

Company Registration No. 01459419 (England and Wales)

**FLOOD LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# FLOOD LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M H Osborne C P Verdin D Palmquist
<b>Company number</b>	01459419
<b>Registered office</b>	PCMS House Torwood Close Westwood Business Park Coventry CV4 8HX
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS

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# FLOOD LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business and future developments**

We aim to present a balanced view of the performance of our business during the year and its position at 31 December 2020. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face. The strategic report reflects the board's view of the company and provides context for the related financial statements.

#### *Section 172 statement*

The purpose of the strategic report is to provide information for shareholders and help them to assess how the directors have performed their duty, under section 172 of the Companies Act 2006 ("s172"), to promote the success of the company and, in doing so, have regard to the matters set out in that section. This includes considering the interests of other stakeholders which will have an impact on the long-term success of the entity.

#### *Company culture*

The board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours that we demonstrate including our activities and stakeholder relationships. As such the board significantly expanded the number and frequency of meetings between the senior management and all staff during the year, and to do so on a unified basis across all company locations.

When making decisions, each director ensures that they consider, in good faith, what would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- *likely consequences of any decision in the long term* by setting the regular process of budgeting and reforecasting over a short term (1 to 2 years) in the context of the longer-term strategic plan (5 years and beyond).
- *the interests of the company's employees*, as the directors recognise that Flood employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business is dependent upon attracting, retaining and motivating employees and ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The Covid crisis that arose in early 2020 placed pressures on this relationship, but clear and decisive decision-making, combined with regular and frequent team meetings has sought to address this and seeks to build for the future. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.
- *the need to foster the company's business relationships with suppliers, customers and others*, to develop strong, mutually beneficial relationships to deliver our strategy.
- *impacts of the company's operations on the community and the environment*, and the board seeks to recognise the effects of its long - term decisions, and its ongoing operational activities in the context of the communities in which it operates, as well as the environment in general.
- *the desirability of the company maintaining a reputation for high standards of business conduct*, and in recognising that the company needs to provide its solutions and services in ways which are economically, environmentally and socially responsible the directors seek to make long-term decisions and conduct daily operations in that context.
- *need to act fairly as between members of the company*, after consideration of all the relevant factors as outlined above, the directors determine which course of action best enables the delivery of our long-term strategy factoring in the impact on stakeholders. In doing so, the directors act fairly as between the company's members but are not required to balance the company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

# FLOOID LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Fair review of the business and future developments (continued)**

##### *History*

The company has a long-established position delivering one of the most highly regarded, large scale, multi-vertical retail Point-of-Sale (POS) solutions on the world market, with a prestigious and diverse international client base, generating revenues from software licensing, implementation, hosting and managed services.

Since 10 November 2017, the date of completion of the Management Buy Out (or "MBO") funded by Inflexion Private Equity Partners LLP, Flooid has continued the development of its product offering and client base primarily in the UK, North America, Europe and South Africa.

##### *Strategy*

The company's strategy is to:

1. invest in and focus the business on a 'core product' platform to facilitate future scalability and the migration towards a Software as a Service (SaaS) model, thereby significantly increasing the quantum and proportion of the company's revenues which are recurring;
2. focus initially on a small number of core retail verticals and geographies (including North American grocery in particular);
3. broaden the product portfolio to include mobile, digital, and personalised offers; and
4. invest in micro services and cloud hosting to give a true single commerce platform capability.

Flooid understands that the world of grocery and supermarkets is rapidly evolving and the retailer's store operations, associate responsibilities, as well as consumer behaviour have been impacted dramatically by the constant technological advances in the world around us. Traditional front-end till-based checkout is being replaced by the introduction of a variety of self-service checkout solutions, consumer-driven mobile scanning, and online experiences with click-and-collect capabilities. Consumers expect more interactive and personal shopping experiences in the store as they shop, beginning at home with the creation of shopping lists and budget planning, continuing with the application of promotions, coupons, loyalty programs, interaction in the aisles of the stores with signage and labelling, eventually culminating in a rapid, intuitive, flexible set of purchasing, delivery, payment and receipt options.

Parallel evolution in other vertical retail sectors such as specialty, fashion, and fast-moving consumer goods has also undergone economic and social changes as a result of the impact of the Covid-19 pandemic, leading shoppers to shift more heavily to online channels, while also changing the shape and demand of labour for traditional bricks and mortar roles and responsibilities.

