

Company Registration No. 08738815 (England and Wales)

PERMUTIVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2022



PERMUTIVE LIMITED

COMPANY INFORMATION

Directors	J S Root T P Spratt
Company number	08738815
Registered office	145 Permutive City Road London EC1V 1AW England
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

PERMUTIVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The directors present the strategic report for the year ended 31 January 2022.

Fair review of the business

The directors were pleased with the progress made by the company in 2022.

Highlights for the year included:

- Multiple multi-year contracts with global Enterprise customers
- Limited churn
- Year on year headcount growth of over 50%

Financial review and key performance indicators

The directors use a number of measures to monitor and benchmark the performance of the company, the most significant of which are;

- Revenue grew 23% compared to the prior 12 months;
- Gross profit margin improved 19.2% in the year to 75.6% from 56.4% during the year due to operational efficiencies and;
- Cash

The company has shown year on year growth from new revenue and expansion revenue and saw minimal churn, well within our goals for the year. The parent company has also secured Series C funding from SoftBank to ensure that we can continue the trajectory throughout 2022.

Principal risks and uncertainties

The directors consider credit, liquidity and foreign exchange risk to be the principal risks and uncertainties of the company.

Credit Risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the trade debtors is limited as the counterparties are financially strong institutions and invoicing is in advance, either annually or bi-annually.

Liquidity Risk

The company finances its operations through cash EBITDA generation and during the year the group of which the company is apart of had a successful equity fundraising round.

Foreign Exchange Risk

The company makes sales to customers overseas and is therefore exposed to movement in exchange rates, predominantly the US Dollar. The Group of which this company is a part operates a subsidiary in the United States which assists in minimising the exposure. Furthermore, cash balances for the Group are primarily denominated in US Dollar, which increases purchasing power for the UK subsidiary as the GBP weakens. The Group has not entered into any derivative financial instruments to manage foreign exchange currency risk.

Competition Risk

Whilst Permutive is active in building out its products, as with all services of this nature, there can be new competitors entering the market. The barriers to entry are relatively high given the time, investment, resources and know-how to build offerings similar to our own.

PERMUTIVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Future prospects/Outlook:

The directors are satisfied with the trading results for the period and with the company's financial position at the year end. The directors are confident the strong performance will continue and endeavour to add customers in all of our principal territories.

The directors believe the outlook for the business is positive as evidenced by the strong trading results from 2022 to the date of this report.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the year. The Board remains open to the possibility of further accelerating the growth strategy through targeted acquisitions.

Going Concern

The financial statements have been prepared on a going concern basis notwithstanding the losses made by the entity.

Management have prepared cashflow forecasts covering the 12 month period from the issuance of the financial statements, and in line with the strategic objectives above anticipate requiring additional funding to achieve these aims. The company therefore relies on financial support from Permutive, Inc. which has confirmed it will continue to provide ongoing financial support to the company for the foreseeable future and for a period of at least twelve months from the issuance of the financial statements. The directors have satisfied themselves that the parent company has the means to provide the support pledged.

The directors have every reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. The directors have undertaken a review of the operational and financing requirements for the wider group of which the company is a part, and have sufficient cash facilities and reserves available for the foreseeable future and at least 12 months from the date of signing of these financial statements. Thus, the company continues to adopt the going concern bases in preparing the financial statements.

On behalf of the board

DocuSigned by:



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J S Root

Director

Date: oct 28, 2022
Date:

PERMUTIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2022

The directors present their annual report and financial statements for the year ended 31 January 2022.

Principal activities

The principal activity of the company continued to be that of business and domestic software development.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. 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:

J S Root
T P Spratt

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.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

Matters of strategic importance

Information, including future developments, is not shown within the Director's Report as it is instead included within the Strategic Report on pages 1-2 under S414c(11).

On behalf of the board

DocuSigned by:



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J S Root

Director

Oct 28, 2022
Date:

PERMUTIVE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2022

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; 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 PERMUTIVE LIMITED

Opinion

We have audited the financial statements of Permutive Limited (the 'company') for the year ended 31 January 2022 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 January 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. 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.

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.

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 period 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 PERMUTIVE LIMITED (CONTINUED)

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 4, 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 framework that the company operates in and how the company is complying with the legal and regulatory framework;
- 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 PERMUTIVE LIMITED (CONTINUED)

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, assessing accounting policies for compliance with the reporting framework, agreeing tax calculations to supporting documentations and reviewing correspondence with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations, reviewed legal expenditure for evidence of claims and obtained reports monitoring the company's compliance.

