

REZATEC LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2020

REZATEC LIMITED
REGISTERED NUMBER: 07940023

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Intangible assets | 5 | 942,208 | 532,258 |
| Tangible assets | 6 | 367,873 | 375,709 |
| | | 1,310,081 | 907,967 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 2,576,886 | 2,208,431 |
| Cash at bank and in hand | 9 | 2,832,591 | 162,627 |
| | | 5,409,477 | 2,371,058 |
| Creditors: amounts falling due within one year | 10 | (2,085,193) | (2,000,788) |
| Net current assets | | 3,324,284 | 370,270 |
| Total assets less current liabilities | | 4,634,365 | 1,278,237 |
| Creditors: amounts falling due after more than one year | 11 | (295,155) | (627,628) |
| Net assets | | 4,339,210 | 650,609 |
| Capital and reserves | | | |
| Called up share capital | 14 | 433 | 248 |
| Share premium account | | 8,671,876 | 3,827,405 |
| Profit and loss account | | (4,333,099) | (3,177,044) |
| | | 4,339,210 | 650,609 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

P Newton
Director

Date: 8 September 2020

The notes on pages 6 to 21 form part of these financial statements.

REZATEC LIMITED
REGISTERED NUMBER: 07940023

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Intangible assets | 5 | 942,208 | 532,258 |
| Tangible assets | 6 | 367,873 | 375,709 |
| Investments | 7 | 1 | 1 |
| | | 1,310,082 | 907,968 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 3,366,520 | 1,985,682 |
| Cash at bank and in hand | 9 | 2,682,362 | 98,292 |
| | | 6,048,882 | 2,083,974 |
| Creditors: amounts falling due within one year | 10 | (2,903,311) | (1,519,195) |
| Net current assets | | 3,145,571 | 564,779 |
| Total assets less current liabilities | | 4,455,653 | 1,472,747 |
| Creditors: amounts falling due after more than one year | 11 | (295,155) | (627,628) |
| Net assets | | 4,160,498 | 845,119 |
| Capital and reserves | | | |
| Called up share capital | 14 | 433 | 248 |
| Share premium account | | 8,671,876 | 3,827,405 |
| Profit and loss account | | (4,511,811) | (2,982,534) |
| | | 4,160,498 | 845,119 |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

P Newton

Director

Date: 8 September 2020

The notes on pages 6 to 21 form part of these financial statements.

REZATEC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|--------------------------|----------------------------|-------------------------|
| | £ | £ | £ | £ |
| At 1 April 2019 (as previously stated) | 248 | 3,827,405 | (3,349,591) | 478,062 |
| Prior year adjustment | - | - | 172,547 | 172,547 |
| At 1 April 2019 (as restated) | <u>248</u> | <u>3,827,405</u> | <u>(3,177,044)</u> | <u>650,609</u> |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,177,291) | (1,177,291) |
| | <u>-</u> | <u>-</u> | <u>(1,177,291)</u> | <u>(1,177,291)</u> |
| Other comprehensive income for the year | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | - | - | (1,177,291) | (1,177,291) |
| Shares issued during the year | 185 | 4,844,471 | - | 4,844,656 |
| Share based payment charge | - | - | 21,236 | 21,236 |
| | <u>-</u> | <u>-</u> | <u>21,236</u> | <u>21,236</u> |
| Total transactions with owners | 185 | 4,844,471 | 21,236 | 4,865,892 |
| | <u>185</u> | <u>4,844,471</u> | <u>21,236</u> | <u>4,865,892</u> |
| At 31 March 2020 | <u><u>433</u></u> | <u><u>8,671,876</u></u> | <u><u>(4,333,099)</u></u> | <u><u>4,339,210</u></u> |

The notes on pages 6 to 21 form part of these financial statements.

REZATEC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|--------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2018 (as previously stated) | 225 | 2,976,048 | (2,105,717) | 870,556 |
| Prior year adjustment | - | - | (423,494) | (423,494) |
| At 1 April 2018 (as restated) | <u>225</u> | <u>2,976,048</u> | <u>(2,529,211)</u> | <u>447,062</u> |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (677,173) | (677,173) |
| | <u>-</u> | <u>-</u> | <u>(677,173)</u> | <u>(677,173)</u> |
| Other comprehensive income for the year | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | - | - | (677,173) | (677,173) |
| Shares issued during the year | 23 | 851,357 | - | 851,380 |
| Share based payment charge | - | - | 29,340 | 29,340 |
| | <u>-</u> | <u>-</u> | <u>29,340</u> | <u>29,340</u> |
| Total transactions with owners | 23 | 851,357 | 29,340 | 880,720 |
| | <u>23</u> | <u>851,357</u> | <u>29,340</u> | <u>880,720</u> |
| At 31 March 2019 | <u>248</u> | <u>3,827,405</u> | <u>(3,177,044)</u> | <u>650,609</u> |

The notes on pages 6 to 21 form part of these financial statements.