Flooid has embraced this evolution by evolving its platform to provide:

- Many configurable points of service, powered by one unified commerce platform, deployable anywhere.
- Unification of channels that deliver frictionless customer journeys and engaging experiences.
- Flexible commercial and deployment models to meet the retailer where they are and support them where they want to go, at their pace.
- Services consumed internally or externally by retailers or their partners via API.
- Leading technology, on and offline, powered by the cloud but supported through edge resilience.
- Support for extended geographic localisation requirements including fiscal calculation and reporting.
- Integrations with value-added purpose-built third-party solutions for loss prevention analytics, digital receipt management and complex tax, loyalty and promotion creation and management functions.

As a result, and in partnership with Google Cloud, Flooid has established a Software as a Service (SaaS) solution that many retailers are utilizing in live production environments.

With its large customer base in many countries, Flooid's platform has proven its scale and robustness, offering retailers across multiple tiers and geographies the ability to operate 24x7 and to develop new customer and associate experiences without the burden of having to reinvest in backend services.

##### *The future*

The company has invested significantly in product R&D, people, sales and marketing and infrastructure in order to create a strong foundation for growth. Flooid also has an established market position with a proven highly scalable and flexible platform solution which meets the rapidly evolving needs of retailers in a dynamic market.

# FLOOID LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Key performance indicators

The Board of Directors regularly review a suite of both financial and non-financial Key Performance Indicators (KPIs) to ensure that the performance of the company is in line with the company's strategic objectives. These include:

#### Financial KPIs

- *Gross profit*

The gross profitability of the company is a key financial metric to measure the operational effectiveness of deliveries to customers. The company's gross profit increased from £12.96m (32.2% of revenues) in 2019 to £14.37m (41.8% of revenues) in 2020. This shows the company has been resilient in the face of the impact of the global pandemic which impacted the company's customers significantly during the year.

- *Earnings before interest, tax, depreciation, amortisation, share-based payments and exceptional items (Adjusted EBITDA)*

EBITDA is an industry wide profitability and cash generation metric. The company's adjusted EBITDA as a percentage of revenues increased to 21.6% in 2020 from 11.7% in 2019. Adjusted EBITDA increased from £4.7m (excluding exceptional costs of £1.4m) in 2019 to £7.4m (excluding exceptional costs of £1.5m) in 2020 despite the effects of the global pandemic.

#### Non-financial KPIs

- *Staff turnover*

The success of the company and its product suite is highly dependent on the attraction and retention of highly skilled and knowledgeable staff. During the year, the company's voluntary staff turnover was 14.5%. A number of measures were introduced during 2020 in order to engage and communicate with staff as the impact of the pandemic meant all staff had to start working from home. The Board has built on these initiatives during 2021 to further engage existing staff and to attract new talent to the company.

#### COVID-19

##### *Overall risk to operations*

Since the start of 2020, the spread of COVID-19 has severely impacted local economies around the world, and had a disproportionate effect on certain sectors, including Retail, Flooid's key marketplace. In many countries, businesses have been forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

In response to this, the management of Flooid set out a plan to significantly reduce its cost base as rapidly as possible to a level appropriate to the reduced levels of revenues expected because of the pandemic. As well as right-sizing its cost base, whilst preserving its operational effectiveness and development capability, the company renegotiated payment terms with key suppliers, participated in the various business support schemes in the countries in which it operated, and kept in close contact with its client base to respond to their needs as effectively as possible as the crisis unfolded.

Most of the company's revenues are derived from the grocery and pharmacy sectors of Retail, which remained robust during the crisis, as has the company's large and growing share of recurring revenues in its revenue stack. The company's software products and services are frequently mission critical for its clients, and despite the overall reduction in annual revenues, the prompt action to reduce the company's cost-base and to very actively manage its working capital, allowed the company to operate profitably from the start of the second quarter, and to outperform its targets in terms of both revenues and operating cash generation.

The group received substantial support from both its major shareholder and its debt provider, both of whom have shown significant confidence in the company by providing additional funding and a covenant waiver through to 30 June 2022 intended to cover the effect of Covid in 2020 and the majority of the following year.