The audit engagement team identified the risk of management override of controls and revenue cut off 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 journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing sales to supporting documentation and reviewing transactions throughout the period and following the period end to ensure they were recognised in the correct accounting period.

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.

Saxon Moseley

Saxon Moseley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
28 October 2022
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PERMUTIVE LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 JANUARY 2022**

		Year ended 31 January 2022	Period ended 31 January 2021 as restated
	Notes	£	£
Turnover	5	7,128,676	5,911,962
Cost of sales		(1,743,564)	(2,580,462)
Gross profit		5,385,112	3,331,500
Administrative expenses		(16,492,591)	(12,681,057)
Other operating income		1,460,124	974,154
Operating loss	9	(9,647,355)	(8,375,403)
Interest receivable and similar income	10	-	111
Interest payable and similar expenses	11	(572)	(21,307)
Loss before taxation		(9,647,927)	(8,396,599)
Tax on loss	12	-	950,604
Loss for the financial year/period		(9,647,927)	(7,445,995)

PERMUTIVE LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022**

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	13		153,332		134,865
Current assets					
Debtors	14	7,395,069		5,672,993	
Cash at bank and in hand		1,476,720		673,558	
		8,871,789		6,346,551	
Creditors: amounts falling due within one year	15	(32,314,944)		(20,858,122)	
Net current liabilities			(23,443,155)		(14,511,571)
Net liabilities			(23,289,823)		(14,376,706)
Capital and reserves					
Called up share capital	17		101		101
Share premium account	18		26,008		26,008
Capital contribution reserve			572,986		-
Share based payment reserve	18		1,486,919		1,325,095
Profit and loss reserves	18		(25,375,837)		(15,727,910)
Total equity			(23,289,823)		(14,376,706)

Oct 28, 2022

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

DocuSigned by:

Joseph Root

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J S Root

Director

PERMUTIVE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022**

	Share capital	Share premium account	Capital contribution reserve	Share based payment reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2020	101	26,008	-	259,304	(8,312,013)	(8,026,600)
Period ended 31 January 2021:						
Loss and total comprehensive income for the period	-	-	-	-	(7,445,995)	(7,445,995)
Transfers	-	-	-	(30,098)	30,098	-
Share based payment charge	8	-	-	1,095,889	-	1,095,889
Balance at 31 January 2021	101	26,008	-	1,325,095	(15,727,910)	(14,376,706)
Year ended 31 January 2022:						
Loss and total comprehensive income for the year	-	-	-	-	(9,647,927)	(9,647,927)
Transfers	-	-	572,986	(572,986)	-	-
Share based payment charge	8	-	-	734,810	-	734,810
Balance at 31 January 2022	101	26,008	572,986	1,486,919	(25,375,837)	(23,289,823)

PERMUTIVE LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022**

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	19		354,671		134,798
Interest paid			(572)		(21,307)
Income taxes refunded			557,864		231,122
Net cash inflow from operating activities			<u>911,963</u>		<u>344,613</u>
Investing activities					
Purchase of tangible fixed assets		(113,843)		(189,978)	
Proceeds on disposal of tangible fixed assets		2,515		-	
Interest received		-		111	
Net cash used in investing activities			<u>(111,328)</u>		<u>(189,867)</u>
Financing activities					
Repayment of other borrowings		2,527		-	
Net cash generated from financing activities			<u>2,527</u>		<u>-</u>
Net increase in cash and cash equivalents			<u>803,162</u>		<u>154,746</u>
Cash and cash equivalents at beginning of year/ period			<u>673,558</u>		<u>518,812</u>
Cash and cash equivalents at end of year			<u><u>1,476,720</u></u>		<u><u>673,558</u></u>

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

Company information

Permutive Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 145 Permutive, City Road, London, England, EC1V 1AW.

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" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

Going concern

The financial statements have been prepared on a going concern basis notwithstanding the losses made by the entity.

Management have prepared cashflow forecasts covering the 12 month period from the issuance of the financial statements, and in line with the strategic objectives above anticipate requiring additional funding to achieve these aims. The company therefore relies on financial support from Permutive, Inc. which has confirmed it will continue to provide ongoing financial support to the company for the foreseeable future and for a period of at least twelve months from the issuance of the financial statements. The directors have satisfied themselves that the parent company has the means to provide the support pledged.

The directors have every reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. The directors have undertaken a review of the operational and financing requirements for the wider group of which the company is a part, and have sufficient cash facilities and reserves available for the foreseeable future and at least 12 months from the date of signing of these financial statements. Thus, the company continues to adopt the going concern bases in preparing the financial statements.

