

Seattle Software Ltd.

Annual Report and Financial Statements


Year Ended

31 December 2022

Company Number 05196435

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Seattle Software Ltd.

Company Information

Directors	T R Colbourne G L Burton P N Bates P A Deller
Company secretary	A D Nguyen
Registered number	05196435
Registered office	4th Floor 60 Buckingham Palace Road London SW1W 0AH
Independent auditor	BDO Northern Ireland Metro Building 1st Floor 6-9 Donegall Square South Belfast BT1 5JA

Seattle Software Ltd.

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Seattle Software Ltd.

Strategic Report For the Year Ended 31 December 2022

Introduction

This Strategic Report has been prepared for Seattle Software Ltd. (the "Company") for the year ended 31 December 2022. Seattle Software Ltd. is the main subsidiary of Seattle Holdings Limited Group which trades under the name 'Orbus Software' and references to Orbus throughout these financial statements relate to the Seattle Software Ltd.

Principal activity

The Orbus Group offers cloud software solutions that empower clients to architect their digital future by addressing tangible challenges confronting business and technology leadership throughout the organisation. With over 15 years of experience in enabling customers to architect their digital transformations, Orbus currently serves more than 600 organisations and 50,000 end users across all global regions (North America, EMEA, and APAC). Both Gartner and Forrester acknowledge Orbus as a leader in product and service excellence.

The principal activity of Seattle Software Ltd. is the development, marketing, sale and support of Orbus software with customers principally in the UK, Europe, Middle East and Africa.

Business review

The year following SilverTree Private Equity's acquisition of Orbus on 31 December 2020 marked the full metamorphosis of Orbus into a high-growth SaaS company. Capitalising on the robust foundation established by its highly satisfied iServer customer base, Orbus significantly accelerated the new business growth of its maturing iServer365 cloud-native solution. By the end of 2022, the SaaS business emerged as the dominant revenue stream for Orbus, signifying the completion of its business transformation into a SaaS model in a record time of fewer than three years. Consequently, iServer365 has become one of the fastest-growing enterprise SaaS products in the software market.

Total revenues for 2022 reached £14.0m (2021: £13.0m), displaying a year-on-year growth of 9.0%. Orbus successfully transitioned from a perpetual license model to a SaaS subscription model with only one year (2021) of revenue decline, in contrast to the typical 2-3 years of transition effects. Orbus plans to reach cash profitability by the end of 2023.

The Company reported a planned operating loss of £5.6m for the year (2021: £2.0m) and a loss after tax of £6.5m (2021: £1.2m) due to substantial investments in organisational growth in both go-to-market teams and R&D, as well as exceptional costs for a rigorous organisational refresh with external talent. Orbus has filled key senior leadership roles, most notably the CEO position, with exceptionally experienced leaders from top-tier SaaS companies.

Orbus' recognition as a Leader in Gartner's Magic Quadrant for Enterprise Architecture Management Tools in 2022 strongly validated its key strategic differentiators: the platform's comprehensive configurability, native interoperability with Microsoft 365, sector-leading pre-packaged IP, and the quality and experience of Orbus' Professional Services function.

Key performance indicators

Critical reporting indicators encompass annual recurring revenue, churn rates, customer lifetime values, and growth rates. As the Directors develop multiple revenue streams and implement cost containment, they express confidence in robust revenue growth and earnings for the forthcoming year.

Seattle Software Ltd.

Strategic Report (continued) For the Year Ended 31 December 2022

Principal risks and uncertainties

The subsequent section outlines the primary risks and uncertainties inherent within the organisation and the chief mitigations presently in place.

Strategic risks

I. Product

The organisation's products risk becoming uncompetitive, thereby diminishing their value and relevance to the customer base in comparison to competitors or changes in the broader market. This risk is mitigated through increased investments in research and development, a focused M&A strategy, continuous efforts to deliver performance and efficiency improvements in products, and fostering strong relationships with customers to ensure their needs are met and priorities are addressed.

Financial risks

The Group's operations expose it to various financial risks, including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Directors are implemented by the Group's financial department.

I. Credit risk

The Group's primary credit risk is attributable to its trade debtors. Typical customers are large commercial or governmental organisations, which reduces risk. Credit risk is minimised by billing annually or, on occasion, for multiple years in advance, with non-payment resulting in denial of access to the software service. The Group's credit control function actively manages credit risk exposure at the counterparty level, reporting to management on a regular basis.