Early 2021 saw the implementation of the third national lockdown by the UK government. The lockdown measures were again most hard-felt by the Travel, Retail and Hospitality sectors with most outlets having to cease trading via physical outlets. As the prospect of emerging from the initial crisis becomes more firm and a strategy for managing its ongoing effects more credible, the robust financial response of the company to the demands placed upon it throughout 2020 and into 2021 to date and since, combined with the ongoing support of both the company's major shareholder and debt provider, has supported the directors in concluding that it is appropriate to use the going concern basis in the preparation of these financial statements.

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# FLOODID LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Going concern**

The directors have prepared:

- A detailed budget covering the period to 28 February 2023;
- A downside scenario covering the period to 31 December 2022; and
- A detailed daily cash forecast with a 13 week horizon (which is updated on a weekly basis).

This allows the company to keep under continuous review its liquidity, the utilisation of its facilities and compliance with its financing covenants.

With the onset of the Covid crisis in early 2020, Flooid's primary markets were put under severe pressure resulting in the delay of new projects and the freezing of existing projects. Flooid adopted a proactive collaborative approach to both its clients, who were predominantly in the more robust end of the retail market in Convenience Retail, Grocery and Pharmacy, and its suppliers worldwide. In conjunction with this, the company set out a plan to significantly reduce its cost base as rapidly as possible to an appropriate level and to smooth the associated cash flows.

The group kept in close contact with its major shareholder and its debt provider, both of whom have shown significant confidence in, and support for the group. As such, new funding arrangements were negotiated providing additional funding for the group along with relevant covenant waivers during the course of 2020 and 2021.

The group has a strong pipeline of sales opportunities and benefits from the often "mission-critical" nature of its product offering and is forecasting a prudent resumption of growth in EBITDA once the effects of Covid recede.

However, whilst the directors have plans in place to manage any reasonably foreseeable circumstances, the uncertain future impact of Covid on the group's revenue streams and working capital profile could conceivably lead to a covenant breach and require a refinancing in the short-term which would impact the company given it is party to a bank guarantee with other group companies. Given the continued support of its investor and debt provider, who have recently provided additional funding and suitable covenant waivers, the directors expect that they will be able to successfully refinance should this be required, and it remains appropriate to prepare the financial statements on a going concern basis. The directors acknowledge that the potential need for a *refinancing in the short term represents a material uncertainty that may cast doubt on the company's ability to continue as a going concern.*

#### **Risks: Brexit**

The directors do not believe the company has suffered any significant adverse effects from the Brexit process to date and continue to assess the potential impact of the associated risks. In coming to this conclusion, the board has considered various factors including the distribution of its operations in the UK and the US, allowing access to markets worldwide itself and in conjunction with strategic partners. In addition, a significant proportion of the company's revenues come from the robust retail markets of Convenience Retail, Grocery and Pharmacy and with a high proportion of regular recurring revenues for mission-critical applications that are seen to be non-discretionary spend and as such these factors may mitigate any downturn in customers' IT budgets.

# FLOOID LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### **Principal risks and uncertainties**

#### *Market risks*

There are risks associated with our exposure to a retail sector which, in certain areas, is under increasing competitive pressure. This is mitigated by the blue-chip nature of our client base, our limited customer concentration, and as we provide a business-critical service allowing retailers to increase revenues by accessing new commerce channels.

#### *Liquidity and cash flow risks*

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, foreign exchange and interest rate risk. The directors actively manage these risks by monitoring levels of debt, cash and foreign exchange balances. No derivatives are used as the main foreign exchange risk is on the loan balance with the company's fellow group company in the US.

Bank and cash balances held by the company at 31 December 2020 totalled £5,874,857 (2019: £1,318,706). These funds are held in accounts with suitable creditworthy financial institutions and access to the wider group monies is available if cash flow is required.

On behalf of the board

*Chris Verdin*

C P Verdin  
**Director**

17 February 2022

# FLOODID LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

The principal activity of the company during the period was that of the production, distribution and maintenance of computer software and the provision of a full range of IT managed services, particularly for retail, grocery and hospitality organisations.

#### Change of name

The company changed its name from The PCMS Group Limited to Flooid Limited on the 27 January 2020.

#### Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid in the current or prior year. The directors do not recommend payment of a final dividend.

