

Registered number: 07445594

KIMBLE APPLICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



KIMBLE APPLICATIONS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | Maurice A Hernandez (appointed 6 March 2018) Sean C Hoban Stephen P Kelly (appointed 15 February 2019) Mark Robinson David J Scott Barnaby B L Terry Gregory H Williams (appointed 6 March 2018) |
| Registered number | 07445594 |
| Registered office | 100 Union Street London SE1 0NL |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS |

KIMBLE APPLICATIONS LIMITED

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KIMBLE APPLICATIONS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The objectives of this report are to provide shareholders and other users of these statements:

- with the appropriate level of background context for these financial statements;
- with an analysis of the Group's past performance; and
- an insight into the Group's main objectives and strategies, and the principal risks and uncertainties it faces and how they might affect future prospects.

The Group's objectives and strategy

The Board sees the main business objective as delivering controlled, responsible and rapid growth in order to deliver:

- innovative SaaS solutions which enable ambitious services organizations to grow and achieve outstanding success
- excellent levels of service to our customers through our Customer Success and Support functions;
- a global community of like-minded users where Kimble are seen as the domain experts as well as a Software provider
- strong growth in shareholder value
- challenging yet rewarding careers for the Group's employees

In order to meet its business objectives, the Group's strategy is to:

- Continue to release two new versions of the Kimble Software as a Service product each year, which are automatically pushed to existing customers to leverage new functionality developed
- Continue to Develop an efficient sales and marketing function that identifies and nurtures prospects within a broadening set of industries, where service automation solutions address a growing need.
- Maintain proactive customer engagement through the Customer Success teams to ensure high levels of customer adoption and satisfaction and maintain a strong understanding of future customer needs;
- Continue to make appropriate investment in the Group's employees through recruiting the right individuals and developing staff through clear communication, coaching, mentoring and other training initiatives;
- Increase investment in the Group's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services.
- Develop additional training and delivery services to further support our customers in their understanding of the Kimble product and best practice application within their business.

KIMBLE APPLICATIONS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

Business focus

Our Group's business focus is the design and build of Software as a Service solutions for our customers and prospects in order to automate and improve our customers' efficiency in operating their key processes:

- Scoping and modelling proposals
- Resourcing engagements and bid teams
- Project delivery
- Time and expense capture
- Invoicing & revenue recognition
- Management reporting

This is achieved through continual research and development into the common business challenges and trends in our core markets (and potential new industry segments with similar challenges), and the development of innovative and appropriate solutions utilising the extensive application frameworks that have been developed by Kimble.

In order to ensure the Kimble PSA Software as a Service product is efficiently enabled for Kimble's customers, our additional focus is on ensuring that our sales, implementation and supporting services are the best possible, and enable our customers to gain maximum business benefit from the Kimble solution.

Summary of financial performance

We are delighted to report another strong performance for the Group in the financial year ended 31 December 2018.

In the financial year under review the Group generated:

- Turnover of £12.2m (2017 - £9.2m); and
- Operating loss before depreciation, goodwill and intangibles amortisation ("EBITDA") of £4.9m (2017 - £2.3m).

Both turnover and EBITDA were in line with Board's expectations. The Group had cash balances of £6.2m (2017 - £0.5m) at the year end.

Business outlook

The business maintains a positive outlook. Its exposure to a core market with significant demand in a maturing category, alongside a broader set of applicable industries and a wider geographic market represents significant market opportunity for new customers to be acquired.

With the highly business critical nature of the Software as a Service provided by the Group, it provides the ability to achieve long term contracts and high renewal performance from its existing customers.

The directors continually monitor the social, political and economic climates in the principal jurisdictions in which the group operates in order to identify business risks and opportunities early in order to mitigate and exploit them as or before they arise.

Organic sales growth continues to be strong and has been achieved from both new and existing customers; all keen to take advantage of the operational benefits provided by the increasing depth in the Group's software solutions and supporting services.

The Group continued to invest significantly in the development of its score software; now spending £1m on development activities in the year.

KIMBLE APPLICATIONS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

The North American business has performed well in the year ended 31 December 2018 with a strong uptake in new customer signings.

During the year ending 31 December 2018, the number of employees in the Group's businesses has grown from 78 to 83; with that growth coming from both the UK and US business units.

As the Group grows, investment levels are maintained in systems, people and process to ensure that customers benefit from continued high levels of customer service delivered using modern, stable and scalable processes and systems. Delivering value to our customers in all aspects of what we do remains a primary driver of business development and that requires continuous investment in our people.