II. Foreign currency risk

The Group is exposed to foreign currency exchange rate risk due to trade debtors and trade creditors settling in foreign currencies. The Group does not hedge any of its trading activities.

III. Liquidity risk

The Group conducts regular, careful analyses of cash flows in both the short term and longer term, ensuring that financial covenants on current loans and borrowings are not breached, and working closely with investors to ensure that any funding or refinancing requirements are mutually understood and agreed upon well in advance of any requirement.

IV. Interest rate risk

The Group maintains a policy of securing debt at fixed rates wherever possible to ensure certainty of future interest cash flows.

Operational and regulatory risks

I. Cyber Security/data protection

Inadequate cyber defences may result in a material security breach, with potential loss of access to internal systems, compromised customer data, and GDPR breaches leading to significant fines for the organisation. This risk is mitigated through a dedicated internal focus on managing this risk, with a team reporting directly to the Chief Technology Officer, ensuring that technology partners adhere to the highest standards in this area and that employees are aware of potential risks around cyber security and data protection through the delivery of regular security updates.

Seattle Software Ltd.

Strategic Report (continued)
For the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

Operational and regulatory risks (continued)

II. Employee retention

The risk that key employees leave the business prematurely, resulting in a loss of knowledge and talent that could adversely impact Company performance and customer experience. This risk is mitigated by clarifying and embedding Company values, providing learning and enablement opportunities, offering management support, ensuring competitive remuneration packages within the sector, fostering a positive and creative working environment, and promoting employee health and wellbeing at all levels of the organisation. The Company is also continuing to develop and map processes to ensure tacit knowledge is appropriately stored.

Economic risk

I. Downturn or recession in key markets

Macroeconomic performance is monitored at a local level through close contact with customers and prospects, with reports and discussions at the operating board level. The proven ability of customers to save money by retiring obsolete systems following the implementation of Orbus software reduces the impact of any downturn on the Group's performance.

Future developments

At the beginning of the fiscal year 2023, Orbus announced the new product brand "OrbusInfinity," replacing the current "iServer365" name and paving the way towards a holistic Decision Intelligence Platform delivered as a state-of-the-art cloud-native SaaS solution. Recent step-change advancements in Generative AI have opened a wide range of enhancements and new capabilities for OrbusInfinity. To further accelerate innovation cycles, future developments for the OrbusInfinity roadmap will focus on innovation areas that support key customer themes such as:

1. Marketplace of Solution Toolkits,
2. Outcome Realisation and Value Monitoring,
3. Data-driven Decision Intelligence & Proactive Insights,
4. Visual Exploration of the Digital Blueprint, and
5. Best-in-Class Integrations and Discovery Capabilities.

The roadmap will also see an evergreen, expanding range of integrations to further establish OrbusInfinity as the central source of truth.

This Strategic Report has been prepared for the Group as a whole and thus places greater emphasis on those matters which are significant to Seattle Holdings Limited and its subsidiary undertakings when viewed collectively.

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



.....
G L Burton
Director

Date: 22/09/2023

Seattle Software Ltd.

Directors' Report For the Year Ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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.

Principal activity

The principal activity of the Company during the year is set out in the Strategic Report.

Results and dividends

The loss for the year, after taxation, amounted to £6.5m (2021: £1.2m).

The Directors did not recommend the payment of a dividend (2021: £Nil).

Directors

The Directors who served during the year were:

T R Colbourne

G L Burton (appointed 12 September 2022)

P N Bates (appointed 28 January 2022)

M D'onofrio (resigned 16 May 2022)

A C Hale (appointed 23 May 2022, resigned 13 September 2022)

S E Gill (appointed 26 April 2022, resigned 9 May 2022)

P A Smith (appointed 28 January 2022, resigned 14 April 2022)

P A Deller (appointed 27 July 2023)

Seattle Software Ltd.

Directors' Report (continued) For the Year Ended 31 December 2022

Engagement with employees

During the prior year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to follow a free flow of information and ideas. A key measure of engagement is the employee net promoter score, at the end of 2022 this was +79 representing a rise of 52 points.