#### Directors

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

G C McLauchlan	(Resigned 24 March 2021)
A Houldsworth	(Resigned 24 March 2021)
M H Osborne	
J P Addis	(Resigned 11 June 2020)
C Mutter	(Appointed 8 April 2020 and resigned 23 December 2021)
C P Verdin	(Appointed 23 December 2021)
D Palmquist	(Appointed 23 December 2021)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The company continues to invest heavily in research and development activities in order to maintain the high quality of its services and products.

#### Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to ensure they perform work identified as appropriate to their aptitudes and abilities.

#### Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various financial and operational matters affecting the performance of the company. This is achieved through formal and informal meetings and a company newsletter.

#### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

# FLOOID LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a fair review of its business, future developments and its principal risks and uncertainties.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### **Streamlined Energy and Carbon Report**

The company is a wholly owned indirect subsidiary of Flooid Topco Limited which includes all relevant carbon reporting disclosures in the consolidated financial statements, which includes the reporting relevant for the company, and as such the company has applied the exemption given in Companies Act 2006 not to present the disclosure in its individual financial statements.

On behalf of the board

*Chris Verdin*

C P Verdin  
**Director**

17 February 2022

# **FLOOD LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

- 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOIOD LIMITED**

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### **Opinion**

We have audited the financial statements of Floiod Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements, which highlights the uncertain future impact of Covid on the group's revenue streams and working capital profile and the potential resulting impact on the cash and financing available to the company. This indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOODID LIMITED (CONTINUED)**

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### **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 or the directors' report.

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

- adequate accounting records have not been kept, 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 set out on page 8, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOOD LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact are compliance with certain ISO quality standards and GDPR. We reviewed the ISO Certificates of Registration, made enquires of appropriate management, reviewed board meeting minutes, reviewed relevant correspondence, made enquires of those charged with governance, reviewed legal expenditure in the year, and also reviewed the systems and controls which are in place to capture material non-compliance with significant laws and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud.

Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Cut-off testing and other substantive testing procedures to validate revenue recognition throughout the year.

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

### **Use of our report**

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

*Neil Stephenson*

Neil Stephenson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Suite A  
7th Floor, East West Building  
2 Tollhouse Hill  
Nottingham  
NG1 5FS  
17 February 2022

# FLOOID LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	34,359,089	40,235,967
Cost of sales		(19,991,983)	(27,274,371)
<b>Gross profit</b>		14,367,106	12,961,596
Administrative expenses before exceptional items		(12,581,265)	(12,754,898)
Other operating income	3	1,112,796	479,999
Exceptional items	4	(1,459,986)	(1,405,153)
Operating profit before amortisation, depreciation, share-based payments and exceptional items		7,406,830	4,720,997
Share-based payments	6	233	(48,943)
Amortisation	12	(3,746,935)	(3,074,012)
Depreciation	13	(761,491)	(911,345)
Exceptional items	4	(1,459,986)	(1,405,153)
<b>Operating profit/(loss)</b>	5	1,438,651	(718,456)
Interest receivable and similar income	9	1,994,174	1,673,234
Interest payable and similar expenses	10	(46,058)	-
<b>Profit on ordinary activities before taxation</b>		3,386,767	954,778
Taxation	11	(791,674)	(171,788)
<b>Profit for the financial year</b>		2,595,093	782,990

**FLOOID LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	11,737,662		11,516,800	
Tangible assets	13	793,001		1,485,993	
			<u>12,530,663</u>		<u>13,002,793</u>
<b>Current assets</b>					
Debtors	14	37,371,804		35,655,066	
Cash at bank and in hand		5,874,857		1,318,706	
			<u>43,246,661</u>		<u>36,973,772</u>
<b>Creditors: amounts falling due within one year</b>	15	(28,264,187)		(25,029,618)	
<b>Net current assets</b>			<u>14,982,474</u>		<u>11,944,154</u>
<b>Total assets less current liabilities</b>			<u>27,513,137</u>		<u>24,946,947</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(115,954)		(195,460)
<b>Provisions for liabilities</b>	18		(1,211,139)		(1,160,303)
<b>Net assets</b>			<u>26,186,044</u>		<u>23,591,184</u>
<b>Capital and reserves</b>					
Called up share capital	20	50,000		50,000	
Capital contribution reserve		2,141,347		2,141,580	
Profit and loss reserves		23,994,697		21,399,604	
<b>Total equity</b>			<u>26,186,044</u>		<u>23,591,184</u>