REZATEC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------|
| At 1 April 2018 | 225 | 2,976,048 | (2,115,853) | 860,420 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (896,021) | (896,021) |
| Total comprehensive income for the year | - | - | (896,021) | (896,021) |
| Contributions by and distributions to owners | | | | |
| Shares issued during the year | 23 | 851,357 | - | 851,380 |
| Movement in share based payments | - | - | 29,340 | 29,340 |
| Total transactions with owners | 23 | 851,357 | 29,340 | 880,720 |
| At 1 April 2019 | 248 | 3,827,405 | (2,982,534) | 845,119 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,550,513) | (1,550,513) |
| Total comprehensive income for the year | - | - | (1,550,513) | (1,550,513) |
| Contributions by and distributions to owners | | | | |
| Shares issued during the year | 185 | 4,844,471 | - | 4,844,656 |
| Movement in share based payments | - | - | 21,236 | 21,236 |
| Total transactions with owners | 185 | 4,844,471 | 21,236 | 4,865,892 |
| At 31 March 2020 | 433 | 8,671,876 | (4,511,811) | 4,160,498 |

The notes on pages 6 to 21 form part of these financial statements.

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Rezatec Limited is a private company, limited by shares and incorporated in the United Kingdom and registered in England and Wales (registered number 07940023).

The registered office and principal place of business is Quad One, Becquerel Avenue, Harwell, Didcot, Oxfordshire, OX11 0RA.

The principal activity of the Company and the Group in the period under review is the licensing to customers of subscription-based access to proprietary geospatial data products that resolve strategic commercial issues in a number of industry vertical sectors. Rezatec develops and delivers its geospatial data products by applying its internally developed algorithms and processing techniques to raw data captured from third party satellite, airborne and ground instruments to generate high value calculated derivatives for customer use.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements have been rounded to the nearest pound Sterling.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Going concern

Whilst it is too early to estimate what the full impact from COVID-19 will be on the Company's performance for the foreseeable future, the directors expect that COVID-19 will cause disruption to its business. The Group had a loss attributable to shareholders for the year of £1,177,291 (2019: Loss £677,173) and at 31 March 2020 had cash balances of £2,832,591 (2019: £162,627).

The directors have prepared forecasts and projections using what the directors believe to be reasonable assumptions relating to the Company's financial performance, current financial position and existing financial resources for a period of at least 12 months from signing of the financial statements which show the Company to be a going concern. The directors are also undertaking proactive measures to optimise working capital and preserve cash. In addition, the directors have also reviewed recent Government pronouncements to support businesses through this period. This includes time to pay arrangements for payroll related tax liabilities, and the Company will utilise this support.

Based on the above, the directors are of the opinion that the going concern principle is applicable and that the Company has the necessary resources to continue as a going concern for the foreseeable future.

2.4 Revenue

Turnover comprises both commercially generated income in respect of services supplied during the year along with public sector income received. Turnover is exclusive of Value Added Tax and trade discounts.

Commercial income is recognised in line with agreements established with customers. Where services are provided but amounts are not invoiced by year end, accrued income is recognised within the accounts accordingly.

As indicated in last year's Directors Report, the Group has adopted a revised accounting policy from 1 April 2019, to reflect the evolving nature of the Group's commercial revenue.

The Group's commercial subscription revenue is now recognised as income on an Annual Recurring Revenue (ARR) basis to reflect the fact that the business is predominantly subscription based with customers accessing Rezatec products via a "software as a service" (SAAS) or "data as a service"(DAAS) model. This matches investor understanding of the Rezatec business model and is in line with the appropriate GAAP current practice at the time of reporting.

To ensure a meaningful interpretation of this year's results vs last year's, the Group's revenue for 18/19 has been restated on the same ARR basis, in these statements. The related opening balances have also been restated accordingly.

2.5 Public sector revenue

Public Sector (grant) income is accounted for under the accruals model as permitted by FRS 102. The deferred element of Public Sector income is included in creditors as deferred income.

Public Sector Income is recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

| | | |
|-------------------------|---|--|
| Patents | - | 33 % straight line |
| Development expenditure | - | 33 % straight line (from 1 April 2019) |

2.7 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:

| | | |
|---------------------|---|----------------------|
| Software | - | 50% straight line |
| Fixtures & fittings | - | 10-33% straight line |
| Computer equipment | - | 20-30% 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 profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.10 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.