Going concern

The Company made a loss of £6.5m (2021: loss of £1.2m) for the year ended 31 December 2022 and had net current liabilities of £9.6m (2021: £0.8m) at the year end.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

A letter of support has been provided by the ultimate controlling party (SilverTree Equity II LP) confirming their intention to make available sufficient funding to enable the Group to meet its financial obligations as they fall due for at least a period of a year from the date of approval of the financial statements for the year ended 31 December 2022. The letter of support confirms also there is no intention to redeem the loan notes that are in place in the Group's subsidiary, Transform Midco Limited, prior to their maturity date on 30 June 2027 (balance at 31 December 2022: £30.4m with subsequent issues of £11.1m).

In arriving at this position, the Directors have prepared a financial plan has been prepared for the Orbus Group of companies for the next five years including a detailed cash forecast for the year to December 2023 to ensure that the Group can maintain its day to day services, fulfil its statutory obligations and meet future obligations to shareholders and other stakeholders. The plan includes forecast funding requirements.

The Group's debt facility totalling £38m at 31 December 2022 is due for renewal on 31 May 2024. The Directors are in active negotiations with third party lenders and financial institutions and are confident that the renewal of the debt facility will be completed in advance of this date on similar terms. In order to satisfy this existing affirmative covenant, the Directors have engaged independent valuation support which would assist the refinancing process.

As such the Directors have concluded that the outcome of these negotiations do not represent a material uncertainty that would cast significant doubt on the Company's ability to adopt a going concern basis in the preparation of the financial statements and as such, they continue to adopt the going concern basis in preparing the annual report and accounts.

Matters covered in the Strategic Report

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Disclosure of information to auditor

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

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

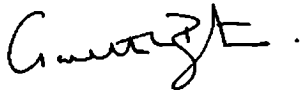
Seattle Software Ltd.

Directors' Report (continued) For the Year Ended 31 December 2022

Auditor

The auditor, BDO Northern Ireland, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
G L Burton
Director

Date: 22/09/2023

Seattle Software Ltd.

Independent Auditor's Report to the Members of Seattle Software Ltd.

Opinion on financial statements

We have audited the financial statements of Seattle Software Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2022 and of its loss 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. 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.

Independence

We remain 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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Seattle Software Ltd.

Independent Auditor's Report to the Members of Seattle Software Ltd. (continued)

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

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, 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.

Seattle Software Ltd.

Independent Auditor's Report to the Members of Seattle Software Ltd. (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and the regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

We focused on laws and regulations that could give rise to material misstatement in the financial statements. Our tests included but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentations;
- enquiries of management; and
- considering the effectiveness of the control environment and monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risk to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our Auditor's Report.

Seattle Software Ltd.

Independent Auditor's Report to the Members of Seattle Software Ltd. (continued)

Use of our report

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

Laura Jackson

Laura S V Jackson (Senior Statutory Auditor)
For and on behalf of BDO Northern Ireland, Statutory Auditor
Metro Building, 1st Floor
6-9 Donegall Square South
Belfast
BT1 5JA

Date: 22/09/2023

Seattle Software Ltd.

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	14,014,556	12,960,364
Cost of sales		(2,036,352)	(2,387,106)
Gross profit		11,978,204	10,573,258
Administrative expenses		(16,256,192)	(10,545,753)
Exceptional administrative expenses	11	(1,364,456)	(1,981,802)
Operating loss	5	(5,642,444)	(1,954,297)
Interest payable and similar expenses	9	(1,921)	(1,116)
Loss before tax		(5,644,365)	(1,955,413)
Tax on loss	10	(883,781)	748,793
Loss for the financial year		(6,528,146)	(1,206,620)

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 14 to 28 form part of these financial statements.

Seattle Software Ltd.
Registered number: 05196435

Statement of Financial Position
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	6,161,864	4,212,131
Tangible assets	13	166,929	200,225
		<u>6,328,793</u>	<u>4,412,356</u>
Current assets			
Debtors	14	8,000,011	7,076,257
Cash and cash equivalents	15	737,926	1,790,909
		<u>8,737,937</u>	<u>8,867,166</u>
Creditors: amounts falling due within one year	16	<u>(18,290,411)</u>	<u>(9,686,160)</u>
Net current liabilities		(9,552,474)	(818,994)
Net (liabilities)/assets		<u>(3,223,681)</u>	<u>3,593,362</u>
Capital and reserves			
Share capital	18	100	100
Retained earnings	19	(3,223,781)	3,593,262
		<u>(3,223,681)</u>	<u>3,593,362</u>

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



.....
G L Burton
Director

Date: 22/09/2023

The notes on pages 14 to 28 form part of these financial statements.