Principal risks and uncertainties

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate. The Board proactively monitors sales pipeline and win/loss activity and believe that these key measures show that the business' target market are continuing to invest in their internal systems in order to improve business efficiency and competitiveness.

Financial risk management objectives and policies

The Group uses a variety of financial instruments including cash, trade debtors and trade creditors, which arise directly from its operations to provide working capital for the Group's operations.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the Board. The policies set by the board of directors are implemented by the Group's finance department. The directors are of the view that the main risks arising from the Group's financial instruments are foreign exchange rate risk, interest rate risk, liquidity risk and credit risk.

The directors set and review policies for managing each of these risks and they are summarised below.

Foreign exchange rate risk

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than sterling. In addition, the Group's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Group's development is of sufficient size to require hedging however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. The cash position is reviewed regularly and cash flows are at least monitored monthly.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

KIMBLE APPLICATIONS LIMITED

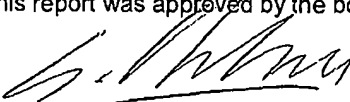
GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Financial key performance indicators

| KPI | Year ended 31 December 2018 | Year ended 31 December 2017 |
|-------------------------------|--------------------------------|--------------------------------|
| Recurring turnover | £8.9m | £6.5m |
| Total turnover | £12.2m | £9.2m |
| EBITDA | (£4.9m) loss | (£2.3m) loss |
| Cash Balance at end of period | £6.2m | £0.5m |
| Net cashflow from operations | (£3.2m) | (£1m) |

Both turnover and EBITDA were in line with Board's expectations.

This report was approved by the board on 30 September 2019 and signed on its behalf.


Sean C Hoban
Director

KIMBLE APPLICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

Formed in 2010, Kimble Applications Ltd ("Kimble" or the "Company") is one of the world's leading providers of cloud-based Professional Services Automation software ("PSA") which automates the processes critical to running professional services organisations and enables these companies to manage their operations in "real time". The Company delivers its product over the Internet as a subscription service using the Software as a Service ("SaaS") model.

Directors

The directors who served during the year were:

Maurice A Hernandez (appointed 6 March 2018)
Sean C Hoban
Mark Robinson
David J Scott
Barnaby B L Terry
Gregory H Williams (appointed 6 March 2018)

Results and dividends

The loss for the year, after taxation, amounted to £6.6m (2017 - £2.1m).

The directors do not recommend a dividend for the year (2017 - £Nil).

Future developments

Future developments have been discussed in the 'Business Outlook' section of the Group Strategic Report.

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment. Good communications and relations with employees are maintained, mainly by practices within each operating unit appropriate for its own particular circumstances. Senior management in each entity are kept informed of Group developments in certain financial, commercial, strategic and personnel matters as needed and are thereby enabled to inform and discuss with employees as appropriate at the individual units.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions are in place for the directors.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

KIMBLE APPLICATIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

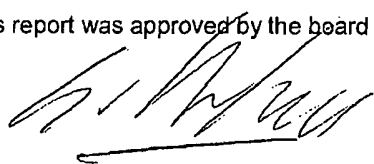
Post balance sheet events

There have been no significant events affecting the Group and Company since the year end.

Auditor

Grant Thornton UK LLP were appointed auditor in the year to fill a casual vacancy. Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2019 and signed on its behalf.



Sean C Hoban
Director

KIMBLE APPLICATIONS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

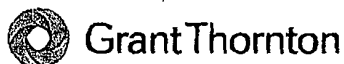
The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIMBLE APPLICATIONS LIMITED

Opinion

We have audited the financial statements of Kimble Applications Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Profit and loss account, the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIMBLE APPLICATIONS LIMITED
(CONTINUED)**

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIMBLE APPLICATIONS LIMITED
(CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Paul Holland BSc FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date:

30 September 2019

KIMBLE APPLICATIONS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Note | 2018 £ | 2017 £ |
|-------------------------------------------|------|--------------------|--------------------|
| Turnover | 4 | 12,173,230 | 9,152,707 |
| Cost of sales | | (6,271,552) | (4,580,448) |
| Gross profit | | 5,901,678 | 4,572,259 |
| Distribution costs | | (4,786,000) | (870,321) |
| Administrative expenses | | (6,145,743) | (6,021,064) |
| Operating loss | 5 | (5,030,065) | (2,319,126) |
| Interest receivable and similar income | 9 | 105,396 | - |
| Interest payable and similar expenses | 10 | (40,189) | (4,472) |
| Loss before tax | | (4,964,858) | (2,323,598) |
| Tax on loss | 11 | 348,220 | 246,306 |
| Loss for the financial year | | (4,616,638) | (2,077,292) |
| Loss for the year attributable to: | | | |
| Owners of the parent | | (4,616,638) | (2,077,292) |
| | | (4,616,638) | (2,077,292) |

Loss for the financial year is all attributable to the owners of the parent company.