Reporting period

In the prior period, the company changed its accounting period to 31 January 2021 in order to align with the enterprise sales cycle. The prior period financial statements cover the 13 month period from 1 January 2020 to 31 January 2021 and are therefore not entirely comparable with the current year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised on a straight line basis over the life of the contract. At the completion of the contract overages are reviewed and invoiced in arrears.

Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

Tangible fixed assets

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

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies (Continued)

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

Computer equipment 33.33% on straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

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 and amounts owed by group undertakings 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.

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies (Continued)

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.

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.

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies (Continued)

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The company issues equity-settled share-based incentives to certain employees in the form of share options.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the most recent equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of options that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share based payments

Share based payments as set out in note 8 to the accounts have been made to employees of the company. As disclosed in the Share based payments accounting policy above, the fair value of any vested share options is recognised in the income statement and for the accounting year ended 31 January 2022 the fair value has been estimated from £0.02 (2021: £0.02) per share.

PERMUTIVE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2022****3 Prior period adjustment**

A prior period adjustment has been recognised following a change in the classification of recharged costs to a fellow group company, Permutive Technologies, Inc, which decreases cost of sales and other operating income by £1,487,808. Therefore the impact on the loss for the year is £nil.

Management believe that this classification better reflects the nature of the recharged costs incurred in the year ended 2021.

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 31 Jan 2021
	£	£	£
Net assets	(14,376,706)	-	(14,376,706)
Capital and reserves			
Total equity	(14,376,706)	-	(14,376,706)

Changes to the income statement

	As previously reported	Adjustment	As restated
	£	£	£
Period ended 31 January 2021			
Cost of sales	(4,068,270)	1,487,808	(2,580,462)
Other operating income	2,461,962	(1,487,808)	974,154
Loss for the financial period	(7,445,995)	-	(7,445,995)

4 Cost of sales

Cost of sales of £1,743,564 (2021: £2,580,462) is net of costs recharged to fellow group company Permutive Technologies, Inc. of £1,519,854 (2021: £1,487,808). Permutive Limited incur the full costs and recharge the proportion attributable to Permutive Technologies, Inc. at cost.

5 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Licence fee and data income	7,128,676	5,911,962
Other revenue		
Interest income	-	111
Grants received	-	55,067

PERMUTIVE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022****6 Employees**

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

2022	2021
Number	Number
121	68
<u>121</u>	<u>68</u>

Their aggregate remuneration comprised:

	Notes	2022	2021
		£	£
Wages and salaries		8,991,376	7,266,169
Social security costs		1,253,290	1,016,057
Pension costs		240,498	185,554
Share based payment charge	8	734,810	1,095,890
		<u>11,219,974</u>	<u>9,563,670</u>

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	230,000	184,167
Company pension contributions to defined contribution schemes	7,125	5,525
	<u>237,125</u>	<u>189,692</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	115,000	92,083
Company pension contributions to defined contribution schemes	3,563	2,763
	<u>118,563</u>	<u>94,846</u>

PERMUTIVE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022****8 Share-based payment transactions**

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 February 2021	1,699,366	1,384,978	0.02	0.02
Granted	148,876	834,305	0.02	0.02
Forfeited	(123,308)	(371,728)	0.02	0.02
Exercised	(374,063)	(148,189)	0.02	0.02
Expired	(5,162)	-	0.02	-
Outstanding at 31 January 2022	<u>1,345,709</u>	<u>1,699,366</u>	<u>0.02</u>	<u>0.02</u>
Exercisable at 31 January 2022	<u>993,842</u>	<u>1,084,652</u>	<u>0.02</u>	<u>0.02</u>

The options outstanding at 31 January 2022 had an exercise price of £0.02, and a remaining contractual life of 10 years.

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £734,810 (2021: £1,095,889) which related to equity settled share based payment transactions.

No share option charge has been recognised for 509,819 (2021: 757,005) of these options on the basis that the directors believe the fair market value of these options was immaterial.

