

# Nlyte Software Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 04805444



**Nlyte Software Limited**  
**Report and financial statements**  
**for the year ended 31 December 2020**

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**Directors**

R Bearden (Chairman)  
B Liautaud  
J E Moreton  
R Ripley  
D Sabella

**Secretary and registered office**

O Nisbett, Riverside House, 26 Osiers Road, London, SW18 1NH

**Company number**

04805444

**Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Nlyte Software Limited

## Strategic report for the year ended 31 December 2020

### Chairman's message

Due to the worldwide Covid-19 pandemic turnover predictably decreased year over year. While disappointing, turnover was higher than originally anticipated in the revised 2020 forecasts prepared in March 2020.

Even though the Group's perpetual licence fee revenue contracted due to the Covid-19 pandemic, its SaaS, hosting and subscription business revenue grew by 42% year over year.

The Group's other administration costs decreased by 19% year over year due the early cost cutting measures performed by the Group, which included a number of employees having their employment terminated due to redundancy.

The Group incurred an EBITDA profit of \$573,000 for the year which was a significant improvement on what was previously forecasted in the March 2020 revised forecasts.

The Group refinanced its bank debt with Silicon Valley Bank on 2 April 2020, with the Group entering into a 36-month \$5,000,000 term loan facility.

The Group closed the year with \$13,124,000 (2019 - \$7,276,000) in cash and money-market investments.

### Business Model

The Group principally licenses its software on an on-premise perpetual basis but also licences the software on a on-premise subscription basis. Notwithstanding that, it does make its software available on a SaaS platform which numerous customers have taken advantage of. The Group also provides a hosting service for those companies not wishing to host its software on-premise.

### Financial Review

The review of the profit and loss can be found in the Chairman's message.

The Group's net cash position is as follows:

	<b>Cash and cash equivalents \$'000</b>
At 1 January 2020	6,899
Net Cash inflow (including bank debt and money-market investments)	2,390
	<hr/>
At 31 December 2020	<b>9,289</b>
	<hr/>
Comprising:	
Money-market investments	8,000
Cash at bank and in hand	5,124
Bank debt	(3,835)
	<hr/>
	<b>9,289</b>
	<hr/>

As at 31 December 2020 total debt owed by the Group was \$3,835,000 (2019 - \$377,000).

The Group generated cash from operating activities of \$2,442,000 (2019 - \$946,000).

# Nlyte Software Limited

## Strategic report for the year ended 31 December 2020 (continued)

### Key Performance Indicators

The directors consider that the year over year movement in turnover and customer numbers are its key performance indicators.

	2020	2019	Increase/ (decrease) %
Turnover	30,882,000	37,046,000	(17%)
Customer numbers	282	277	2%

### Future Developments

The directors do not anticipate any changes on the principal activity of the Group or the Company for the foreseeable future.

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

The key business risks and uncertainties affecting the Group are set out below:

#### *Competition*

The market in which the Group operates has a number of competitors within it. The Group monitors these competitors and the functionality that they offer to the market on an on-going basis. The directors consider that the independence of the Group is a particular advantage to its customers.

#### *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. The Group can at times have substantial debts owing to it due to the sale of its software and ancillary services. The directors consider the risk from its customers defaulting on payment is minimal due to the 'blue-chip' nature of its customers. The collection of debts is monitored by the Board on a quarterly basis.

At a local level, regular reviews of the trade receivables' ageing analysis is undertaken.

#### *Liquidity*

The Group prepares twelve months forward looking cash projections annually, which are monitored on a monthly basis. The directors are satisfied sufficient liquid resources are available to meet liabilities as they fall due.

### Approval

This Strategic Report was approved on behalf of the Board on 16 September 2021



O Nisbett

Secretary

# Nlyte Software Limited

## Directors' report for the year ended 31 December 2020

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### Directors

The directors of the Nlyte Software Limited ("the Company") throughout the year were:

R Bearden (Chairman)  
B Liautaud  
J E Moreton  
R Ripley  
D Sabella

### Strategic Report

A review of the principal business risks and uncertainties and future developments of the Group is included within the Strategic Report.

### Going concern

The Group is forecasting a 20% year over year increase in 2021 revenue resulting in an overall operating profit. The Group continues to leverage its costs in line with its revenue expectations.