2.11 Financial instruments

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

2.12 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.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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.

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.

2.14 Finance costs

Finance costs are charged to profit or loss 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.

2.15 Operating leases: the Group as lessee

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.16 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 profit or loss 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.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Taxation

Tax is recognised in profit or loss 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.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.20 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

The Group makes estimates and assumptions concerning the future and judgements in applying the Group's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no estimates or assumptions that have caused a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the assets and projected disposal values.

Intangible fixed assets

Intangible fixed assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the assets and projected disposal values.

Development costs are capitalised if, and only if certain criteria are met to demonstrate that the asset will generate probable future economic benefits and that its cost can be reliably measured. Capitalised development costs are amortised on a straight line basis over their useful economic lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

Share based payment

The fair value of the share options at the date of grant is determined using the Black-Scholes model. This model uses key assumptions including the risk free rate, share price and volatility of the share price. The fair value of the options at the date of grant is then charged to the Consolidated Statement of Comprehensive Income 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.

4. Employees

The average monthly number of employees, including directors, during the year was 37 (2019 - 35).

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Intangible assets

Group

| | Patents £ | Development expenditure £ | Total £ |
|-------------------------------------|---------------|---------------------------------|----------------|
| Cost | | | |
| At 1 April 2019 | 22,233 | 521,195 | 543,428 |
| Additions | 10,933 | - | 10,933 |
| Additions - internal | - | 545,505 | 545,505 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2020 | 33,166 | 1,066,700 | 1,099,866 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 April 2019 | 11,170 | - | 11,170 |
| Charge for the year on owned assets | 8,516 | 137,972 | 146,488 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2020 | 19,686 | 137,972 | 157,658 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 2020 | <u>13,480</u> | <u>928,728</u> | <u>942,208</u> |
| At 31 March 2019 | <u>11,063</u> | <u>521,195</u> | <u>532,258</u> |

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Intangible assets (continued)

Company

| | Patents £ | Development expenditure £ | Total £ |
|-----------------------|---------------|---------------------------------|------------------|
| Cost | | | |
| At 1 April 2019 | 22,233 | 521,195 | 543,428 |
| Additions | 10,933 | - | 10,933 |
| Additions - internal | - | 545,505 | 545,505 |
| At 31 March 2020 | <u>33,166</u> | <u>1,066,700</u> | <u>1,099,866</u> |
| Amortisation | | | |
| At 1 April 2019 | 11,170 | - | 11,170 |
| Charge for the year | 8,516 | 137,972 | 146,488 |
| At 31 March 2020 | <u>19,686</u> | <u>137,972</u> | <u>157,658</u> |
| Net book value | | | |
| At 31 March 2020 | <u>13,480</u> | <u>928,728</u> | <u>942,208</u> |
| At 31 March 2019 | <u>11,063</u> | <u>521,195</u> | <u>532,258</u> |

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Tangible fixed assets

Group

| | Software £ | Fixtures & fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|----------------|-----------------------------|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 April 2019 | 117,552 | 249,530 | 248,090 | 615,172 |
| Additions | - | 104,420 | 11,867 | 116,287 |
| At 31 March 2020 | <u>117,552</u> | <u>353,950</u> | <u>259,957</u> | <u>731,459</u> |
| Depreciation | | | | |
| At 1 April 2019 | 116,587 | 53,799 | 69,077 | 239,463 |
| Charge for the year on owned assets | 956 | 75,318 | 47,849 | 124,123 |
| At 31 March 2020 | <u>117,543</u> | <u>129,117</u> | <u>116,926</u> | <u>363,586</u> |
| Net book value | | | | |
| At 31 March 2020 | <u>9</u> | <u>224,833</u> | <u>143,031</u> | <u>367,873</u> |
| At 31 March 2019 | <u>965</u> | <u>195,731</u> | <u>179,013</u> | <u>375,709</u> |

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Tangible fixed assets (continued)

Company

| | Software £ | Fixtures & fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|----------------|-----------------------------|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 April 2019 | 117,552 | 249,530 | 248,090 | 615,172 |
| Additions | - | 104,420 | 11,867 | 116,287 |
| At 31 March 2020 | <u>117,552</u> | <u>353,950</u> | <u>259,957</u> | <u>731,459</u> |
| Depreciation | | | | |
| At 1 April 2019 | 116,587 | 53,799 | 69,077 | 239,463 |
| Charge for the year on owned assets | 956 | 75,318 | 47,849 | 124,123 |
| At 31 March 2020 | <u>117,543</u> | <u>129,117</u> | <u>116,926</u> | <u>363,586</u> |
| Net book value | | | | |
| At 31 March 2020 | <u>9</u> | <u>224,833</u> | <u>143,031</u> | <u>367,873</u> |
| At 31 March 2019 | <u>965</u> | <u>195,731</u> | <u>179,013</u> | <u>375,709</u> |

