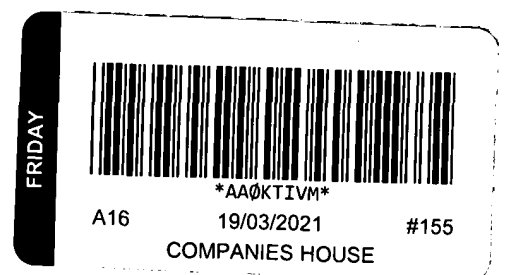


Ideagen Huddle Limited (formerly Ninian Solutions Limited)

Registered Number 05777111

Financial Statements

For the year ended 31 December 2019



Company Information

Directors

Dominic Ang – resigned on 30th December 2020
Evan Ginsburg – resigned on 30th December 2020
Chase Sorgel – resigned on 30th December 2020
Benjamin Dorks – appointed on 30th December 2020
Emma Hayes – appointed on 30th December 2020
David Hornsby – appointed on 30th December 2020

Registered Office

One Mere Way
Ruddington
Nottingham
NG11 6JS

Independent auditor

Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Table of contents

Company Information	2
Table of contents	3
Strategic Report	4
Directors' Report	6
Independent Auditor's Report to the members of Ideagen Huddle Limited (formerly Ninian Solutions Limited)	9
Company income statement	12
Company balance sheet	13
Company statement of changes in equity	14
Notes to the Company financial statements	15

Strategic Report

Introduction

Ideagen Huddle Limited (formerly Ninian Solutions Limited) is a subsidiary of Harmony UK Holding Limited and changed its name on 3rd March 2021. Ideagen Huddle Limited and its US subsidiary, Huddle Inc., provide software solutions. Huddle is the leading independent provider of cloud-based collaboration software. The principal activity of the Group is the provision of its online collaboration tool, Huddle. Huddle software enables organizations to better collaborate internally across various teams and externally with partners, clients, and other stakeholders. Its security enhanced, feature-rich solution increases client engagement by combining document collaboration, tasks and approval management through its unique workspace platform.

Business Review

Ideagen Huddle Limited continued to develop its business, focussing in particular on improvement to the Huddle product and sales into core verticals with expansion in Advisory Services and further penetration into the UK and US Government sectors.

Revenue, cost of sales, operating costs and comprehensive income for the year ended 31 December 2019 was £6.8m, £2.0m, £3.9m, and £1.1m respectively. This compares to the revenue, cost of sales, operating costs and comprehensive loss for the 17-month period ended 31 December 2018 of £10.3m, £2.8m, £9.8m, and £2.2m respectively.

Revenue for the year ended 31 December 2019, compared to the previous 12-month period, decreased by 3.5%. This decrease is due to a strategy where the Group have allowed for a managed loss of smaller less profitable customers. This strategy has led to a reduction in revenue generating customers, but an increase in average revenue per customer. The decrease in revenue has been offset by a reduction in the cost base, in particular payroll and marketing, with reported operating profit in line with the previous 12-month period.

The Company's strategy is to be the #1 online collaboration tool in the UK and the US. The directors are committed to making further investments in the future where these will add further expertise or allow the Company to expand into lucrative additional markets.

Principal Risks & Uncertainties

Principal risks and uncertainties that may affect the Company include foreign exchange risk, interest rate risk, credit risk, and competitive risk.

Foreign exchange risk

The Company's activities do expose it to foreign exchange risk as the Company has US\$ denominated revenues and costs whereas it reports in and has the majority of its other costs in Sterling. It mitigates this risk by monitoring and actively managing cash flows in its different operating currencies in order to minimise foreign exchange exposures.

Strategic Report (continued)

Interest rate risk

Subsequent to 31 December 2020, the Company terminated its bank facility as part of its acquisition by Ideagen Plc and therefore now has limited interest rate exposure.