The Group is forecasting to be once again generating cash from operating activities in 2021 in line with previous years.

The Group has prepared 2022 forecasts which show above 14% year on year growth in revenue and a limited increase in operating costs.

The Group applied a 50% new business worse case revenue sensitivity through the remaining of period of 2021 and its 2022 model to determine the impact on the group's cashflows. After considering the potential cash flow impact and the ability to reduce costs if deemed necessary the directors believe the Group has sufficient resources to continue trading for the foreseeable future and it is therefore appropriate to prepare the Group financial statements on a going concern basis.

### Research and development

The Group continues to invest in the development of its software product 'nlyte'. The directors regard the investment in research and development as an integral part of its future success to ensure that the Group is offering its current and future customers software that will meet their needs and utilises cutting edge technology.

### Existence of branches of the company outside of the United Kingdom

The Group has four offices outside the United Kingdom which are located in El Cajon, California, USA, Edison, New Jersey, USA, and Pune, India.

The Pune, India office was closed on 31 March 2020.

### Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group is offered where appropriate.

# Nlyte Software Limited

## Directors' report for the year ended 31 December 2020 *(continued)*

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### Director's liabilities

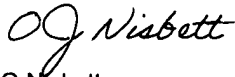
The Company has arranged third party indemnity for its directors against liabilities, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remains in force as at the date of approving the Director's Report.

### Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Group's auditor is unaware.

### Approval

This Directors' Report was approved by order of the Board on 16 September 2021



O Nisbett

**Secretary**

# Nlyte Software Limited

## Statement of directors' responsibilities for the year ended 31 December 2020

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### Directors' responsibilities

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 Group and Company 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 Group and Company and of the profit or loss of the Group 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 group and 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.

# Nlyte Software Limited

## Independent auditor's report for the year ended 31 December 2020

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### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Nlyte Software Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Parent 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 Group's and Parent 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

# Nlyte Software Limited

## Independent auditor's report for the year ended 31 December 2020 (continued)

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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 Group and Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 Group's and the Parent 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 Group or the Parent 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.

#### *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.

# Nlyte Software Limited

## Independent auditor's report for the year ended 31 December 2020 (continued)

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework: United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006. We have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to management override of controls, posting journal entries to increase revenue or profits and management bias in accounting estimates. In order to address the identified risks, we have performed the following procedures:

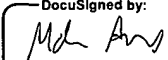
- We gained an understanding of how the Group is complying with reporting requirements by making enquiries of management. We corroborated our enquiries through our review of board minutes and review of any regulatory correspondence.
- We have considered the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included targeted testing of specific journal entries based on identified characteristics the audit team considered could be indicative of fraud, for example credit entries to revenue without a corresponding entry to trade debtor, cash, accrued income or deferred income as well as a focus on large and unusual transactions based on our knowledge of the business.
- We have performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility 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: [www.frc.org.uk/auditorsresponsibilities](http://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Mark Ayres (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date: 16 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Nlyte Software Limited

### Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
<b>Turnover</b>	3	30,882	37,046
Cost of sales		(4,364)	(6,824)
<b>Gross profit</b>		<b>26,518</b>	<b>30,222</b>
Share based payments	22	(216)	(251)
Amortisation of intangible asset	10	(2,036)	(2,036)
Depreciation of tangible asset	11	(182)	(245)
Other administrative expenses		(25,791)	(31,787)
Administrative expenses		(28,225)	(34,319)
Other income	4	62	-
<b>Operating loss</b>	5	<b>(1,645)</b>	<b>(4,097)</b>
Interest receivable and similar income		17	25
Interest payable and similar charges	8	(399)	(249)
<b>Loss on ordinary activities before taxation</b>		<b>(2,027)</b>	<b>(4,321)</b>
Taxation on ordinary activities	9	187	426
<b>Loss on ordinary activities after taxation</b>		<b>(1,840)</b>	<b>(3,895)</b>
<b>Total comprehensive loss for the year</b>		<b>(1,840)</b>	<b>(3,895)</b>

All amounts relate to continuing activities.

The notes on pages 15 to 32 form part of these financial statements.

