January 2023	534	567	1,161	2,262
Depreciation charge for the year	166	164	730	1,060
Disposals	-	-	(7)	(7)
At 31 January 2024	700	731	1,884	3,315
Net carrying value				
At 31 January 2024	3,554	900	915	5,369
At 31 January 2023	184	37	985	1,206

Company financial statements of Matillion Limited
Notes to the company financial statements

C7 Investments – subsidiary undertakings

In the Company's financial statements, all investments in subsidiary undertakings are stated at cost less accumulated impairment. The Company has issued share-based payment awards to employees of the Group undertakings, which are settled in the Company's own equity instruments. The Company has recognised the charge for these share-based payment awards issued to the Group undertaking employees as an increase in the cost of the investment. The share-based payment charge is calculated in accordance with the requirements of IFRS 2. The subsidiary does not pay for the share options issued by the Company to the subsidiary's employees. Contributions in respect of share-based payments are recognised in line with the details set out in Note C15 'Share-based payments'.

	2024	2023
Note	\$000	\$000
Cost		
At 1 February	11,032	5,851
Additions	4	-
Capital contributions arising from share-based payments	C15 3,356	5,181
At 31 January	14,392	11,032
Accumulated Impairment		
At 1 February	11,032	5,851
Impairment charged for the year	3,356	5,181
At 31 January	14,388	11,032
Net carrying value		
At 31 January	4	-

During 2024, the Company acquired a new dormant entity in Spain for cash consideration. The newly acquired entity is not currently involved in any business activities. Note 22 of the consolidated financial statements provide details of the Company's investments in subsidiary undertakings.

Following management's annual impairment review, the Company recognised an impairment loss of \$3,356k (2023: \$5,181k) related to its investment in Matillion Inc. This impairment loss has been recognised following an increase in the cost of the investment due to the Company's capital contributions to Matillion Inc. arising from share-based payments settled by the Company on behalf of its subsidiary. An impairment charge has been allocated to Matillion Inc. to reflect the increase in cost of the investment arising from the capital contributions.

C8 Trade and other receivables

	2024	2023
	\$000	\$000
Amounts due falling within one year:		
Receivables from third-party customers	17,371	19,549
Allowance for expected credit losses	(1,357)	(2,850)
	16,014	16,699
Other receivables	5,701	2,758
Prepayments	8,090	6,713
	13,791	9,471
Trade and other receivables – current	29,805	26,170
Amounts falling due after more than one year:		
Total trade and other receivables – non-current	125	3,455

Company financial statements of Matillion Limited
Notes to the company financial statements

C8 Trade and other receivables – Continued

Trade receivables are non-interest bearing and are generally subject to net 30-day payment term.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024	2023
	\$000	\$000
As at 1 February	2,850	1,517
(Reversal) / Charge during the year	(1,493)	1,333
As at 31 January	1,357	2,850

C9 Contract balances

The Company has recognised the following assets and liabilities related to contracts with customers:

	2024	2023
	\$000	\$000
Contract assets	22,575	15,298
Contract liabilities	5,813	4,945
Contract assets		
Current	18,185	12,685
Non-current	4,390	2,613
Contract liabilities		
Current	4,271	3,876
Non-current	1,542	1,069

A contract asset is recognised when revenue earned from a customer contract exceeds the amounts billed or receivable, particularly in cases where recurring billing under fixed-term contracts results in timing differences between the invoiced amounts and the recognised revenue. As such, the balances of this account vary and depend on the number of ongoing software subscriptions at the end of the year under which the software license has been delivered to the customer and the timing of invoicing in line with the contract terms.

Set out below is the movement in the allowance for expected credit losses of contract assets:

	2024	2023
	\$000	\$000
As at 1 February	312	171
Charge during the year	149	141
As at 31 January	461	312

Contract liabilities include the transaction price allocated to support services or professional services within ongoing contracts where amounts have been billed but the associated services have not yet been delivered.

C10 Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Company financial statements of Matillion Limited
Notes to the company financial statements

C10 Cash and cash equivalents – continued

	2024	2023
	\$000	\$000
Cash and cash equivalents	90,406	141,906

C11 Trade and other payables

	2024	2023
	\$000	\$000
Trade payables	5,570	4,133
Amounts owed to the Group undertaking	18,856	14,995
Other taxation and social security	1,685	4,942
Accruals	4,200	5,698
Other payables	62	35
	30,373	29,803
Current	30,248	26,348
Non-current	125	3,455
	30,373	29,803

Trade payables and other payables are non-interest bearing and are normally settled in 30 to 60 days.