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 £ | 2017 £ |
|------------------------------------------------|------|--------------------|--------------------|
| Loss for the financial year | | (4,616,638) | (2,077,292) |
| Other comprehensive income | | | |
| Currency translation differences | | (468,752) | 312,717 |
| Equity Settled Share Scheme expense | | 75,439 | - |
| Total comprehensive income for the year | | <u>(5,009,951)</u> | <u>(1,764,575)</u> |

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

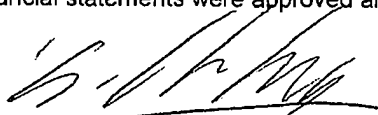
The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED
REGISTERED NUMBER:07445594

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 £ | 2017 £ |
|---------------------------------------------------------|------|--------------|-------------|
| Fixed assets | | | |
| Tangible assets | 12 | 279,131 | 31,302 |
| | | 279,131 | 31,302 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 2,994,341 | 2,281,152 |
| Cash at bank and in hand | 15 | 6,240,674 | 457,659 |
| | | 9,235,015 | 2,738,811 |
| Creditors: amounts falling due within one year | 16 | (7,751,549) | (6,084,786) |
| Net current assets/(liabilities) | | 1,483,466 | (3,345,975) |
| Total assets less current liabilities | | 1,762,597 | (3,314,673) |
| Creditors: amounts falling due after more than one year | 17 | (87,356) | - |
| Net assets/(liabilities) | | 1,675,241 | (3,314,673) |
| Capital and reserves | | | |
| Called up share capital | 20 | 205 | 172 |
| Share premium account | 21 | 14,120,929 | 4,121,097 |
| Profit and loss account | 21 | (12,445,893) | (7,435,942) |
| Shareholders funds | | 1,675,241 | (3,314,673) |

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



Sean C Hoban
Director

Date: 30/9/2019

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED
REGISTERED NUMBER:07445594

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 £ | 2017 £ |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 215,263 | 27,251 |
| Investments | 13 | 32 | 32 |
| | | <u>215,295</u> | <u>27,283</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 1,763,985 | 5,889,008 |
| Cash at bank and in hand | 15 | 3,044,105 | 218,925 |
| | | <u>4,808,090</u> | <u>6,107,933</u> |
| Creditors: amounts falling due within one year | 16 | (5,097,412) | (4,259,571) |
| Net current (liabilities)/assets | | <u>(289,322)</u> | <u>1,848,362</u> |
| Total assets less current liabilities | | <u>(74,027)</u> | <u>1,875,645</u> |
| Creditors: amounts falling due after more than one year | 17 | (87,356) | - |
| Net (liabilities)/assets | | <u><u>(161,383)</u></u> | <u><u>1,875,645</u></u> |

KIMBLE APPLICATIONS LIMITED
REGISTERED NUMBER:07445594

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

| | Note | 31 December 2018 £ | 31 December 2017 £ |
|----------------------------------------------|------|--------------------------|--------------------------|
| Capital and reserves | | | |
| Called up share capital | 20 | 205 | 172 |
| Share premium account | 21 | 14,120,929 | 4,121,097 |
| Profit and loss account brought forward | | (2,245,624) | (2,175,188) |
| Loss for the year | | (12,112,332) | (70,436) |
| Other changes in the profit and loss account | | 75,439 | - |
| Profit and loss account carried forward | 21 | (14,282,517) | (2,245,624) |
| Shareholders funds | | <u>(161,383)</u> | <u>1,875,645</u> |

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £12,112,332 (2017: £70,436).