# Nlyte Software Limited

## Consolidated statement of financial position at 31 December 2020

<i>Company number 04805444</i>	Note	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
<b>Non current assets</b>					
Intangible assets	10		6,213		8,249
Tangible assets	11		162		304
Debtors			-		1,501
			<u>6,375</u>		<u>10,054</u>
<b>Current assets</b>					
Debtors	13	10,717		10,195	
Money-market investments	14	8,000		-	
Cash at bank and in hand		5,124		7,276	
		<u>23,841</u>		<u>17,471</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(17,101)</u>		<u>(15,890)</u>	
<b>Net current assets</b>			<u>6,740</u>		<u>1,581</u>
<b>Total assets less current liabilities</b>			<u>13,115</u>		<u>11,635</u>
<b>Creditors: amounts falling due after one year</b>	16		(5,623)		(2,323)
<b>Provision for liabilities</b>	17		(468)		(665)
<b>Net assets</b>			<u>7,024</u>		<u>8,647</u>
<b>Capital and reserves</b>					
Called up share capital	19		8,015		8,014
Share premium account	20		59,236		59,236
Profit and loss account	20		(60,227)		(58,603)
<b>Shareholders' funds</b>			<u>7,024</u>		<u>8,647</u>

The financial statements were approved by the Board and authorised for issue on 16 September 2021

  
 D Sabella  
 Director

The notes on pages 15 to 32 form part of these financial statements.

## Nlyte Software Limited

### Consolidated statement of changes in equity at 31 December 2020

	Called up share capital \$'000	Share premium \$'000	Profit and loss account \$'000	Total equity \$'000
<b>1 January 2020</b>	8,014	59,236	(58,603)	8,647
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(1,840)	(1,840)
<b>Total comprehensive loss for the year</b>	-	-	(1,840)	(1,840)
<b>Contributions by and distributions to owners</b>				
Share based payment credit	-	-	216	216
Issue of ordinary shares	1	-	-	1
<b>Total contributions by and distributions to owners</b>	1	-	216	217
<b>31 December 2020</b>	8,015	59,236	(60,227)	7,024

	Called up share capital \$'000	Share premium \$'000	Profit and loss account \$'000	Total equity \$'000
<b>1 January 2019</b>	7,959	59,136	(54,959)	12,136
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(3,895)	(3,895)
<b>Total comprehensive loss for the year</b>	-	-	(3,895)	(3,895)
<b>Contributions by and distributions to owners</b>				
Share based payment credit	-	-	251	251
Issue of ordinary shares	55	100	-	155
<b>Total contributions by and distributions to owners</b>	55	100	251	406
<b>31 December 2019</b>	8,014	59,236	(58,603)	8,647

The notes on pages 15 to 32 form part of these financial statements.

# Nlyte Software Limited

## Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows (used in) operating activities</b>			
<b>Loss for the financial year</b>		<b>(1,840)</b>	<b>(3,895)</b>
Adjustments for:			
Amortisation of intangible assets	10	2,036	2,036
Depreciation of tangible assets	11	182	245
Net interest payable		382	224
Taxation credit	9	(187)	(426)
Share based payment charges	22	216	251
Decrease in trade and other debtors		753	864
Increase in trade and other creditors		1,053	1,895
		<hr/>	<hr/>
<b>Cash generated from operations</b>		<b>2,595</b>	<b>1,194</b>
Interest paid	8	(369)	(209)
Taxation received/(paid)		216	(39)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>2,442</b>	<b>946</b>
		<hr/>	<hr/>
<b>Cash flows (used in) investing activities</b>			
Interest received		17	25
Purchases of tangible fixed assets	11	(40)	(174)
Money-market investments	14	(8,000)	-
		<hr/>	<hr/>
<b>Net cash (used in) investing activities</b>		<b>(8,023)</b>	<b>(149)</b>
		<hr/>	<hr/>
<b>Cash flows (used in) financing activities</b>			
Exercise of share options	19	1	155
Repayment of bank loans		(1,500)	(667)
New bank loan		4,928	-
		<hr/>	<hr/>
<b>Net cash (used in) generated from financing activities</b>		<b>3,429</b>	<b>(512)</b>
		<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,152)</b>	<b>285</b>
Cash and cash equivalents at beginning of year		7,276	6,991
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>5,124</b>	<b>7,276</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		5,124	7,276
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 32 form part of these financial statements.