The financial statements were approved by the board of directors and authorised for issue on 17 February 2022 and are signed on its behalf by:

*Chris Verdin*

C P Verdin  
Director

# FLOOID LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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	Share capital £	Capital contribution reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>	50,000	2,092,637	20,616,614	22,759,251
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	782,990	782,990
Transactions with owners:				
Capital contributions received	-	48,943	-	48,943
<b>Balance at 31 December 2019</b>	50,000	2,141,580	21,399,604	23,591,184
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	2,595,093	2,595,093
Transactions with owners:				
Capital contributions reversed	-	(233)	-	(233)
<b>Balance at 31 December 2020</b>	50,000	2,141,347	23,994,697	26,186,044

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# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Flooid Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

#### Reduced disclosures

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Flooid Topco Limited. These consolidated financial statements are available from its registered office, PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.

#### Going concern

The directors have prepared:

- A detailed budget covering the period to 28 February 2023;
- A downside scenario covering the period to 31 December 2022; and
- A detailed daily cash forecast with a 13 week horizon (which is updated on a weekly basis).

This allows the company to keep under continuous review its liquidity, the utilisation of its facilities and compliance with its financing covenants.

# FLOODID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### **Going concern (continued)**

With the onset of the Covid crisis in early 2020, Flooid's primary markets were put under severe pressure resulting in the delay of new projects and the freezing of existing projects. Flooid adopted a proactive collaborative approach to both its clients, who were predominantly in the more robust end of the retail market in Convenience Retail, Grocery and Pharmacy, and its suppliers worldwide. In conjunction with this, the company set out a plan to significantly reduce its cost base as rapidly as possible to an appropriate level and to smooth the associated cash flows.

The group kept in close contact with its major shareholder and its debt provider, both of whom have shown significant confidence in, and support for the group. As such, new funding arrangements were negotiated providing additional funding for the group along with relevant covenant waivers during the course of 2020 and 2021.

The group has a strong pipeline of sales opportunities and benefits from the often "mission-critical" nature of its product offering and is forecasting a prudent resumption of growth in EBITDA once the effects of Covid recede.

However, whilst the directors have plans in place to manage any reasonably foreseeable circumstances, the uncertain future impact of Covid on the group's revenue streams and working capital profile could conceivably lead to a covenant breach and require a refinancing in the short-term which would impact the company given it is party to a bank guarantee with other group companies. Given the continued support of its investor and debt provider, who have recently provided additional funding and suitable covenant waivers, the directors expect that they will be able to successfully refinance should this be required, and it remains appropriate to prepare the financial statements on a going concern basis. The directors acknowledge that the potential need for a refinancing in the short term represents a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

#### **Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts.

Turnover from the sale of perpetual software licences on a 'right of use' basis, where no customisation of the software is required, is recognised at a point in time once the licence has been delivered to the customer and the customer can obtain benefit from the licence.

Turnover from the sale of perpetual software licences on a 'right of use' basis, where customisation of the software is required in order for the customer to obtain benefit from the licence, is recognised over the period of time during which the customisation work is carried out in a manner which reflects the varying level of effort involved.

Turnover from the provision of customisation, configuration or training services are recognised over a period of time as these services are delivered to the customer.

Turnover from supporting perpetual software licences and turnover from the sale of software on a 'right of access' basis including software as a service, software hosting and software sold on a subscription basis are recognised over the period of time that the customer benefits from the provision of these services.

#### **Intangible fixed assets other than goodwill**

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

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### **Intangibles assets other than goodwill (continued)**

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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

Software	20% straight line
Development costs	20% straight line
Trademark costs	10% straight line
Cloud infrastructure costs	20% straight line

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Plant and machinery	10% straight line
Fixtures, fittings and equipment	20% to 33% straight line
Motor vehicles	25% straight line

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

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

# FLOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and amounts owed to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

# FLOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### ***Derecognition of financial liabilities***

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

##### **Equity instruments**

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

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### **Employee benefits**

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

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

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

##### **Retirement benefits**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. In addition, the company has accrued for pension amounts payable to directors' personal pension plans.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### Share-based payments

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries in relation to shares in its new ultimate parent company, Flooid Topco Limited. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of shares issued at a discount to the company's employees compared to the total number of shares issued at a discount to the group's employees to be a reasonable basis for allocating the expense.