Credit risk

As the Company continues to grow, its credit risk, primarily attributable to trade receivables, is also expected to grow. However, the Company benefits from a favourable working capital cycle in that it usually collects its licence fees in advance. A bad debt provision is included as required in respect of aged debtors.

Competition risk

The directors believe that the competitive landscape is crowded but continue to be optimistic about prospects for continued expansion through new market growth and steady increases in customer renewal rates. In the U.S., the Company is reliant upon certain public sector contracts which periodically require competitive requests for proposals. Renewals of these contracts may be affected by increased competition.

DocuSigned by:

Emma Hayes

22C1C1C237AD4BF...

By order of the Board
Emma Hayes, Director
19 March 2021

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company in the period under review was the provision of the online collaboration software product, Huddle.

Research and Development

During the year ended December 2019, the Company has invested £2.3m in research and development (17-month period ended 31 December 2018: £3.9m)

Results

The profit for the year before taxation amounted to £1.2m (17-month period ended 31 December 2018: loss of £2.4m)

Dividends

The directors are not recommending a dividend.

Going concern

Based on current and forecasted performance, the directors expect there to continue to be sufficient cash for at least 12 months from the date of approval of these financial statements.

For the year ending 31 December 2019, and through to the date of this audit report, the Company maintains a strong cash position. The Company has increased its net cash position during 2020, excluding the impact of a one-off payment as a result of the acquisition of the Company on 30 December 2020. Based on current and forecasted performance, the directors consider that the Company will continue to be profitable and cash generative. The directors have prepared forecasts which take into account the expected trading in the Company and believe that these forecasts demonstrate that the Company has adequate cash resources to continue to be able to pay its liabilities as they fall due for at least the next 12 months. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company acknowledges the devastating effect the COVID-19 pandemic has had throughout society and businesses around the world during the year 2020. The uncertainty surrounding the duration and impact of the pandemic on the global economy continues with trading remaining challenging in many markets, however the Company has seen no negative effect to its core business as a result. There has been no decline in revenue and no effect on the Company's cash flow. While there may have been some delays in executing new business, the Company does not expect any long-term negative effect as a result of the pandemic.

In January 2020, a withdrawal agreement between the United Kingdom and the European Union was executed. Known as Brexit, this exit from the European Union may affect companies operating in the United Kingdom. In December 2020, The UK and EU announced the agreement on a trade deal. Coming into effect on 1 January 2021, the deal will replace the existing arrangements under the transition period. The Company does not expect this trade deal to negatively affect our service or customer communications on the Huddle platform between UK and EU based customers or users.

Directors' Report (continued)

Business Outlook

Business activity subsequent to the 31 December 2019 balance sheet date has shown continued improvement. Strong gross margins and retention rates have propelled the Company to a more profitable position. The outlook for the business is extremely positive. Advancements in technical features and an improved integration strategy have created significant growth potential going forward. On 23 December 2020 Ideagen Plc announced the acquisition of the Company as part of their acquisition of Harmony UK Holdings Limited. Following the acquisition, the Group will be extremely well placed to take advantage of the ongoing growth in regulatory requirements and the increased need for people to be able to work across an extended enterprise, while maintaining the ability to collaborate on projects.

Directors

The directors who served during the period are shown on page 1.

Events since the balance sheet date

On 30 December 2020 the Company was acquired by Ideagen Plc, as part of their acquisition of Harmony UK Holdings Limited. Ideagen Plc acquired 100% of the Group via purchase of the entire share capital of Harmony UK Holdings Limited. In addition, the Company's loan facility was cancelled on 18 December 2020, with all associated fees being settled on termination.

COVID-19: The Company continues to monitor the effects of the pandemic on its business. Because of the nature of the remote collaboration platform and the ability for employees to work remotely, the Company has experienced no negative effects to date in relation to the pandemic. There has been no decline in sales and there has been no negative effect on the cash flows of the Company.