# Nlyte Software Limited

## Company statement of financial position at 31 December 2020

<b>Company number 04805444</b>	<b>Note</b>	<b>2020</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>Fixed assets</b>					
Intangible assets	10		852		1,192
Tangible assets	11		50		73
Investments	12		21,627		21,627
			<u>22,529</u>		<u>22,892</u>
<b>Current assets</b>					
Debtors	13	21,444		24,069	
Money-market investments	14	8,000		-	
Cash at bank and in hand		3,728		5,851	
			<u>33,172</u>		<u>29,920</u>
<b>Creditors: amounts falling due within one year</b>	15	<b>(7,182)</b>		<b>(7,068)</b>	
			<u>25,990</u>		<u>22,852</u>
<b>Total assets less current liabilities</b>			<u>48,519</u>		<u>45,744</u>
<b>Creditors: amounts falling due after one year</b>	16		<b>(3,875)</b>		<b>(1,754)</b>
<b>Provisions for liabilities</b>	17		<b>(148)</b>		<b>(148)</b>
<b>Net assets</b>			<u>44,496</u>		<u>43,842</u>
<b>Capital and reserves</b>					
Called up share capital	19		8,015		8,014
Share premium account	20		59,236		59,236
Profit and loss account	20		(22,755)		(23,408)
<b>Shareholders' funds</b>			<u>44,496</u>		<u>43,842</u>

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 in not presenting a separate income statement. The profit attributable to the parent company for the year was \$622,000 (2019 - \$1,676,000).

The financial statements were approved by the Board and authorised for issue on 16 September 2021

  
D Sabella  
Director

The notes on pages 15 to 32 form part of these financial statements.

# Nlyte Software Limited

## Company statement of changes in equity at 31 December 2020

	Called up share capital \$'000	Share premium \$'000	Profit and loss account \$'000	Total equity \$'000
<b>1 January 2020</b>	8,014	59,236	(23,408)	43,842
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	622	622
<b>Total comprehensive income for the year</b>	-	-	622	622
<b>Contributions by and distributions to owners</b>				
Share based payment credit	-	-	31	31
Issue of Ordinary Shares	1	-	-	1
<b>Total contributions by and distributions to owners</b>	1	-	31	32
<b>31 December 2020</b>	8,015	59,236	(22,755)	44,496
	Called up share capital \$'000	Share premium \$'000	Profit and loss account \$'000	Total equity \$'000
<b>1 January 2019</b>	7,959	59,136	(25,124)	41,971
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,676	1,676
<b>Total comprehensive income for the year</b>	-	-	1,676	1,676
<b>Contributions by and distributions to owners</b>				
Share based payment credit	-	-	40	40
Issue of Ordinary Shares	55	100	-	155
<b>Total contributions by and distributions to owners</b>	55	100	40	195
<b>31 December 2019</b>	8,014	59,236	(23,408)	43,842

The notes on pages 15 to 32 form part of these financial statements.

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020

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### 1 Accounting policies

Nlyte Software Limited is a private company, limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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 group's accounting policies, these judgements are set out in note 2.

The following principal accounting policies have been applied:

#### *Going concern*

The Group is forecasting a 20% year over year increase in 2021 revenue resulting in an overall operating profit. The Group continues to leverage its costs in line with its revenue expectations.

The Group is forecasting to be once again generating cash from operating activities in 2021 in line with previous years.

The Group has prepared 2022 forecasts which show above 14% year on year growth in revenue and a limited increase in operating costs.

The Group applied a 50% new business worse case revenue sensitivity through the remaining of period of 2021 and its 2022 model to determine the impact on the group's cashflows. After considering the potential cash flow sensitivities and the ability to reduce costs if deemed necessary the directors believe the Group has sufficient resources to continue trading for the foreseeable future and it is therefore appropriate to prepare the Group financial statements on a going concern basis.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Nlyte Software Limited and its subsidiary companies as at 31 December 2020 using the acquisition method of accounting. Intra-group transactions are eliminated fully on consolidation.

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### *Basis of consolidation (continued)*

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

#### *Functional and presentational currency*

Items included in the financial statements of each of the reporting entities are measured using the currency of the primary economic environments in which the entity operates ("the functional currency"). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in US Dollars, which is the functional currency of the Company financial statements.

#### *Foreign currency*

Foreign currency transactions are translated at the rates ruling when the transaction occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

#### *Turnover*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for goods and services provided, net of discounts and VAT.