Seattle Software Ltd.

Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2022	100	3,593,262	3,593,362
Loss for the year	-	(6,528,146)	(6,528,146)
Currency translation differences	-	(288,897)	(288,897)
At 31 December 2022	100	(3,223,781)	(3,223,681)

Statement of Changes in Equity For the Year Ended 31 December 2021

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	100	4,605,638	4,605,738
Loss for the year	-	(1,206,620)	(1,206,620)
Currency translation differences	-	194,244	194,244
At 31 December 2021	100	3,593,262	3,593,362

The notes on pages 14 to 28 form part of these financial statements.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Seattle Software Ltd. is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Transform Topco Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.3 Going concern

The Company made a loss of £6.5m (2021: loss of £1.2m) for the year ended 31 December 2022 and had net current liabilities of £9.6m (2021: £0.8m) at the year end.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

A letter of support has been provided by the ultimate controlling party (SilverTree Equity II LP) confirming their intention to make available sufficient funding to enable the Group to meet its financial obligations as they fall due for at least a period of a year from the date of approval of the financial statements for the year ended 31 December 2022. The letter of support confirms also there is no intention to redeem the loan notes that are in place in the Groups' subsidiary, Transform Midco Limited, prior to their maturity date on 30 June 2027 (balance at 31 December 2022: £30.4m with subsequent issues of £11.1m).

In arriving at this position, the Directors have prepared a financial plan has been prepared for the Orbus Group of companies for the next five years including a detailed cash forecast for the year to December 2023 to ensure that the Group can maintain its day to day services, fulfil its statutory obligations and meet future obligations to shareholders and other stakeholders. The plan includes forecast funding requirements.

The Group's debt facility totalling £38m at 31 December 2022 is due for renewal on 31 May 2024. The Directors are in active negotiations with third party lenders and financial institutions and are confident that the renewal of the debt facility will be completed in advance of this date on similar terms. In order to satisfy this existing affirmative covenant, the Directors have engaged independent valuation support which would assist the refinancing process.

As such the Directors have concluded that the outcome of these negotiations do not represent a material uncertainty that would cast significant doubt on the Company's ability to adopt a going concern basis in the preparation of the financial statements and as such, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 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.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.5 Turnover

Turnover is stated net of sales taxes and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover arising from the sale of software is recognised at the point when software licences are dispatched to the customer as this is the point at which the risks and rewards of ownership had been passed to the customer.

Turnover from the delivery of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Turnover arising from the provision of consultancy services is recognised based upon the number of days worked at a rate which has been pre-agreed with the customer.

Where a contract has only been partially completed at the year end date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the year end date. Any unutilised consultancy services are recognised as revenue as and when that service time is considered to have expired in accordance with the terms and conditions agreed upon with the customer. Consultancy services purchased are currently valid for a maximum period of six months.

Other revenue streams such as maintenance and hosting income are recognised on a straight-line basis over the life of the contract.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

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

2.7 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 is 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 of 3 years.

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

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income in accordance with the terms of the loan notes.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Exceptional administrative items

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

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 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.

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.

The estimated useful lives range as follows:

Development expenditure	-	3	years
Computer software	-	3	years

Amortisation will commence once the product comes into use.

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	30%	straight line
Fixtures and fittings	-	30%	straight line
Computer equipment	-	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 the Statement of Comprehensive Income.

2.14 Debtors

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

2.15 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.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.16 Creditors

Short term creditors are measured at the transaction price.