Directors' Responsibility Statement

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

In preparing the Company financial statements, the directors are required to:

- present fairly the financial position and financial performance of the Company;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' Report (continued)

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors 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's auditor is aware of that information

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DocuSigned by:

Emma Hayes

22C1C1C237AD4BF...

By order of the Board
Emma Hayes, Director
19 March 2021

Independent auditor's report to the members of Ideagen Huddle Limited (formerly Ninian Solutions Limited)

Opinion

We have audited the financial statements of Ideagen Huddle Limited (“the Company”) for the year ended 31 December 2019 which comprise the income statement, the statement of comprehensive income, the balance sheet, the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2019 and of its profit 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council’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 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.

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.

Independent auditor's report to the members of Ideagen Huddle Limited (formerly Ninian Solutions Limited) (continued)

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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

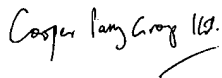
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the members of Ideagen Huddle Limited (formerly Ninian Solutions Limited) (continued)

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.



Steven Leith (Senior Statutory Auditor)
For and on behalf of
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 19 March 2021

Ideagen Huddle Limited (formerly Ninian Solutions Limited)

Income Statement

For the year ended 31 December 2019

		<i>Year ended 31 December 2019</i>	<i>17-month period ended 31 December 2018</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Revenue	2	6,848	10,252
Cost of Sales		(2,046)	(2,820)
Gross Profit		<u>4,802</u>	<u>7,432</u>
Other operating income		400	-
Total operating expenses	2	(3,852)	(9,809)
Operating Profit/(Loss)		<u>1,350</u>	<u>(2,377)</u>
Finance costs	4	(154)	(10)
Profit/(Loss) on ordinary activities before taxation		<u>1,196</u>	<u>(2,387)</u>
Taxation on ordinary activities	5	(49)	204
Comprehensive income/(loss) for the year		<u>1,147</u>	<u>(2,183)</u>

The notes on pages 15 to 29 form part of these financial statements.

Ideagen Huddle Limited (formerly Ninian Solutions Limited)

Balance Sheet

For the year ended 31 December 2019

		<i>As at</i> 31 December <i>2019</i> £'000	<i>As at</i> 31 December <i>2018</i> £'000
	<i>Notes</i>		
Non-current assets			
Property, plant & equipment	7	515	343
Right-of-use lease assets	8	2,139	-
Investments	6	-	-
		<u>2,654</u>	<u>343</u>
Current assets			
Trade and other receivables	9	2,695	2,892
Cash and cash equivalents	10	1,460	1,555
Intercompany receivables	9	2,597	1,016
		<u>6,752</u>	<u>5,463</u>
TOTAL ASSETS		<u><u>9,406</u></u>	<u><u>5,806</u></u>
EQUITY			
Issued share capital	13	1	1
Share Premium		39,472	39,472
Retained (deficit)/earnings		(46,155)	(47,317)
Equity attributable to equity shareholders		<u>(6,682)</u>	<u>(7,844)</u>
TOTAL EQUITY		<u>(6,682)</u>	<u>(7,844)</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	370	497
Other liabilities	11	1,259	797
Deferred revenue	11	5,454	5,344
Intercompany payables	11	5,994	6,192
Lease liabilities	8	434	-
		<u>13,511</u>	<u>12,830</u>
Non-current liabilities			
Other non-current liabilities	12	50	820
Lease liabilities	8	2,527	-
		<u>2,577</u>	<u>820</u>
TOTAL LIABILITIES		<u>16,088</u>	<u>13,650</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,406</u></u>	<u><u>5,806</u></u>

The notes on pages 15 to 29 form part of these financial statements.

These financial statements have been approved by the board of directors and signed on its behalf by:

DocuSigned by:

Emma Hayes
22C1C1C237AD4BF...