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


Sean C Hoban
Director

Date: 30/9/2019

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|-----------------------------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------|
| At 1 January 2017 | 172 | 4,121,097 | (5,671,367) | (1,550,098) |
| Loss for the year | - | - | (2,077,292) | (2,077,292) |
| Currency translation differences on overseas subsidiaries | - | - | 312,717 | 312,717 |
| Total comprehensive income for the year | - | - | (1,764,575) | (1,764,575) |
| At 1 January 2018 | 172 | 4,121,097 | (7,435,942) | (3,314,673) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (4,616,638) | (4,616,638) |
| Currency translation differences | - | - | (468,752) | (468,752) |
| Equity Settled Share Schemes expense | - | - | 75,439 | 75,439 |
| Total comprehensive income for the year | - | - | (5,009,951) | (5,009,951) |
| Shares issued during the year | 33 | 9,999,832 | - | 9,999,865 |
| At 31 December 2018 | 205 | 14,120,929 | (12,445,893) | 1,675,241 |

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|-----------------------------------------|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 January 2017 | 172 | 4,121,097 | (2,175,188) | 1,946,081 |
| Loss for the year | - | - | (70,436) | (70,436) |
| At 1 January 2018 | 172 | 4,121,097 | (2,245,624) | 1,875,645 |
| Loss for the year | - | - | (12,112,332) | (12,112,332) |
| Equity Settled Share Schemes expense | - | - | 75,439 | 75,439 |
| Total comprehensive income for the year | - | - | (12,036,893) | (12,036,893) |
| Shares issued during the year | 33 | 9,999,832 | - | 9,999,865 |
| At 31 December 2018 | 205 | 14,120,929 | (14,282,517) | (161,383) |

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 £ | 2017 £ |
|-----------------------------------------------------|--------------------|------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (4,616,638) | (2,077,292) |
| Adjustments for: | | |
| Depreciation of tangible assets | 89,424 | 10,549 |
| Interest paid | 40,189 | 4,472 |
| Interest received | (105,396) | - |
| Taxation charge | (348,220) | (246,306) |
| (Increase) in debtors | (611,891) | (9,587) |
| Increase in creditors | 2,508,806 | 1,034,988 |
| Foreign exchange differences | (492,561) | 312,717 |
| Tax paid | 246,917 | (514) |
| Loss on disposal of fixed assets | 50,551 | - |
| Equity Settled Scheme expense | 75,439 | - |
| Net cash generated from operating activities | (3,163,380) | (970,973) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (160,715) | (35,317) |
| Interest received | 105,396 | - |
| HP interest paid | (20,392) | - |
| Net cash from investing activities | (75,711) | (35,317) |

KIMBLE APPLICATIONS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 £ | 2017 £ |
|---------------------------------------------------------------|-------------------------|-----------------------|
| Cash flows from financing activities | | |
| Issue of ordinary shares | 9,999,865 | - |
| New secured loans | - | 900,000 |
| Repayment of loans | (900,000) | - |
| Repayment of/new finance leases | (57,962) | - |
| Interest paid | (19,797) | (4,472) |
| Net cash used in financing activities | <u>9,022,106</u> | <u>895,528</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>5,783,015</u> | <u>(110,762)</u> |
| Cash and cash equivalents at beginning of year | 457,659 | 568,421 |
| Cash and cash equivalents at the end of year | <u><u>6,240,674</u></u> | <u><u>457,659</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 6,240,674 | 457,659 |
| | <u><u>6,240,674</u></u> | <u><u>457,659</u></u> |

The notes on pages 20 to 40 form part of these financial statements.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Kimble Applications Limited (Company no. 07445594) is a private company limited by shares and incorporated in England and Wales. The registered office is 100 Union Street, London, SE1 0NL.

The Group consists of Kimble Applications Limited and all its subsidiaries.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

2.2 Basis of consolidation

In the parent Company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

2.3 Going concern

On the 6th March 2018, Accel-KKR, a leading Silicon Valley technology focused investment firm, made a significant investment in the company including growth investment in order to further drive the Group's rapid expansion, including product development and marketing initiatives. With this cash injection, and along with cash flow forecasts, the Directors believe that the Group and Company will have sufficient cash levels to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The directors therefore believe it is appropriate to prepare the financial statements on a going concern basis.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's and Group's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

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

2.5 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of software (Software as a Service) and services to customers. Income from support, maintenance and consultancy contracts is recognised over the period of the associated contract or as the service is provided on a time and materials basis as applicable.