2.17 Financial instruments

The Company 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.18 Other operating income

The Company falls into the large company scheme for R&D purposes, and as such the economic benefit received from HMRC is accounted for within 'Other operating income' rather than within the 'Corporation tax charge'.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The Company did not make any significant judgements (apart from those involving estimations which are detailed below) that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

- Provisions are measured based on management's best estimate of the amount required to settle the obligation at the reporting date, having regard to previous experience and, when appropriate, external advice. Similarly, the Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

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

Key sources of estimation uncertainty (continued)

- The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.
- We capitalise certain costs related to the development of our iServer and iServer 365 software. Costs incurred during the application development phase are capitalised only when we believe it is probable the development will result in new or additional functionality. Capitalised development is amortised over the useful life of the enhancement which is deemed to three years due to the fast moving nature of the market we operate in.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of software	2,987,960	1,542,969
Software subscription revenue	9,998,398	10,060,247
Other	1,028,198	1,357,148
	<u>14,014,556</u>	<u>12,960,364</u>

Analysis of turnover by geographical area:

	2022 £	2021 £
UK and Europe	13,972,316	12,921,399
Middle East	42,240	38,965
	<u>14,014,556</u>	<u>12,960,364</u>

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Operating loss

The operating loss is stated after (crediting)/charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	97,766	72,459
Amortisation of intangible assets	3,446,730	2,040,880
Exchange differences	(101,529)	275,970
Operating lease rentals	247,440	209,401
	<u>247,440</u>	<u>209,401</u>

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	37,850	37,850
	<u>37,850</u>	<u>37,850</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Group accounts of the parent Company.

7. Employees

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

	2022	2021
	£	£
Wages and salaries	9,579,852	6,599,534
Social security costs	977,497	644,352
Cost of defined contribution scheme	142,023	91,522
	<u>10,699,372</u>	<u>7,335,408</u>

The above costs exclude amounts capitalised as development expenditure of £1,723,007 (2021: £2,397,976).

The average monthly number of employees, including Directors, during the year was 98 (2021: 80).

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	571,484	507,766
Company contributions to defined contribution pension schemes	14,200	9,396
	<u>585,684</u>	<u>517,162</u>

During the year retirement benefits were accruing to 2 Directors (2021: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £163,684 (2021: £158,473).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £4,200 (2021: £Nil).

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	<u>1,921</u>	<u>1,116</u>

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on losses for the year	-	-
Adjustments in respect of previous periods	(1,043,980)	-
Total current tax	<u>(1,043,980)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,790,840	15,452
Changes to tax rates	-	(466,319)
Adjustments in respect of prior periods	136,921	(297,926)
Total deferred tax	<u>1,927,761</u>	<u>(748,793)</u>
Taxation on loss on ordinary activities	<u>883,781</u>	<u>(748,793)</u>

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(5,644,365)</u>	<u>(1,955,413)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,072,429)	(371,528)
Effects of:		
Expenses not deductible for tax purposes	110,424	377,286
Depreciation of assets ineligible for capital allowances	(3,964)	5,985
Changes to the tax rate on deferred tax balances	(326,943)	(462,610)
Adjustments to brought forward values	(74,122)	-
Other permanent differences	4,769	-
Adjustments to tax charge in respect of prior periods	(1,043,980)	-
Adjustments to tax charge in respect of prior periods - deferred tax	136,921	(297,926)
Movement in deferred tax not recognised	3,153,105	-
Total tax credit for the year	<u><u>883,781</u></u>	<u><u>(748,793)</u></u>

The Company has unrelieved tax losses of £17,462,902 which are available indefinitely for offset against future taxable trading profit. The Company also has £5,244,202 in respect of fixed asset timing differences. A deferred tax asset has not been recognised of £4,365,726 in respect of these losses, on the basis that there is insufficient evidence the asset will be recoverable in the near future. A deferred tax liability has also not been recognised of £1,311,051 on the fixed asset timing differences as the Company has a net deferred tax asset.

Factors that may affect future tax charges

The standard rate of UK corporation tax is currently 19.00%. A rate increase to 25.00% comes into effect from 1 April 2023. As this increase in rate was not enacted at the reporting date, there is no impact on the calculation of tax at the reporting date.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Exceptional administrative items

	2022 £	2021 £
Legal and other associated fees	1,364,456	1,975,953
Other	-	5,849
	<u>1,364,456</u>	<u>1,981,802</u>

The legal and other associated fees relate to costs incurred on various strategic projects to position the Group for better strong future growth. In the prior year these related to advisor and consultant costs incurred in relation to reorganisation, as well as long term planning and strategic projects.