Emma Hayes, Director
19 March 2021

Registered company number: 05777111

Ideagen Huddle Limited (formerly Ninian Solutions Limited)

Statement of changes in equity

For the year ended 31 December 2019

	<i>Issued share capital £'000</i>	<i>Share Premium £'000</i>	<i>Retained earnings/ (deficit) £'000</i>	<i>Total shareholders' equity £'000</i>
At 31 July 2017	1	39,472	(45,154)	(5,681)
Share based payments charge	-	-	20	20
Total comprehensive loss for the period	-	-	(2,183)	(2,183)
At 31 December 2018	1	39,472	(47,317)	(7,844)
Share based payments charge	-	-	15	15
Total comprehensive income for the year	-	-	1,147	1,147
At 31 December 2019	1	39,472	(46,155)	(6,682)

The notes on pages 15 to 29 form part of these financial statements.

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Ideagen Huddle Limited (formerly Ninian Solutions Limited) is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. These financial statements have been prepared in accordance with Financial Reporting Standard 101 – 'Reduced Disclosure Framework (FRS 101)', and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The financial statements are presented in sterling, which is the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Significant accounting estimates, judgements, and assumptions

The preparation of the Company's financial statements in compliance with FRS 101 requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the Company's accounting policies, management has made the following judgments and estimates which have the most significant effect on the amounts recognised in the financial statements:

Provision for impairment of investments in subsidiaries and intergroup receivable

The Company makes appropriate and prudent provision for the recoverability of investments in subsidiaries and intergroup receivables based on its judgement of future cashflows generated by those assets.

New IFRS standards and interpretations adopted during 2019

In 2019 the following standards, interpretations and amendments had been endorsed by the EU, became effective and were adopted by the Company:

- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over Income Tax treatments'
- Amendments to IFRS 9 'Financial Instruments'
- Annual improvements to IFRSs – 2015-2017 Cycle
- Amendments to IAS 19 'Employee Benefits'

The above standards, interpretations and amendments have not had a material impact on the Financial Statements, other than IFRS 16 'Leases' – see note 8 for further detail.

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
 - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
 - reconciliations of the carrying amounts of property, plant and equipment at the start and the end of the prior period.
- a Statement of Cash Flows
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- Disclosures in relation to the objectives, policies and process for managing capital
- disclosure of the effect of future accounting standards not yet adopted
- the remuneration of key management personnel
- Related party transactions with two or more wholly owned members of the Company

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Harmony UK Holdings Limited. These financial statements do not include certain disclosures in respect of:

- Share based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment.
- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Going concern

Based on current and forecasted performance, the directors expect there to continue to be sufficient cash for at least 12 months from the date of approval of these financial statements.

For the year ending 31 December 2019, and through to the date of this audit report, the Company maintains a strong cash position. The Company has increased its net cash position during 2020, excluding the impact of a one-off payment as a result of the acquisition of the Company on 30 December 2020. Based on current and forecasted performance, the directors consider that the Company will continue to be profitable and cash generative.

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

The directors have prepared forecasts which take into account the expected trading in the Company and believe that these forecasts demonstrate that the Company has adequate cash resources to continue to be able to pay its liabilities as they fall due for at least the next 12 months. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company acknowledges the devastating effect the COVID-19 pandemic has had throughout society and businesses around the world during the year 2020. The uncertainty surrounding the duration and impact of the pandemic on the global economy continues with trading remaining challenging in many markets, however the Company has seen no negative effect to its core business as a result. There has been no decline in revenue and no effect on the Company's/ cash flow. While there may have been some delays in executing new business, the Company does not expect any long-term negative effect as a result of the pandemic.

In January 2020, a withdrawal agreement between the United Kingdom and the European Union was executed. Known as Brexit, this exit from the European Union may affect companies operating in the United Kingdom. In December 2020, The UK and EU announced the agreement on a trade deal. Coming into effect on 1 January 2021, the deal will replace the existing arrangements under the transition period. The Company does not expect this trade deal to negatively affect our service or customer communications on the Huddle platform between UK and EU based customers or users.