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7. Fixed asset investments

Company

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 April 2019 | 1 |
| | <hr/> |
| At 31 March 2020 | <u>1</u> |

| | Country of incorporation | Class of shares | Holding | Principal activity |
|----------------------------------|-----------------------------|--------------------|---------|---------------------------------------|
| Rezatec (UK Services) Limited | United Kingdom | Ordinary | 100% | Geo-spatial analytical services |
| Rezatec Global Inc | United States | Ordinary | 100% | Geo-spatial analytical services |
| Rezatec Europe Limited | Ireland | Ordinary | 100% | Geo-spatial analytical services |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Class of shares | Holding |
|--------------------|--------------------|----------|
| Enter subsidiary 1 | Ordinary | 100 % |

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

| Name |
|--------------------|
| Enter subsidiary 1 |

8. Debtors

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 1,104,277 | 1,009,271 | 315,084 | 224,149 |
| Amounts owed by group undertakings | - | - | 2,414,710 | 1,180,709 |
| Other debtors | 131,421 | 32,908 | 131,421 | 59,408 |
| Prepayments and accrued income | 1,025,663 | 928,746 | 189,780 | 283,910 |
| Tax recoverable | 315,525 | 237,506 | 315,525 | 237,506 |

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Debtors (continued)

| | | | |
|------------------|------------------|------------------|------------------|
| <u>2,576,886</u> | <u>2,208,431</u> | <u>3,366,520</u> | <u>1,985,682</u> |
|------------------|------------------|------------------|------------------|

9. Cash and cash equivalents

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>2,832,591</u> | <u>162,627</u> | <u>2,682,362</u> | <u>98,292</u> |

10. Creditors: Amounts falling due within one year

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Bank loans | 261,421 | 225,676 | 261,421 | 225,676 |
| Other loans | 288,000 | 135,000 | 288,000 | 135,000 |
| Trade creditors | 599,330 | 688,373 | 430,561 | 461,718 |
| Amounts owed to group undertakings | - | - | 1,045,068 | 2,237 |
| Other taxation and social security | 303,073 | 147,335 | 303,073 | 147,335 |
| Obligations under finance lease and hire purchase contracts | 88,016 | 88,018 | 88,016 | 88,018 |
| Other creditors | 20,410 | 167,152 | 20,410 | 167,150 |
| Accruals and deferred income | 524,943 | 549,234 | 466,762 | 292,061 |
| | <u>2,085,193</u> | <u>2,000,788</u> | <u>2,903,311</u> | <u>1,519,195</u> |

The loan facility is repayable over three years with annual interest rate set at the higher of 11% or Euribor+10%. It is secured by a fixed and floating charge over all assets of Rezatec Limited and by a fixed and floating charge over all assets of Rezatec (UK Services) Limited.

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Creditors: Amounts falling due after more than one year

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|----------------------------------|--------------------|------------------------------------|----------------------|
| Bank loans | 199,103 | 443,559 | 199,103 | 443,559 |
| Net obligations under finance leases and hire purchase contracts | 96,052 | 184,069 | 96,052 | 184,069 |
| | <u>295,155</u> | <u>627,628</u> | <u>295,155</u> | <u>627,628</u> |

The loan facility is repayable over three years with annual interest rate set at the higher of 11% or Euribor+10%. It is secured by a fixed and floating charge over all assets of Rezatec Limited and by a fixed and floating charge over all assets of Rezatec (UK Services) Limited.

12. Loans

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|----------------------------------|--------------------|------------------------------------|----------------------|
| Amounts falling due within one year | | | | |
| Bank loans | 261,421 | 225,676 | 261,421 | 225,676 |
| Convertible loan note | 288,000 | 135,000 | 288,000 | 135,000 |
| Amounts falling due 2-5 years | | | | |
| Bank loans | 199,103 | 443,559 | 199,103 | 443,559 |
| | <u>748,524</u> | <u>804,235</u> | <u>748,524</u> | <u>804,235</u> |

13. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------|----------------------------------|--------------------|------------------------------------|----------------------|
| Within one year | 88,017 | 88,017 | 88,017 | 88,017 |
| Between 1-5 years | 96,052 | 184,069 | 96,052 | 184,069 |
| | <u>184,069</u> | <u>272,086</u> | <u>184,069</u> | <u>272,086</u> |