C12 Issued capital and reserves

The amounts of share capital disclosed in the table below are presented rounded to the nearest whole number:

	2024	2023
	\$	\$
Allotted, called up and fully paid		
"A" Ordinary shares of £0.0001 each	976	748
"B" Ordinary shares of £0.0001 each	803	803
"C" Ordinary shares of £0.0001 each	491	491
"Series B1" Non- Redeemable Preference shares of £0.0001 each	1,659	1,659
"Series B2" Non- Redeemable Preference shares of £0.0001 each	105	105
"Series C" Non- Redeemable Preference shares of £0.0001 each	1,676	1,676
"Series D" Non- Redeemable Preference Shares of £0.0001 each	1,239	1,239
"Series E" Non- Redeemable Preference Shares of £0.0001 each	1,160	1,160
Growth shares of £0.0001 each	625	-
Deferred shares of £0.0001 each	321	321
	9,055	8,202

Company financial statements of Matillion Limited
Notes to the company financial statements

C12 Issued capital and reserves – continued

C12.1 Share Premium

	2024	2023
	\$000	\$000
"A" Ordinary Shares Premium	7,588	6,232
"B" Ordinary Shares Premium	119	119
"Series B1" Non- Redeemable Preference Shares Premium	16,700	16,700
"Series B2" Non- Redeemable Preference Shares Premium	1,238	1,238
"Series C" Non- Redeemable Preference Shares Premium	35,830	35,830
"Series D" Non- Redeemable Preference Shares Premium	79,847	79,847
"Series E" Non- Redeemable Preference Shares Premium	150,648	150,636
	291,969	290,602

The below shows the movement in the issued and fully paid shares for the reporting dates:

	2024	2024	2023	2023
	Numbers	\$000	Numbers	\$000
	Thousands		Thousands	
At 1 February	57,471	8	56,812	8
Shares issued during the year	6,715	1	659	-
At 31 January	64,186	9	57,471	8

The below shows the movement in the share premium account for the reporting dates:

	2024	2023
	\$000	\$000
At 1 February	290,602	288,816
Shares issued during the year	1,367	1,786
At 31 January	291,969	290,602

Note 18 of the Group's consolidated financial statements provide detailed information about the Company's share capital, including the associated voting rights.

C13 Leases

Company as a lessee

The Company has lease contracts for office premises. The non-cancellable lease period of the Company leases is 10 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Some of the Company lease contracts include extension and termination options which are further discussed below.

C13.1 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office premises	Total
	\$000	\$000
At 1 February 2022	-	-
Additions	141	141
Depreciation for the year	(78)	(78)
At 31 January 2023	63	63
Additions	7,509	7,509
Depreciation for the year	(688)	(688)
At 31 January 2024	6,884	6,884

Company financial statements of Matillion Limited
Notes to the company financial statements

C13 Leases – continued

C13.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Office premises	Total
	\$000	\$000
At 1 February 2022	-	-
Additions	141	141
Interest accrual	3	3
Repayment of principal	(84)	(84)
Interest paid	(3)	(3)
Exchange differences	(8)	(8)
At 31 January 2023	49	49
Additions	6,225	6,225
Interest accrual	344	344
Repayment of principal	(48)	(48)
Interest paid	(1)	(1)
Exchange differences	141	141
At 31 January 2024	6,710	6,710
	2024	2023
	\$000	\$000
Non-Current	6,243	-
Current	467	49
	6,710	49

The following are the amounts recognised in calculating the loss for the year:

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	688	78
Interest expense on lease liabilities	344	3
Expense relating to short-term leases	-	48

The table below summarises the maturity profile of the Company's lease liabilities based on contractual undiscounted payments:

As at 31 January 2024	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Lease liabilities	-	591	3,902	4,512	9,005
As at 31 January 2023	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Lease liabilities	22	26	-	-	48

The Company's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Refer to Note 3 of the Group's consolidated financial statements for significant judgements applied.

Company financial statements of Matillion Limited
Notes to the company financial statements

C13 Leases – continued

C13.2 Lease liabilities

As of 31 January 2024 (31 January 2023: same), the Company's lease liabilities and right-of-use assets do not include the impact of extension options. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease term:

At 31 January 2024	Within five years \$000	More than five years \$000	Total \$000
Extension options expected not to be exercised	-	11,157	11,157

C14 Provisions

The Company has recognised a provision for the estimated restoration costs of the office lease, reflecting the liability for returning the building to its original condition at the end of the lease term.

The following table shows the movement in the provision for restoration costs:

	2024 \$000
At 1 February	-
Additions	980
Interest	35
Exchange differences	22
At 31 January	1,037

C15 Share-based payments

The Company operates different equity-settled share-based payment plans for its employees and the employees of its subsidiary undertakings. The Company settles all awards in its own shares including those awards issued to employees of its subsidiary. As such, the share based payment expense in relation to the awards issued to subsidiary employees is treated as a capital contribution to the subsidiary over the vesting period rather than an expense of the Company.