Consolidation

The financial statements contain information about Ideagen Huddle Limited (formerly Ninian Solutions Limited) as an individual company and do not contain consolidated financial information as the parent of a Group. The Company is owned by Harmony UK Intermediate Holdings Limited and Harmony UK Holdings Limited. It is included in the consolidated financial statements of Harmony UK Holdings Limited, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is One Mere Way, Ruddington, Nottingham, NG11 6JS.

Revenue recognition

Company revenue is principally derived from and measured with reference to contracted licence fees in respect of the Huddle online collaboration tool.

Revenue is recognised on a straight-line basis over the term of the contract and deferred as appropriate at the period end to the extent that the service is delivered and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Leasehold improvements	-	over lease term
Fixtures and fittings	-	3 years
Plant and machinery	-	3 years

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Impairment of non-financial assets

The Company assesses, 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU)

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.

De-recognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Investments and other financial assets

Classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it is held with the objective of collecting the contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All other financial assets are measured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of Trade receivables

Trade receivables are held at their original invoiced amount net of an ECL allowance, based on the simplified model as allowed under IFRS 9.

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with a maturity of three months or less.

Right-of-use assets and lease liabilities (post 1 January 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Transition disclosures and elections are disclosed in note 8.

Leases under which the Company acts as lessee

The Company is party to a lease contract for one building. The Company recognises a right of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an estimate of the Companies incremental borrowing rate at that point in time.

The Company estimates the incremental borrowing rate by taking a credit risk adjusted risk-free rate in addition to making other specific adjustments to account for certain characteristics in the lease such as geography, type of asset and security pledged.

Lease payments included in the measurement of the lease liability comprise either fixed lease payments or lease payments subject to periodic fixed increases. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and interest cost with the interest costs charged to the Income Statement over the lease period.

The liability is remeasured when there is an increase/decrease in future lease payments arising from a change in an index or rate specified.

Interest incurred on lease liabilities accounted for under IFRS 16 is recognised within finance costs.

Short-term leases and leases of low-value assets

The Company does not recognise right of use assets and lease liabilities for short-term leases that have a lease term of less than twelve months and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis in the Income Statement over the lease term.

Notes to the Company financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods 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 by the statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where 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 income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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:

- where the deferred income 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income 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 difference can be utilised.

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

Notes to the Company financial statements

For the year ended 31 December 2019

2. Revenue and operating expenses

Revenue

The Company's revenue from external customers is divided into the following geographical areas:

	<i>Year ended 31 December 2019 £'000</i>	<i>17-month period ended 31 December 2018 £'000</i>
UK	6,179	8,832
EMEA	669	1,420
Total Revenue	6,848	10,252

Operating expenses

	<i>Year ended 31 December 2019 £'000</i>	<i>17-month Period ended 31 December 2018 £'000</i>
Included in operating expenses:		
Depreciation of owned property, plant & equipment	115	223
Depreciation of right-of-use assets	342	-
Operating lease rentals – land and buildings	-	803
R&D expenditure	2,313	4,022
Reversal of prior year impairment of intercompany receivable	-	(28,015)
Impairment of current year intercompany receivable	1,790	2,600
Impairment of investment in subsidiary	-	28,700
Auditors remuneration – fees for the audit of the Company	38	48

The Company has taken advantage of the exemption not to disclose fees paid to the Company's auditor, Cooper Perry Group Limited for services other than the statutory audit of the Company as the Company is included in the consolidated financial statements of Harmony UK Holdings Limited, which are prepared in accordance with Companies Act 2006 and are audited by Cooper Parry Group Limited.