The expense in relation to shares issued at a discount to market value in the parent company to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an *increase in the company's investment in that subsidiary*.

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### Research costs

Research expenditure is written off as incurred.

#### Exceptional items

The company presents as exceptional items on the face of the statement of comprehensive income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **2 Judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there are any critical judgements that will affect these financial statements.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Depreciation***

The assessment of the useful economic lives and the method of depreciating tangible fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the company expects to consume the future economic benefits embodied in the assets. At 31 December 2020 the carrying value of tangible fixed assets was £793,001 (2019: £1,485,993) and depreciation of £761,491 (2019: £911,345) was charged in the period.

#### ***Development costs and amortisation***

Management judgement is required in assessing the fair value of development costs capitalised, including the future economic benefit expected to be generated by those assets. The assessment of the useful economic lives and the method of amortising those assets also requires judgement. Amortisation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the company expects to consume the future economic benefits embodied in the assets. At 31 December 2020 the carrying value of development costs was £11,425,789 (2019: £11,516,800) and amortisation of £3,716,529 (2019: £3,074,012) was charged in the period.

#### ***Impairment of trade debtors***

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and historical experience. At 31 December 2020 the carrying value of trade debtors was £2,908,232 (2019: £5,819,035).

#### ***Impairment of group debtors***

Amounts owed by group undertakings are stated at recoverable amounts, after appropriate provision for any impairment. The value of impairment requires judgement from the management team, based on estimates of the likely future cashflows of the debtor in question. At 31 December 2020 the carrying value of amounts owed by group undertakings was £33,685,113 (2019: £27,786,073).

#### ***Revenue recognition***

The timing of revenue recognition is subject to inherent complexities in the software industry, especially in relation to more complex contracts that include licence, customisation, training and maintenance/support agreements.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Principal activity	34,359,089	40,235,967
	<u>34,359,089</u>	<u>40,235,967</u>
	2020 £	2019 £
<b>Other revenue</b>		
Grants - UK government R&D enhanced credit scheme	199,998	479,999
Grants - UK government coronavirus job retention scheme	912,798	-
	<u>1,112,796</u>	<u>479,999</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	17,665,566	22,856,526
Rest of Europe	3,307,124	3,014,121
North America	8,986,002	8,137,693
Rest of the World	4,400,397	6,227,627
	<u>34,359,089</u>	<u>40,235,967</u>

### 4 Exceptional items

	2020 £	2019 £
Exceptional items	1,459,986	1,405,153
	<u>1,459,986</u>	<u>1,405,153</u>

Exceptional items consist of £158,781 (2019: £338,132) of exceptional customer debt write-offs and £1,301,205 (2019: £1,067,021) of restructuring and legal costs.

### 5 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	1,568,794	428,490
Research and development costs	392,913	476,447
Government grants	(1,112,796)	(479,999)
Depreciation of owned tangible fixed assets	761,491	911,345
Profit on disposal of tangible fixed assets	(22,215)	(18,117)
Amortisation of intangible assets	3,746,935	3,074,012
Share-based payments	(233)	48,943
Operating lease charges	438,575	506,200
	<u>4,772,554</u>	<u>4,979,320</u>

# FLOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 5 Operating profit/(loss) (Continued)

Government grants relates to amounts received from the UK Government R&D enhanced credit scheme and coronavirus job retention scheme, details of which is given in note 3.

### 6 Employees

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

	2020 Number	2019 Number
Administration, sales and management	41	42
Installation, development and support	249	296
	<u>290</u>	<u>338</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	13,998,580	16,973,811
Share based payment charge	(233)	48,943
Social security costs	1,581,096	1,959,364
Pension costs	859,421	1,467,559
	<u>16,438,864</u>	<u>20,449,677</u>

In addition to the costs above there were £937,924 (2019 £304,542) of staff costs included within restructuring and legal costs shown in exceptional items in note 4 and £1,900,355 (2019: £2,486,197) of staff costs which were capitalised within development costs.

### 7 Directors' remuneration

The directors receive no remuneration from the company and are instead remunerated through the other group companies.

# FLOODID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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<b>8 Auditor's remuneration</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	80,815	71,665
<b>For other services</b>		
Taxation compliance services	22,500	22,500
All other non-audit services	21,180	20,685
	<u>43,680</u>	<u>43,185</u>

The company pays the audit fees, and UK non-audit fees, on behalf of the Flooid Topco Limited group.