Income from Software as a Service is recognised over the period of the contract. Revenue from a contract to provide Software as a Service is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

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

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

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

2.7 Leased assets: the Group as lessee

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

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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

2.9 Interest income

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

2.10 Finance costs

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

2.11 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.12 Employee benefits

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

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

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

2.13 Pensions

Defined contribution pension plan

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

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

2.14 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

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

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

The other side of the accounting entry in respect of share options awarded is taken to reserves.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.16 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|--------------------------------|---------------------|
| Leasehold improvements | - 33% straight line |
| Fixtures, fittings & equipment | - 25% straight line |
| Computer equipment | - 50% straight line |

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

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

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.17 Valuation of investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

Investments in subsidiaries are measured at cost less accumulated impairment.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2.18 Debtors

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

2.19 Cash and cash equivalents

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

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

2.20 Creditors

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

2.21 Financial instruments

The group only has basic financial instruments measured at amortised cost, with no financial instruments classified as other or basic instruments measured at fair value.

2.22 Equity instruments

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

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the Statement of Comprehensive Income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Whilst the directors have considered its judgements on key assumptions to be prudent, they have concluded that reasonable possible changes in key assumptions would cause the recoverable amount to be less than the carrying value.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Trade Debtors

Management applies judgement in evaluating the recoverability of debtors. To the extent that the directors believe debtors to be irrecoverable, they have been provided for the financial statements.

Useful life of fixed assets

The useful life of fixed assets are estimated by directors.

Going concern

The directors judgements in relation to going concern have been discussed in note 2.3.

Share based payments

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model which is subject to the consideration and estimation of a number of variables. The directors judgements in relation to share based payments have been outlined in note 22.

Amounts owed by Group companies

The Group tests, when there are indicators of impairment, whether amounts owed by Group companies have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations where assumptions have been made over the growth rate of turnover, operating margin and the discount rate applied.

Preference shares

The parent Company has in issue a number of preference shares as noted in note 20. The rights attaching to those shares are included in the stated note. Those preference shares could place a liability on the company to make payments to the holders if the 'threshold amount' is not obtained on an exit. The directors have considered the probability of any liability on the company and concluded at the reporting date that no significant liability exists. The directors acknowledge that the obligation could change in future periods.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

Analysis of turnover by country of destination:

| | 2018 £ | 2017 £ |
|-------------------|-------------------|------------------|
| United Kingdom | 4,616,230 | 3,726,425 |
| Rest of Europe | 2,685,000 | 2,437,790 |
| Rest of the world | 4,872,000 | 2,988,492 |
| | <u>12,173,230</u> | <u>9,152,707</u> |

5. Operating loss

The operating loss is stated after charging:

| | 2018 £ | 2017 £ |
|----------------------------------------------|---------------|----------------|
| Research & development charged as an expense | 46,120 | 38,159 |
| Exchange differences | (545,761) | 241,749 |
| Other operating lease rentals | 450,748 | 218,623 |
| | <u>46,120</u> | <u>298,531</u> |

6. Auditor's remuneration

| | 2018 £ | 2017 £ |
|------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 38,500 | 27,780 |
| | <u>38,500</u> | <u>27,780</u> |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Audit-related assurance services | 2,500 | - |
| Taxation compliance services | 3,100 | - |
| | <u>5,600</u> | <u>-</u> |

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

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

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 5,642,413 | 4,450,413 | 2,778,771 | 2,242,263 |
| Social security costs | 751,060 | 435,059 | 520,761 | 281,661 |
| Cost of defined contribution scheme | 179,030 | 90,569 | 100,776 | 38,434 |
| | <u>6,572,503</u> | <u>4,976,041</u> | <u>3,400,308</u> | <u>2,562,358</u> |

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

| | 2018 No. | <i>2017 No.</i> |
|-------|---------------------|---------------------|
| Total | <u>83</u> | <u>78</u> |

8. Directors' remuneration

| | 2018 £ | <i>2017 £</i> |
|---------------------------------------------------------------|-------------------|-------------------|
| Directors' emoluments | 652,394 | 619,390 |
| Company contributions to defined contribution pension schemes | 19,421 | 10,932 |
| | <u>671,815</u> | <u>630,322</u> |

The highest paid director received remuneration of £210,104 (2017 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,711 (2017 - £NIL).