Notes to the Company financial statements

For the year ended 31 December 2019

3. Employee costs

Employee benefits expense

	<i>Year ended 31 December 2019 £'000</i>	<i>17-month period ended 31 December 2018 £'000</i>
<i>Included in other operating costs</i>		
Wages and salaries	4,157	6,401
Employer related taxes	444	745
Pension costs	101	171
Benefits	61	131
	<u>4,763</u>	<u>7,448</u>

	<i>2019 FTE</i>	<i>2018 FTE</i>
Number of full time equivalent (FTE) employees	59	62
<i>Average number of people (including executive directors) employed:</i>		
Operational	53	57
Administration	6	5
Total Average headcount	<u>59</u>	<u>62</u>

4. Finance costs

	<i>Year ended 31 December 2019 £'000</i>	<i>17-month period ended 31 December 2018 £'000</i>
Interest on debts and borrowings	-	10
Interest on lease liabilities (note 8)	154	-
	<u>154</u>	<u>10</u>

Notes to the Company financial statements

For the year ended 31 December 2019

5. Income tax

Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	<i>Year ended 31 December 2019</i>	<i>17-month period ended 31 December 2018</i>
UK Corporation tax charge/(credit) on the profit/(loss) for the year	49	-
Prior year adjustment	-	(204)
Total tax charge/(credit) for the year	49	(204)

Factors affecting tax charge/(credit) for the year

The tax charge for the year is different from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<i>Year ended 31 December 2019 £'000</i>	<i>17-month period ended 31 December 2018 £'000</i>
Profit/(loss) on ordinary activities before tax	1,196	(2,387)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	227	(453)
<i>Effects of:</i>		
Prior year adjustment	-	(204)
Expenses not deductible for tax purposes	359	993
Income not taxable for tax purposes	(40)	-
Fixed Asset differences	8	11
Amounts not recognised in deferred tax	(505)	(551)
Total tax charge/(credit) for the period	49	(204)

Future Tax rate

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

Deferred tax

A net deferred tax asset amounting to £0.959m (2018: £1.447m) resulting from tax losses carried forward and other timing differences has not been recognised in the financial statements due to the current uncertainty of future profits.

Notes to the Company financial statements

For the year ended 31 December 2019

6. Investments

	<i>As at 31 December 2019 £</i>	<i>As at 31 December 2018 £</i>
Balance brought forward	120	67
Additions	-	53
Huddle Inc Intercompany receivable converted into equity	-	28,700,000
Impairment provision	-	(28,700,00)
As at 31 December 2019	120	120

As of December 2017, the Company reviewed its intercompany receivable from Huddle Inc. The outcome of the review was that an agreement was reached that Ideagen Huddle Limited will convert £28.7m of Huddle Inc's payable into equity. As at 31 Dec 2018, a full impairment provision was made for this additional investment in subsidiary. Further details on the Company's investments in subsidiary undertakings can be seen in note 16.

7. Property, Plant and Equipment

	<i>Leasehold Improvements £'000</i>	<i>Plant and machinery £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Total £'000</i>
<u>Cost:</u>				
At 31 July 2017	553	114	672	1,339
Additions	-	-	34	34
At 31 December 2018	553	114	706	1,373
Additions	281	-	6	287
At 31 December 2019	834	114	712	1,660
<u>Depreciation:</u>				
At 31 July 2017	209	106	492	807
Charge for the period	58	2	163	223
At 31 December 2018	267	108	655	1,030
Charge for the year	72	6	37	115
At 31 December 2019	339	114	692	1,145
Net Book value: 31 December 2019	495	-	20	515
Net Book value: 31 December 2018	286	6	51	343

Notes to the Company financial statements

For the year ended 31 December 2019

8. Leases

The Company holds one lease contract for a building.

The application of IFRS 16 required the Company to make estimates that affect the valuation of lease liabilities and right-of-use lease assets. These predominantly include determining the contracts that fall under IFRS 16, the contract term and the interest rate used for the discounting of future cash flows.

The lease term determined by the Company comprises a non-cancellable period, periods covered by an option to extend if the Company is reasonably certain to exercise the option and periods covered by an option to terminate if the Company is reasonably certain not to exercise that option. The same period is applied to determine the useful economic life and therefore the depreciation rate of the right-of-use lease assets.