<b>9 Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	20	465
Interest receivable from group companies	1,994,154	1,672,769
Total income	<u>1,994,174</u>	<u>1,673,234</u>

<b>10 Interest payable and similar expenses</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	1,296	-
Other interest	44,762	-
	<u>46,058</u>	<u>-</u>

# FLOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	122,831	-
Adjustments in respect of prior periods	-	(194,747)
Group tax relief	618,007	103,896
	<u>740,838</u>	<u>(90,851)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(85,670)	67,385
Changes in tax rates	136,506	-
Adjustment in respect of prior periods	-	195,254
	<u>50,836</u>	<u>262,639</u>
<b>Total tax charge</b>	<u>791,674</u>	<u>171,788</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>3,386,767</u>	<u>954,778</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	643,486	181,408
Tax effect of expenses that are not deductible in determining taxable profit	11,682	15,749
Adjustments in respect of prior years	-	507
Effect of change in corporation tax rate	-	(7,928)
Research and development tax credit	-	(17,948)
Remeasurement of deferred tax for change in tax rates	136,506	-
	<u>791,674</u>	<u>171,788</u>

#### Factors that may affect future tax charge

Following the March 2020 budget, legislation has been put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%. The deferred tax balances within these financial statements have been reassessed to reflect the rate remaining at 19% (2019: 17%).

In the March 2021 budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have not been included in these financial statements.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12 Intangible fixed assets

	Software	Development costs	Trademark costs	Cloud infrastructure costs	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	-	26,216,383	-	-	26,216,383
Additions - internally developed	-	3,625,518	-	186,929	3,812,447
Additions - separately acquired	58,750	-	37,276	59,324	155,350
At 31 December 2020	58,750	29,841,901	37,276	246,253	30,184,180
<b>Amortisation and impairment</b>					
At 1 January 2020	-	14,699,583	-	-	14,699,583
Amortisation charged for the year	3,917	3,716,529	1,864	24,625	3,746,935
At 31 December 2020	3,917	18,416,112	1,864	24,625	18,446,518
<b>Carrying amount</b>					
At 31 December 2020	54,833	11,425,789	35,412	221,628	11,737,662
At 31 December 2019	-	11,516,800	-	-	11,516,800

Amortisation charges for the year are included within administrative expenses in the statement of comprehensive income.

#### 13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	1,270,190	3,488,188	738,233	5,496,611
Additions	34,084	73,375	-	107,459
Disposals	-	-	(181,825)	(181,825)
At 31 December 2020	1,304,274	3,561,563	556,408	5,422,245
<b>Depreciation and impairment</b>				
At 1 January 2020	1,074,469	2,382,800	553,349	4,010,618
Depreciation charged in the year	29,992	625,947	105,552	761,491
Eliminated in respect of disposals	-	-	(142,865)	(142,865)
At 31 December 2020	1,104,461	3,008,747	516,036	4,629,244
<b>Carrying amount</b>				
At 31 December 2020	199,813	552,816	40,372	793,001
At 31 December 2019	195,721	1,105,388	184,884	1,485,993

# FLOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Tangible fixed assets (Continued)

Included within the net book value of fixtures, fittings and equipment above are assets under construction of £nil (2019: £156,521) which are not depreciated.

### 14 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,908,232	5,819,035
Amounts owed by group undertakings	33,685,113	27,786,073
Other debtors	199,391	917,099
Prepayments and accrued income	579,068	1,132,859
	<u>37,371,804</u>	<u>35,655,066</u>

Certain balances within amounts owed by group undertakings are unsecured and interest is charged at 10% per annum.

Included within other debtors is an amount of £199,391 (2019: £851,622) in relation to amounts recoverable under the UK government R&D enhanced credit scheme.

### 15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,677,965	3,708,248
Amounts owed to group undertakings	17,483,598	13,546,495
Taxation and social security	2,788,514	632,774
Other creditors	862,117	322,502
Accruals and deferred income	5,451,993	6,819,599
	<u>28,264,187</u>	<u>25,029,618</u>

Certain balances within amounts owed to group undertakings are unsecured and interest is charged at 10% per annum.