During the year NIL directors received shares under the long term incentive schemes (2017 - NIL)

The directors consider that, other than the directors, there are no employees considered to be key management.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Interest receivable

| | 2018 £ | 2017 £ |
|---------------------------|----------------|-----------|
| Other interest receivable | <u>105,396</u> | <u>-</u> |

10. Interest payable and similar expenses

| | 2018 £ | 2017 £ |
|--------------------------------------------|---------------|-----------|
| Bank interest payable | 19,797 | 4,472 |
| Finance leases and hire purchase contracts | <u>20,392</u> | <u>-</u> |

11. Taxation

| | 2018 £ | 2017 £ |
|------------------------------------------------|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | (348,220) | (246,917) |
| Adjustments in respect of previous periods | - | 611 |
| | <u>(348,220)</u> | <u>(246,306)</u> |
| Total current tax | <u>(348,220)</u> | <u>(246,306)</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on loss on ordinary activities | <u>(348,220)</u> | <u>(246,306)</u> |

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

| | 2018 £ | 2017 £ |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Loss on ordinary activities before tax | <u>(4,964,858)</u> | <u>(2,323,598)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | (943,323) | (447,293) |
| Effects of: | | |
| Non-tax deductible amortisation of goodwill and impairment | 28,863 | 585 |
| Adjustments to tax charge in respect of prior periods | - | 611 |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge | (257,902) | (290,444) |
| Losses surrendered for R&D | 456,289 | 327,804 |
| Tax credits on R&D expenditure | (348,220) | (246,916) |
| Unrelieved tax losses carried forward | 716,073 | 409,347 |
| Total tax charge for the year | <u>(348,220)</u> | <u>(246,306)</u> |

Factors that may affect future tax charges

The group has a deferred tax asset of £926,342 (2017 - £244,297) in respect of unrecognised losses that can be offset against future profits. The asset has not been recognised as the recognition criteria of FRS 102 has not been met.

KIMBLE APPLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets

Group

| | Leasehold improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|--------------------------------|-------------------------------|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 January 2018 | - | 26,697 | 40,438 | 67,135 |
| Additions | 203,280 | 79,151 | 81,564 | 363,995 |
| Disposals | - | (7,573) | (44,983) | (52,556) |
| Exchange adjustments | - | 2,439 | 1,673 | 4,112 |
| At 31 December 2018 | <u>203,280</u> | <u>100,714</u> | <u>78,692</u> | <u>382,686</u> |
| Depreciation | | | | |
| At 1 January 2018 | - | 8,510 | 27,323 | 35,833 |
| Charge for the year on owned assets | 57,962 | 11,551 | 19,911 | 89,424 |
| Disposals | - | - | (2,005) | (2,005) |
| Exchange adjustments | - | (692) | (19,005) | (19,697) |
| At 31 December 2018 | <u>57,962</u> | <u>19,369</u> | <u>26,224</u> | <u>103,555</u> |
| Net book value | | | | |
| At 31 December 2018 | <u>145,318</u> | <u>81,345</u> | <u>52,468</u> | <u>279,131</u> |
| At 31 December 2017 | <u>-</u> | <u>18,187</u> | <u>13,115</u> | <u>31,302</u> |

Additions to leasehold improvements, in respect of the group and company, were made on 1 January 2018 following a review of certain operating leases entered into at the end of 2017. These leases were subsequently considered to be finance leases. The directors do not consider the reclassification to be significant enough to warrant a prior period adjustment due to the fact there is an immaterial impact on the reported loss for the year ended 31 December 2017.

The net book value of land and buildings may be further analysed as follows:

| | 2018 £ | 2017 £ |
|------------------------|----------------|-----------|
| Leasehold improvements | 145,318 | - |
| | <u>145,318</u> | <u>-</u> |

KIMBLE APPLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets (continued)

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

| | 2018 £ | 2017 £ |
|------------------------|----------------|-----------|
| Leasehold improvements | 145,318 | - |
| | <u>145,318</u> | <u>-</u> |

KIMBLE APPLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets (continued)

Company

| | Leasehold improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|--------------------------------|-------------------------------|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 January 2018 | - | 26,697 | 29,919 | 56,616 |
| Additions | 203,280 | 30,503 | 53,107 | 286,890 |
| Disposals | - | (7,573) | (35,868) | (43,441) |
| At 31 December 2018 | <u>203,280</u> | <u>49,627</u> | <u>47,158</u> | <u>300,065</u> |
| Depreciation | | | | |
| At 1 January 2018 | - | 8,510 | 20,855 | 29,365 |
| Charge for the year on owned assets | 57,962 | 5,829 | 12,187 | 75,978 |
| Exchange adjustments | - | (979) | (19,562) | (20,541) |
| At 31 December 2018 | <u>57,962</u> | <u>13,360</u> | <u>13,480</u> | <u>84,802</u> |
| Net book value | | | | |
| At 31 December 2018 | <u>145,318</u> | <u>36,267</u> | <u>33,678</u> | <u>215,263</u> |
| At 31 December 2017 | <u>-</u> | <u>18,187</u> | <u>9,064</u> | <u>27,251</u> |