The modified retrospective transition approach was chosen under which the Company evaluated its lease liability on transition using an incremental borrowing rate assessed at the date of transition, with a right-of-use asset of equal value, adjusted by deferred lease payments relating to that lease recognised in the balance sheet prior to the date of initial application.

The Company has elected, under IFRS 16, not to recognise right-of-use lease assets and lease liabilities for short-term and low value leases. It continues to recognise these lease costs on a straight-line basis over the lease term within Administrative and other operating expenses in the Consolidated Income Statement.

	<i>£'000</i>
Non-cancellable operating lease commitment disclosed at 31 December 2018	1,276
Cancellable portion of operating leases expected to be paid	2,695
Gross lease liabilities at 1 January 2019	3,971
Discounting	(597)
Lease liabilities upon adoption of IFRS 16 at 1 January 2019	3,374

Management have implemented new processes and procedures across the Company to ensure compliance with the new accounting standard.

a) Right-of-use lease assets

The Company is party to one property lease.

	<i>Properties</i>
	<i>£'000</i>
<u>Cost:</u>	
Introduced on adoption of IFRS 16 at 1 January 2019	2,481
Additions	-
At 31 December 2019	2,481
<u>Depreciation:</u>	
Introduced on adoption of IFRS 16 at 1 January 2019	-
Charge for the year	342
At 31 December 2019	342
Carrying value	
31 December 2019	2,139
Carrying value:	
Introduced on adoption of IFRS 16 at 1 January 2019	2,481

Notes to the Company financial statements

For the year ended 31 December 2019

8. Leases (continued)

Income from the sub-leasing of right-of-use assets in the year 31 December 2019 was £69,000 (2018: £Nil). The Company recognises the lease payments received on a straight-line basis over the lease term within operating expenses in the Income Statement.

b) Obligations under leases

Future gross minimum rentals payable under non-cancellable operating leases accounted for under IAS 17 as at 31 December 2018 were:

	£'000
Not later than one year	567
After one year but not more than five years	709
More than five years	-
	<u>1,276</u>

The incremental borrowing rate applied to the lease liabilities recognised in the Statement of Financial Position at 1 January 2019 was 5.0%

The maturity profile of discounted lease cash flows accounted for under IFRS 16 as at 31 December 2019 are:

	£'000
Less than one year	434
One to five years	1,970
More than five years	557
	<u>2,961</u>
Analysed as:	
Current	434
Non-current	2,527
	<u>2,961</u>

The total lease interest expense for the year ended 31 December 2019 was £154,000. Total cash outflow for leases accounted for under IFRS 16 for the current year was £567,000. Expenses charged to the Income Statement for low-value leases for the year ended 31 December 2019 was £1,000.

Notes to the Company financial statements

For the year ended 31 December 2019

9. Trade and other receivables

	<i>As at</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2018</i> <i>£'000</i>
Amounts due from subsidiary	4,390	2,600
Less: impairment of receivable from subsidiary	(4,390)	(2,600)
Amount due from Parent Company	2,597	1,016
Trade receivables	1,784	2,000
Bad debt provision	(24)	(24)
Other receivables	386	289
Prepayments and accrued income	549	627
	<u>5,292</u>	<u>3,908</u>

Amounts due from Group undertakings are interest bearing and repayable on demand. Due to uncertainties over the recoverability of the receivable from its subsidiary undertaking, Huddle Inc, the Parent Company has fully impaired the receivable.

Trade receivables are non-interest bearing and are payable on 30-day terms. All outstanding trade receivables that have not been provided for are considered to be recoverable.

The provision for doubtful accounts is an expected credit loss (ECL) provision. The Company has adopted the simplified impairment model to measure the expected lifetime credit losses on its trade receivables and writes them off when it has no reasonable expectation of recovery of the debt.

The ten largest accounts receivable balances comprise 59% of the total value of accounts receivable.