9 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	34,484	(3,007)
Research and development costs	54,535	106,617
Government grants	-	(55,067)
Fees payable to the company's auditor for the audit of the company's financial statements	35,000	32,000
Depreciation of owned tangible fixed assets	92,493	113,414
Loss on disposal of tangible fixed assets	368	89,446
Share-based payments	734,810	1,095,889
Operating lease charges	-	633,442
	<u> </u>	<u> </u>

10 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Other interest income	-	111
	<u> </u>	<u> </u>

PERMUTIVE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022****11 Interest payable and similar expenses**

	2022	2021
	£	£
Other finance costs:		
Other interest	572	21,307
	<u>572</u>	<u>21,307</u>

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(950,604)
	<u>-</u>	<u>(950,604)</u>

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

	2022	2021
	£	£
Loss before taxation	(9,647,927)	(8,396,599)
	<u>(9,647,927)</u>	<u>(8,396,599)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,833,106)	(1,595,354)
Tax effect of expenses that are not deductible in determining taxable profit	10,546	7,009
Other permanent differences	1,827,491	1,046,772
Fixed asset timing differences	(4,931)	-
Additional deduction for R&D expenditure	-	(704,046)
Surrender of tax losses for R&D tax credit refund	-	295,015
	<u>-</u>	<u>(950,604)</u>
Taxation charge/(credit) for the year	-	(950,604)
	<u>-</u>	<u>(950,604)</u>

The tax credit of £nil (2021: £950,604) relates to Research and Development tax credits.

The company has estimated losses of £20,345,152 (2021: £10,898,253) available for carry forward against future trading profits. A deferred tax asset of £5,086,288 (2021: £2,070,668) has not been recognised due to uncertainty over the amount and timing of future taxable profits.

The company is in the process of submitting an R&D claim for the current year which will be recognised on receipt of the claim.

PERMUTIVE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022****13 Tangible fixed assets**

	Computer equipment £
Cost	
At 1 February 2021	261,592
Additions	113,843
Disposals	(5,159)
At 31 January 2022	<u>370,276</u>
Depreciation and impairment	
At 1 February 2021	126,727
Depreciation charged in the year	92,493
Eliminated in respect of disposals	(2,276)
At 31 January 2022	<u>216,944</u>
Carrying amount	
At 31 January 2022	<u>153,332</u>
At 31 January 2021	<u>134,865</u>

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,592,648	885,434
Corporation tax recoverable	950,715	1,508,579
Amounts owed by group undertakings	2,979,979	2,406,895
Other debtors	259,609	10,027
Prepayments and accrued income	1,612,118	862,058
	<u>7,395,069</u>	<u>5,672,993</u>

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

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	850,848	738,774
Amounts owed to group undertakings	26,682,072	15,147,297
Taxation and social security	535,492	1,329,947
Other creditors	160,798	109,453
Accruals and deferred income	4,085,734	3,532,651
	<u>32,314,944</u>	<u>20,858,122</u>

Amounts owed to group undertakings represent advances from the parent company, Permutive Inc., which are unsecured, repayable on demand and interest free.

16 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	240,498	185,554
	<u>240,498</u>	<u>185,554</u>

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 year end, £148,628 (2021: £92,990) was outstanding and included within other creditors.

17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 0.001p each	10,056,411	10,056,411	101	101
	<u>10,056,411</u>	<u>10,056,411</u>	<u>101</u>	<u>101</u>

The Company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

18 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution reserve

Share-based payment expense of exercised share options.

Share based payment reserve

The cumulative share-based payment expense.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

19 Cash generated from operations

	2022 £	2021 £
Loss for the year after tax	(9,647,927)	(7,445,995)
Adjustments for:		
Taxation charged/(credited)	-	(950,604)
Finance costs	572	21,307
Investment income	-	(111)
Loss on disposal of tangible fixed assets	368	89,446
Depreciation and impairment of tangible fixed assets	92,493	113,414
Equity settled share based payment expense	734,810	1,095,889
Movements in working capital:		
Increase in debtors	(2,282,467)	(1,508,827)
Increase in creditors	11,456,822	8,720,279
Cash generated from operations	<u>354,671</u>	<u>134,798</u>

20 Analysis of changes in net funds

	1 February 2021 £	Cash flows £	31 January 2022 £
Cash at bank and in hand	673,558	803,162	1,476,720

21 Operating lease commitments

Lessee

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:

	2022 £	2021 £
Within one year	1,207,800	-
Between one and five years	768,600	-
	<u>1,976,400</u>	<u>-</u>

22 Banking arrangements

An entity within the group of which the company is a part has a loan with Kreos Capital VI (UK) Limited which attracts a fixed and floating charge over the assets of the company and the global group.

23 Related party disclosures

During the year, a director repaid amounts totalling £2,527. At the year end, £Nil (2021: £2,527) was owed to the company.

PERMUTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

24 Ultimate controlling party

The immediate and ultimate controlling parent is Permutive Inc. a company incorporated in the United States of America. There is no ultimate controlling party.