The net book value of land and buildings may be further analysed as follows:

| | 2018 £ | 2017 £ |
|------------------------|----------------|-----------|
| Leasehold improvements | 145,318 | - |
| | <u>145,318</u> | <u>-</u> |

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets (continued)

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

| | 2018 £ | 2017 £ |
|------------------------|----------------|-----------|
| Leasehold improvements | 145,318 | - |
| | <u>145,318</u> | <u>-</u> |

13. Fixed asset investments

Company

| | Investments in subsidiary companies £ |
|--------------------------|---------------------------------------------------|
| Cost or valuation | |
| At 1 January 2018 | 32 |
| At 31 December 2018 | <u>32</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-------------------------|--------------------------|-------------------------------------------------|-----------------|---------|
| Kimble Applications Inc | United States of America | Sales, marketing and implementation of software | Ordinary share | 100% |

The registered office of Kimble Applications Inc. is One International Place, Suite 1330, Boston, MA 02110, USA.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Debtors

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 2,170,185 | 1,541,488 | 972,833 | 875,280 |
| Amounts owed by group undertakings | - | 2 | - | 4,477,853 |
| Other debtors | 211,236 | 492,745 | 142,325 | 288,958 |
| Prepayments and accrued income | 264,700 | - | 300,607 | - |
| Tax recoverable | 348,220 | 246,917 | 348,220 | 246,917 |
| | <u>2,994,341</u> | <u>2,281,152</u> | <u>1,763,985</u> | <u>5,889,008</u> |

An impairment loss of £nil (2017 - £nil) was recognised against trade debtors.

15. Cash and cash equivalents

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 6,240,674 | 457,659 | 3,044,105 | 218,925 |

16. Creditors: Amounts falling due within one year

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|-------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | - | 900,000 | - | 900,000 |
| Trade creditors | 1,569,398 | 901,873 | 1,386,964 | 734,554 |
| Other taxation and social security | 169,376 | 142,908 | 169,376 | 139,731 |
| Obligations under finance lease and hire purchase contracts | 57,962 | - | 57,962 | - |
| Accruals and deferred income | 5,954,813 | 4,140,005 | 3,483,110 | 2,485,286 |
| | <u>7,751,549</u> | <u>6,084,786</u> | <u>5,097,412</u> | <u>4,259,571</u> |

The bank loans are secured by way of fixed and floating charge over the trade and assets of the company.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due after more than one year

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Net obligations under finance leases and hire purchase contracts | 87,356 | - | 87,356 | - |
| | 87,356 | - | 87,356 | - |

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|-------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Within one year | 57,962 | - | 57,962 | - |
| Between 1-5 years | 87,356 | - | 87,356 | - |
| | 145,318 | - | 145,318 | - |

KIMBLE APPLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. Financial instruments

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|-----------------------------------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 6,240,674 | 457,659 | 3,044,105 | 218,925 |
| Financial assets that are debt instruments measured at amortised cost | 2,365,602 | 2,034,235 | 1,099,843 | 5,642,091 |
| | <u>8,606,276</u> | <u>2,491,894</u> | <u>4,143,948</u> | <u>5,861,016</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>(7,524,211)</u> | <u>(5,941,878)</u> | <u>(4,870,074)</u> | <u>(4,119,840)</u> |

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due on finance leases and other creditors

20. Share capital

| | 2018 £ | 2017 £ |
|--------------------------------------------------------|------------|------------|
| Allotted, called up and fully paid | | |
| 15,708 (2017 - 15,800) ordinary shares of £0.01 each | 157 | 158 |
| 1,400 (2017 - 1,400) A preference shares of £0.01 each | 14 | 14 |
| 2,488 (2017 - 0) B1 preference shares of £0.01 each | 25 | - |
| 859 (2017 - 0) B3 preference shares of £0.01 each | 9 | - |
| | <u>205</u> | <u>172</u> |

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Share capital (continued)

During the year, the company issued 2,488 B1 convertible redeemable preference shares of 1p each for a total consideration of £2,987.70 per share and 859 B3 convertible redeemable preference shares of 1p each for a total consideration of £2,987.70 per share. In addition 4,023 ordinary shares of 1p each were designated as 4,023 B2 shares of 1p each post year end.