At 31 January 2024, the cumulative capital contribution was \$14,388k (31 January 2023: \$11,032k). Please refer to Note C7 for details on the Company's capital contribution to its subsidiary in relation to share-based payments.

Note 21 of the Group's consolidated financial statements provide information about the types, nature and extent of share-based payment arrangements through which the Company has issued awards to Group employees, including details of the total awards granted by the Company and exercised by the Group employees.

C16 First-time adoption of FRS 101

These Company financial statements, for the year ended 31 January 2024, are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 January 2023, the Company prepared its financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102" or "UK GAAP").

The Company has prepared financial statements that comply with FRS 101 applicable as at 31 January 2024, together with the comparative year data for the year ended 31 January 2023, as described in the summary of accounting policies. This note explains the principal adjustments made by the Company in restating its FRS 102 financial statements for the year ended 31 January 2023. The Company's date of transition to IFRS is 1 February 2022. This note explains the principal adjustments made by the Company in restating its FRS 102 financial statements.

Exemptions applied

IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has applied the following exemptions:

Company financial statements of Matillion Limited
Notes to the company financial statements

- The Company has elected to apply the IFRS 1 exemption in relation to IAS 21 The Effects of Changes in Foreign Exchange Rates, and as such, has deemed the cumulative currency translation differences to be zero as at 1 February 2022.

C16 First-time adoption of FRS 101 – continued

Exemptions applied – continued

- The Company has elected to apply the IFRS 16: Leases recognition exemption relating to leases with a remaining term of twelve months or less at the transition date. As such, these leases are accounted for as short-term leases with the associated remaining lease payments expensed on a straight-line basis over the remaining lease term.
- The estimates at 1 February 2022 and at 31 January 2023 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 February 2022, the date of transition to IFRS, and as at 31 January 2023.
- The Company will not restate completed revenue contracts with customers that began and ended within the same annual reporting year i.e. financial year 2023; or are completed prior to the transition date of 1 February 2022. The Company will also not restate contracts that were modified prior to 1 February 2022.

Management has decided not to take the exemption available under IFRS 1 with regards to IFRS 2: 'Share-based Payment' and has been applied the provisions of IFRS 2 retrospectively.

Company's reconciliation of equity as at 31 January 2023

In preparing the financial statements for the year ended 31 January 2024, management identified certain errors in the balances reported in the Company financial statements for the year ended 31 January 2023. These errors relate to the recognition of revenue and the allocation of proceeds from the issuance of share capital. Prior period errors are further explained in Notes C16.1 and C16.2.

The changes in the statement of financial position due to the restatement and the transition from UK GAAP to IFRS are presented below. The 'restatement' column presents the changes as a result of prior period errors, and the 'IFRS reclassification and remeasurements' column presents the changes as a result of the transition to IFRS.

Company financial statements of Matillion Limited
Notes to the company financial statements

C16 First-time adoption of FRS 101 – continued

	Notes	As originally reported under UK GAAP \$000	Restatement \$000	IFRS reclassification and remeasurements \$000	As reported under IFRS \$000
Non-current assets					
Intangible assets		515	-	-	515
Property, plant and equipment		1,206	-	-	1,206
Right-of-use assets	C16.4	-	-	63	63
Contract assets	C16.1	-	-	2,613	2,613
Trade and other receivables	C16.5	-	-	3,455	3,455
Total non-current assets		1,721	-	6,131	7,852
Current assets					
Contract assets	C16.1	-	-	12,685	12,685
Income tax receivable		-	-	256	256
Trade and other receivables	C16.5	48,101	(4,248)	(17,683)	26,170
Cash and cash equivalents		141,906	-	-	141,906
Total current assets		190,007	(4,248)	(4,742)	181,017
Total assets		191,728	(4,248)	1,389	188,869
Current liabilities					
Trade and other payables		19,430	11,020	(4,102)	26,348
Contract liabilities	C16.1	-	-	3,876	3,876
Lease liabilities	C16.4	-	-	49	49
Total current liabilities		19,430	11,020	(177)	30,273
Non-current liabilities					
Trade and other payables	C16.1	4,866	(342)	(1,069)	3,455
Contract liabilities	C16.1	-	-	1,069	1,069
Total non-current liabilities		4,866	(342)	-	4,524
Net assets		167,432	(14,926)	1,566	154,072
Equity					
Called up share capital		8	-	-	8
Share premium account		290,602	-	-	290,602
Share option reserve	C16.2	16,174	-	10,164	26,338
Foreign currency translation reserve	C16.3	(1,165)	-	1,165	-
Accumulated Deficit		(138,187)	(14,926)	(9,763)	(162,876)
Total Equity		167,432	(14,926)	1,566	154,072

Restatement

The following notes provide an explanation of the correction of errors, changes made and their impact on the consolidated financial statements for the year ended 31 January 2023.