12. Intangible assets

	Development costs £	Computer software £	Total £
Cost			
At 1 January 2022	7,492,850	35,600	7,528,450
Additions	5,201,208	195,255	5,396,463
At 31 December 2022	<u>12,694,058</u>	<u>230,855</u>	<u>12,924,913</u>
Amortisation			
At 1 January 2022	3,315,681	638	3,316,319
Charge for the year	3,428,071	18,659	3,446,730
At 31 December 2022	<u>6,743,752</u>	<u>19,297</u>	<u>6,763,049</u>
Net book value			
At 31 December 2022	<u>5,950,306</u>	<u>211,558</u>	<u>6,161,864</u>
At 31 December 2021	<u>4,177,169</u>	<u>34,962</u>	<u>4,212,131</u>

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Tangible fixed assets

	Leasehold improvements £	Office furniture £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	277,404	100,091	150,945	528,440
Additions	-	3,472	60,669	64,141
At 31 December 2022	<u>277,404</u>	<u>103,563</u>	<u>211,614</u>	<u>592,581</u>
Depreciation				
At 1 January 2022	160,967	76,373	90,875	328,215
Charge for the year	40,365	17,761	39,640	97,766
Disposals	-	-	(329)	(329)
At 31 December 2022	<u>201,332</u>	<u>94,134</u>	<u>130,186</u>	<u>425,652</u>
Net book value				
At 31 December 2022	<u>76,072</u>	<u>9,429</u>	<u>81,428</u>	<u>166,929</u>
At 31 December 2021	<u>116,437</u>	<u>23,718</u>	<u>60,070</u>	<u>200,225</u>

14. Debtors

	2022 £	2021 £
Trade debtors	2,565,859	2,831,002
Amounts owed by group undertakings	3,345,239	1,581,256
Other debtors	1,278,870	140,563
Prepayments and accrued income	810,043	595,675
Deferred taxation	-	1,927,761
	<u>8,000,011</u>	<u>7,076,257</u>

All debtors are due within one year.

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	737,926	1,790,909

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,142,713	1,742,296
Amounts owed to group undertakings	5,243,164	2,196
Other taxation and social security	334,794	514,797
Other creditors	383	778
Accruals and deferred income	11,569,357	7,426,093
	<u>18,290,411</u>	<u>9,686,160</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

17. Deferred taxation

	2022 £	2021 £
At beginning of year	1,927,761	1,178,968
Charged to profit or loss	(1,927,761)	748,793
At end of year	<u>-</u>	<u>1,927,761</u>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	-	(618,004)
Tax losses carried forward	-	2,536,557
Other timing differences	-	9,208
	<u>-</u>	<u>1,927,761</u>

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

The Company has one class of Ordinary shares which carry no right to fixed income.

19. Reserves

The Company's reserves are as follows:

Share capital

Share capital represents the nominal value of the shares issued.

Retained earnings

Retained earnings account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £142,023 (2021: £91,522). Contributions totalling £24,953 (2021: £36,832) were payable to the fund at the year end date.

21. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	302,606	266,899
Later than 1 year and not later than 5 years	293,662	518,802
	<u>596,268</u>	<u>785,701</u>

22. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the Company are controlled by the Group.

Total compensation of key management personnel (including the Directors) in the year amounted to £1,080,476 (2021: £1,055,462).

Seattle Software Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

23. Contingent liabilities

The interim holding companies, Transform Midco Limited and Transform Bidco Limited and their wholly owned subsidiaries, Seattle Software Ltd., Seattle Holdings Limited, Seattle Software Australia Pty Limited and Seattle Business Software Inc, have provided guarantees of amounts due to the lenders to the interim holdings companies secured by a fixed and floating charge on the Company's assets. The amounts due are disclosed in the books of the interim holding companies.

24. Controlling party and ultimate controlling party

The Company is a wholly owned subsidiary undertaking of Seattle Holdings Limited. Transform Bidco is the immediate parent of Seattle Holdings Limited.

Transform Topco Limited is the ultimate parent entity whose registered office address is 4th Floor, 60 Buckingham Palace Road, London, SW1W 0AH.

The largest and smallest group in which the results of these financial statements are consolidated is that headed by Transform Topco Limited, copies of which may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF12 3VZ.

The ultimate controlling party is SilverTree Equity II LP, a limited partnership established in Jersey with registration number 3375 whose registered office is at IFC 5, St Helier, Jersey, JE1 1ST. SilverTree Equity II LP acts through its general partner SilverTree Equity GP II Limited, a limited company established in Jersey with registration number 132979 whose registered office address is also IFC 5, St Helier, Jersey, JE1 1ST.