REZATEC LIMITED

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14. Share capital

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 2,474,832 (2019 - 2,342,200) Ordinary shares of £0.0001 each | 247.48 | 234.22 |
| 200,000 (2019 - 137,100) G1 shares of £0.0001 each | 20.00 | 13.71 |
| 800,000 (2019 - 0) A Ordinary shares of £0.0001 each | 80.00 | - |
| 800,000 (2019 - 0) A Preferred shares of £0.0001 each | 80.00 | - |
| 52,176 (2019 - 0) G2 shares of £0.0001 each | 5.22 | - |
| | 432.70 | 247.93 |
| | 432.70 | 247.93 |

On 1 April 2019, the Company issued 58,103 Ordinary shares with a nominal value of £0.0001 for a total consideration of £219,048.

On 17 April 2019, the Company issued 74,536 Ordinary shares with a nominal value of £0.0001 for a total consideration of £281,000.

On 22 May 2019, the Company issued 62,900 B 2014 Growth shares with a nominal value of £0.0001 for a total consideration of £6.29.

On 16 January 2020, the Company issued 800,000 Convertible A Ordinary shares with a nominal value of £0.0001 for a total consideration of £80.

On 16 January 2020, the Company issued 800,000 Convertible A Preferred shares with a nominal value of £0.0001 for a total consideration of £4,999,920.

On 16 January 2020, the Company converted 200,000 B 2014 Growth shares into G1 shares.

On 16 January 2020, the Company issued 52,176 G2 shares with a nominal value of £0.0001 for a total consideration of £5.22.

The Convertible A Preferred shares are non-participating and convert into senior shares on a Qualifying Funding Round (being a round raising £5m or more led by an institutional investor).

The Convertible Ordinary Shares are non-participating and convert into A Growth shares on a Qualifying Funding Round/exit and in other specified scenarios, should a Qualifying Funding Round not take place within 30 months of 16 January 2020.

The Directors expect a Qualifying Funding Round to take place within the subsequent financial year.

REZATEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Share based payments

The Company has granted its employees Enterprise Management Incentive share options.

| | Weighted average exercise price (pence) 2020 | Number 2020 | Weighted average exercise price (pence) 2019 | Number 2019 |
|---|--|-------------------|--|-------------------|
| Outstanding at the beginning of the year | 268 | 292,298 | 261 | 274,798 |
| Granted during the year | 377 | 10,000 | 377 | 25,000 |
| Forfeited during the year | 377 | - | 377 | (7,500) |
| Exercised during the year | 0 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Outstanding at the end of the year | <u> </u> | <u>302,298</u> | <u> </u> | <u>292,298</u> |
| | | | 2020 | 2019 |
| Option pricing model used | | | Black-Scholes | Black-Scholes |
| Weighted average share price (pence) | | | 377 | 377 |
| Exercise price (pence) | | | 377 | 377 |
| Weighted average contractual life (days) | | | 10 | 10 |
| Expected volatility | | | 25 | 25 |
| Risk-free interest rate | | | <u>1%</u> | <u>1%</u> |

16. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 147,091 | 147,091 | 147,091 | 147,091 |
| Later than 1 year and not later than 5 years | 127,091 | 274,182 | 127,091 | 274,182 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>274,182</u> | <u>421,273</u> | <u>274,182</u> | <u>421,273</u> |

These lease commitments relate to office premises, to accommodate the Group's increasing staff numbers. The lease agreements incorporate break clauses at year 4 (2022) and year 8 (2026). The above disclosure is for commitments up to the first break clause.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Related party transactions

The Group has chosen to apply the exemption under FRS 102 Section 33 not to disclose transactions with wholly owned group members.

In the year ended 31 March 2020, the Group paid £9,900 (2019: £3,000) for professional services to two companies with a common director. At 31 March 2020 the Group owed £nil (2019: £3,000) to this company.

In the year ended 31 March 2020, the Group wrote off £167 (2019: £333) of loan owed to a director.

18. Post balance sheet events

On 16 April 2020, the Company issued 12,500 Ordinary £0.0001 shares for a total consideration of 25,000. This issue related to an options exercise.

Commencing 20 July 2020, the company has renegotiated their existing leases for committed to lease Suites 1, 2, and 3 and 5 of the ground floor in Quad one in Harwell Science and Innovation Campus.

19. Auditor's information

The auditor's report on the financial statements for the year ended 31 March 2020 was unqualified.

The audit report was signed on 15 September 2020 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.