C16.1 Revenue, administrative expenses and contract balances

During the year ended 31 January 2024, management conducted an internal review of the Company's contract balances and identified certain issues which were principally caused by ineffective design and operating effectiveness of certain internal controls and incorrect data migration during a change in accounting software. These adjustments impacted the Company's contract balances and have impacted the Company's reported loss for the year ended 31 January 2023.

Company financial statements of Matillion Limited

Notes to the company financial statements

Based on above, the balances for trade and other receivables, trade and other payables, accumulated deficit, revenue and administrative expenses have been restated.

C16.2 Called up share capital and share premium

During the year ended 31 January 2022, Matillion Limited issued 'Series D' and 'Series E' ordinary shares. The proceeds were initially recorded in the account for called-up share capital and share premium of 'Series A' ordinary shares. An adjustment of \$25k has since been made to correctly reallocate the proceeds to reflect the issuance of 'Series D' and 'Series E' shares.

Based on the above, the balances for issued share capital and share premium have been corrected. The Company considers these adjustments immaterial and as a result has not disclosed them separately as restatements in the tables above. The adjustments have no impact on the total equity of the Company.

Notes to the reconciliation of equity as at 31 January 2023

C16.3 Contract assets and liabilities

In accordance with IFRS 15: Revenue from Contracts with Customers, contract assets and contract liabilities are presented on the statement of financial position. As a result, the balance of contract asset and liabilities has been reclassified from trade and other receivables to contract assets and from trade and other payables to contract liabilities to comply with IFRS requirements. These reclassified balances pertain to accrued income (for contract assets) and deferred income (for contract liabilities).

C16.4 Share based payment reserve

Under FRS 102, the Company recognised share-based payment expense on a straight-line basis over the awards' vesting period. The Company's share-based payment awards vest in instalments over the vesting period. Accordingly, the share-based payment charge has been recalculated in compliance with IFRS 2 requirements by treating each instalment as a separate share-based payment grant and recording the related expense over the vesting period for the relevant instalment.

C16.5 Foreign currency translation reserve

Under FRS 102, the Company recognised translation differences on foreign operations and the impact of change of presentation currency in a separate component of equity. Cumulative currency translation differences are deemed to be zero as at 1 February 2022.

C16.6 Right-of-use assets and lease liabilities

The Company has recognised the Right-of-Use Assets (ROUA) and lease liability in accordance with IFRS 16 Leases (IFRS 16) for the Company's office lease arrangement. The ROUA is depreciated over its respective lease term. The conversion adjustment reflects the ROUA's carrying value and lease liability outstanding balance as of the reporting date.

Under International Financial Reporting Standards (IFRS), the Company initially measures its lease liabilities at the present value of the lease payments, discounted using the lessee's incremental borrowing rate. The Company subsequently measures its lease liabilities using the amortised cost method by recognising the interest expense on the lease as a finance costs and lease repayment as a reduction on the lease liabilities.

C16.7 Trade and other receivables

Management has identified non-current balances related to other receivables amounting to \$3,455k for FY 2023 (1 February 2022: \$3,444k), which have been reclassified from current trade and other receivables to non-current trade and other receivables. Furthermore, management has calculated the expected credit losses for trade receivables as per the IFRS requirements and recognised a decrease in the ECL provision by \$1,333k for FY 2023 (1 February 2022: an increase in the ECL provision by \$1,063k). Additionally, the Company has calculated the expected credit losses for contract assets as per the IFRS requirements and recognised an ECL provision of \$312k for FY 2023 (1 February 2022: \$171k).

Company financial statements of Matillion Limited
Notes to the company financial statements

C16.8 Trade and other payables

During the year ended 31 January 2024, management identified an error in the recharging of costs by its subsidiary to the Company. Costs of \$5.7m in the year ended 31 January 2023 and \$6.3m in the years prior to 1 February 2022 were not recharged. This was in accordance with the transfer pricing arrangement between the companies. Adjustments have been made to correct this error.

C17 Related parties

Note 22 of Group's consolidated financial statements provide information about the Group's structure, including details of the subsidiaries.

During the year, the Company received directorial services from a company controlled by a director, Brian Gentile which totalled \$80k (2023: \$60k).

YFM Equity Partners earned a monitoring fee, on behalf of Series A investors, of \$50k (2023: \$49k).

C18 Ultimate controlling party

The Company does not have an ultimate Parent company. The share capital of the Company is held by multiple individual shareholders, and no single entity or individual holds a controlling interest.