Except as otherwise provided for the the Company's Articles of Association, the series A shares, the series B shares and the Ordinary shares shall rank *pari passu* in all respects but shall constitute separate classes of shares. All shares have equal voting rights.

B series shares

The holders of the series B shares are entitled to receive, on the occurrence of an exit event, a premium over and above the issued share price of the preference shares settled by way of allocation of sales proceeds.

The B series shares attract an 8% cumulative preferential dividend owed by the company to the holders of shares. The preference shares become payable when it is lawfully permissible to do so however are only payable by the company if, on an exit, a premium over and above the issued share price, the threshold amount, is not achieved.

The holders of the B series shares are entitle to redeem some or all of the B series shares upon written notice being given after 5 years from the date of adoption of the Articles of Association (6 March 2018).

B series shares automatically convert to Ordinary shares immediately prior to an exit or return of capital event.

On a winding up of the company, the holders are entitled to receive any accrued dividends, plus an amount equal to the issue price of the shares as is available from the liquidated assets of the company in priority over the other classes of shares.

A series shares

B series shares automatically convert to Ordinary shares immediately prior to an exit or return of capital event or by written notice by the shareholders holding more than 50% of the A series shares.

Full details of the rights attaching to the shares can be found in the Company's Articles of Association.

21. Reserves

Share premium account

Includes and premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

KIMBLE APPLICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Share based payments

Share options have been granted to employees of the company under the Kimble Applications Limited Employee Benefit Trust Scheme (2011). The options are exercisable at the discretion of the employee between the third and tenth anniversary of their grant. The options are not subject to any performance conditions.

Further share options have been granted to non employees and employees of Kimble Applications Inc. The options are exercisable at the discretion of the employee between the third and tenth anniversary of the grant. The options are not subject to any performance conditions.

The directors have determined that any profit and loss account charge in relation to the options granted is immaterial.

On 21 September 2018 the Company introduced a new Enterprise Management Incentive Plan for the benefit of certain employees. The options are all equity-settled share-based payment arrangements.

The company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the schemes used by the company.

The following ordinary share options were held under EMI scheme as at 31 December 2018.

| | Weighted average exercise price (pence) 2018 | Number 2018 | <i>Weighted average exercise price (pence) 2017</i> | <i>Number 2017</i> |
|-------------------------------------------|-------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------|------------------------|
| Outstanding at the beginning of the year | - | - | | - |
| Granted during the year | 119,566 | 870 | | - |
| Forfeited during the year | 119,566 | (201) | | - |
| Exercised during the year | - | - | | - |
| Expired during the year | - | - | | - |
| Outstanding at the end of the year | | 669 | | - |

| | 2018 Black- Scholes | <i>2017 Black- Scholes</i> |
|------------------------------------------|------------------------------------|------------------------------------|
| Option pricing model used | | |
| Weighted average share price (pence) | 298,770 | - |
| Exercise price (pence) | 119,566 | - |
| Weighted average contractual life (days) | 1,095 | - |
| Expected volatility | 50% | - |
| Expected dividend growth rate | - | - |
| Risk-free interest rate | 1% | - |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Share based payments (continued)

| | 2018 £ | 2017 £ |
|---------------------------|-----------|-----------|
| Expense recognised | | |
| Equity-settled schemes | 75,439 | - |
| | 75,439 | - |

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £179,030 (2017 - £90,569). Contributions totaling £nil (2017 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|----------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 304,522 | 209,082 | 228,574 | 209,082 |
| Later than 1 year and not later than 5 years | 732,982 | 1,072,950 | 701,144 | 1,072,950 |
| | 1,037,504 | 1,282,032 | 929,718 | 1,282,032 |

25. Related party transactions

In accordance with Financial Reporting Standard 102 'section 33', the Company has taken advantage of the exemption for subsidiary undertakings, where all of the voting rights are controlled within a Group, not to disclose related party transactions within that Group.

In the year ended 31 December 2018 (2017 - nil) shares were issued to funds managed by Accel-KKR for a consideration of £9,999,865. As a result of their share ownership, Accel-KKR are considered to be related parties. At 31 December 2018 £nil (2017 - £nil) was outstanding.

26. Controlling party

The Directors consider their to be no overall controlling related party.