10. Cash and cash equivalents

	<i>As at</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2018</i> <i>£'000</i>
Cash and cash equivalents	<u>1,460</u>	<u>1,555</u>

Notes to the Company financial statements

For the year ended 31 December 2019

11. Trade and other payables

	<i>As at 31 December 2019 £'000</i>	<i>As at 31 December 2018 £'000</i>
Amount due to ultimate Parent Company	5,994	6,192
Trade and other payables	370	497
Accruals	966	499
Deferred Revenue	5,454	5,344
Accrued taxes and social security	234	237
Other liabilities	59	61
	<u>13,077</u>	<u>12,830</u>

12. Non-Current Liabilities

	<i>As at 31 December 2019 £'000</i>	<i>As at 31 December 2018 £'000</i>
Deferred Rent (rent incentive and rent-free period)	-	770
Other non-current liabilities	50	50
	<u>50</u>	<u>820</u>

13. Share Capital

Ordinary shares called up and fully paid

<i>Ordinary shares issued and fully paid</i>	<i>As at 31 December 2019</i>		<i>As at 31 December 2018</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary shares of £0.000005 each	41,514	208	41,514	208
A Preference shares of £0.000005 each	27,176	136	27,176	136
B Preference shares of £0.000005 each	35,829	179	35,829	179
C Preference shares of £0.000005 each	38,350	192	38,350	192
D Preference shares of £0.000005 each	24,567	123	24,567	123
Totals	<u>167,436</u>	<u>838</u>	<u>167,436</u>	<u>838</u>

The Ordinary shares and the A, B, C and D Preference shares rank parri passu in many respects, however the A Preference shares also entitle the holders to a degree of priority on a liquidation or other return of capital, in accordance with the Company's Articles of Association. The A, B, C and D Preference shares are non-redeemable and can be converted into Ordinary shares at any time at the option of the preferred shareholder.

In October 2020, the preference shares were converted to ordinary shares.

Notes to the Company financial statements

For the year ended 31 December 2019

14. Events after the reporting period

On 30 December 2020 the Company was acquired by Ideagen Plc, as part of their acquisition of Harmony UK Holdings Limited. Ideagen Plc acquired 100% of the Group via purchase of the entire share capital of Harmony UK Holdings Limited. In addition, the Company's loan facility was cancelled on 18 December 2020, with all associated fees being settled on termination.

COVID-19: The Company continues to monitor the effects of the pandemic on its business. Because of the nature of the remote collaboration platform and the ability for employees to work remotely, the Company has experienced no negative effects to date in relation to the pandemic. There has been no decline in sales and there has been no negative effect on the cash flows of the Company.

15. Ultimate controlling party

The directors regard Harmony UK Holdings Limited, a company incorporated in the United Kingdom, as the immediate Parent Company and Ideagen Plc as the ultimate Parent Company. Harmony UK Holdings Limited were regarded as the ultimate Parent Company up until 30 December 2020, at which point the Company was acquired by Ideagen Plc. As at 31 December 2019, Harmony UK Holdings Limited is the parent of both the smallest and largest Group into which the results of the Company are consolidated. Harmony UK Holdings Limited prepares Group financial statements that can be obtained from its registered office at One Mere Way, Ruddington, Nottingham, NG11 6JS. The financial statements of Ideagen Plc can be obtained from www.ideagen.com. The directors of Ideagen Plc consider that no party has overall control of the Company.

16. Subsidiaries

The Company's subsidiaries are listed in the following table.

	<i>Country of incorporation</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Directly held:			
Huddle Inc.	USA	100%	Provision of online collaboration software
Huddle SW Proprietary Limited	South Africa	100%	Research & Development company

The results of the listed subsidiaries are included in the consolidated results of Harmony UK Holdings Limited.

The registered address of each of the subsidiaries is as follows:

<i>Subsidiary</i>	<i>Registered address</i>
Huddle Inc.	251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808
Huddle SW Proprietary Limited	Spaces, 4 th Floor, 21 Dreyer Street, Claremont, Cape Town 7700