### 16 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	<u>115,954</u>	<u>195,460</u>

# FLOODID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	18	1,211,139	1,160,303

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2020 £	Liabilities 2019 £
Fixed asset timing differences	1,242,696	1,211,948
Short term timing differences	(31,557)	(51,645)
	<u>1,211,139</u>	<u>1,160,303</u>

#### Movements in the year:

	2020 £
Liability at 1 January 2020	1,160,303
Credit to profit or loss	(85,670)
Effect of change in tax rate - profit or loss	136,506
Liability at 31 December 2020	<u>1,211,139</u>

The net deferred tax liability set out above relates to fixed asset and other timing differences. The other timing differences deferred tax asset is expected to reverse after more than one year, and the fixed asset timing differences deferred tax liability is expected to reverse over the life of the assets to which it relates.

### 19 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	859,421	1,467,559

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date £141,091 (2019: £193,796) of pension contributions remain unpaid to the scheme and are included within other creditors.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

The shares have attached to them full voting dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

### 21 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### Capital contribution reserve

Capital contributions were in connection with the share-based payment charges on share options granted to the employees of the company over the shares of its parent undertaking, Flooid International Holdings Limited.

Capital contributions are now in connection with the share-based payment charges on shares issued at a discount to market value to the employees of the company over the shares of the ultimate parent undertaking, Flooid Topco Limited.

### 22 Financial commitments, guarantees and contingent liabilities

The company is part of a cross party guarantee in relation to the 10% Secured Bridging Loan Notes 2024 issued by Flooid Bidco Limited, a parent undertaking, by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loan notes was £95,558 (2019: £86,336) including £24,872 (2019: £15,650) of accrued interest.

The company is part of a cross party guarantee in relation to loans issued to Flooid Bidco Limited by Intermediate Capital Group plc, by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loans was £37,734,921 (2019: £35,616,135).

The company is part of a cross party guarantee in relation to the Investor A1 Secured Loan Notes 2024, and accrued interest thereon, issued by Flooid Midco Limited, a parent undertaking, by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loan notes was £81,897,692 (2019: £74,186,352) including accrued interest of £21,873,806 (2019: £14,162,466).

The company is part of a cross party guarantee in relation to the Investor A2 Secured Loan Notes 2024, and accrued interest thereon, issued by Flooid Midco Limited by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loan notes was £12,113,693 (2019: £6,194,340) including accrued interest of £1,113,693 (2019: £194,340).

The company is part of a cross party guarantee in relation to the Management A2 Secured Loan Notes 2024, and accrued interest thereon, issued by Flooid Midco Limited by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loan notes was £130,819 (2019: £nil) including accrued interest of £819 (2019: £nil).

The company is part of a cross party guarantee in relation to the 10% Series C Management Secured Loan Notes 2024 issued by Flooid Midco Limited by virtue of a fixed and floating charge over the assets of the company. At the year end the liability in relation to these loan notes was £937,116 (2019: £846,640) including £252,002 (2019: £161,526) of accrued interest.

# FLOOID LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 23 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	485,000	485,000
Between one and five years	1,819,014	1,879,014
In over five years	789,452	1,214,452
	<u>3,093,466</u>	<u>3,578,466</u>

### 24 Related party transactions

A Houldsworth, a director of the company during the year, controls 5th Corner Innovations Limited, a company incorporated in England and Wales. During the year ended 31 December 2020, the company incurred charges of £5,615 (2019: £5,616) from 5th Corner Innovations Limited in relation to consultancy services provided. An amount of £5,615 (2019: £5,616) was recharged to Flooid Bidco Limited, a fellow subsidiary company of the Flooid Topco Limited group. The amount outstanding at the balance sheet date was £nil (2019: £1,872) and this is included within trade creditors.

All transactions are carried out under normal credit terms.

### 25 Ultimate controlling party

The immediate parent company is Flooid Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Flooid Topco Limited, a company incorporated in England and Wales.

The company is controlled by Inflexion Buyout Fund IV General Partner Guernsey Limited which is the general partner, and fund controller for the Inflexion funds which own the majority voting share capital of Flooid Topco Limited. The Inflexion Buyout Fund IV (No.1) Limited Partnership individually owns 49.4% of this share capital.

The smallest and largest company which prepares group financial statements which include the results of the company is Flooid Topco Limited. The results are available to the public and may be obtained from PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.