Turnover in respect of:

- i) the sale of software licences is recognised on delivery of the software to the customer.
- ii) professional services (project management, implementation, integration and training) are recognised as the services are delivered to the customer and full performance has been agreed.
- iii) Support revenue is recognised evenly over the year in which the support contract services are provided to the customer.

#### *Tangible fixed assets*

All tangible fixed assets are stated at cost.

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### *Intangible fixed assets*

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life as follows:

Software and IP	-	Over 6 years
Customer relationships	-	Over 8 years
Goodwill	-	Over 10 years

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	-	33% per annum
Fixtures, fittings and equipment	-	20% per annum

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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.

Current tax, including UK Corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

# Niyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### *Leased assets*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the year of the lease.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

#### *Research and development*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the projects are clearly defined and related expenditure is separately identifiable;
- the projects are technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the projects to be completed.

In such circumstances the costs are carried forward and amortised over a year not exceeding 3 years commencing in the year the group starts to benefit from the expenditure.

#### *Share-based payments*

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting year is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

#### *Share-based payments (continued)*

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Financial assets*

Financial assets are initially measured at transaction price and subsequently held at cost less any impairment.

#### *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

#### *Financial Liabilities*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instruments legal form.

All creditors are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the company has calculated that the difference between the historical cost and amortised cost is not material and so these financial instruments are stated on the balance sheet at historical cost.

The directors have considered the underlying agreements from entities in the group and consider that under the terms of these agreements that all of the amounts should be shown as due in under one year at the balance sheet date.

Intercompany loans are calculated on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

#### *Government grants*

Grants are accounted under the accruals model as permitted by FRS 102. The group classifies a grant either as a grant relating to revenue or a grant relating to assets. A grant is recognised when there is reasonable assurance that the company will comply with the conditions attaching to the grant and the grants will be received.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- The functional currency used in the Company accounts is US Dollars. This decision was made with consideration to FRS 102 section 30. Judgements were made regarding the primary economic environment that the company operates in. Our judgement regarding functional currency is based on the United States of America being the primary economic environment that the company operates in. In reaching this decision the company has considered which currency influences sales price, influences labour and other material costs along with the currency which funds from financing are received and funds from operating activities are usually retained.

#### *Other key sources of estimation uncertainty*

- *Company only- carrying value of investments*

The carrying value of the investment in the Company's subsidiaries Nlyte Software Americas Limited, Nlyte Software Inc. and Nlyte Software India LLP is reviewed annually for impairment indicators such as a decline in market value of company assets, any current period operating losses, the statutory and regulatory environment the company operates in, major losses of employees or clients or changes in market interest rates.

- *Intangible fixed assets*

Determination of whether there are indicators of impairment of the Group's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

### 3 Analysis of turnover

Turnover is attributable to the following markets:

	2020 \$'000	2019 \$'000
United Kingdom	2,543	1,770
Europe	2,570	2,956
North America	24,010	29,170
Australasia & the Far East	1,213	2,631
Other	546	519

30,882

37,046

### 4 Other income

	2020 \$'000	2019 \$'000
Government grants	62	-

The group has taken advantage of the Coronavirus Job Retention Scheme during the year in the UK. This income of \$62,000 is recognised in the period to which the furloughed staff costs relate to and only when it is reasonably likely for the conditions are to be met. The payroll liability has been incurred by the group and therefore has met the conditions to claim for the payroll period. All other conditions have been satisfied.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

	2020	2019
	\$'000	\$'000
<b>5 Operating loss</b>		
This is arrived at after charging/(crediting):		
Depreciation	182	245
Amortisation	2,036	2,036
Hire of other assets - operating leases	451	444
Auditor's remuneration:		
- Fees payable to the group auditor for the audit of the Group's annual financial statements	62	59
- Other services relating to taxation	21	21
Exchange differences – (gain)/loss	(47)	147
	22,739	27,434
<b>6 Employees</b>		
Staff costs (including directors) consist of:		
Wages and salaries	21,151	25,604
Social security cost	1,372	1,579
Share based payment (see note 22)	216	251
	22,739	27,434
	22,739	27,434
The average number of employees (including directors) during the year was 139 (2019 - 154).		
<b>7 Directors' remuneration</b>		
	2020	2019
	\$'000	\$'000
Remuneration as directors and highest paid director	456	469
	456	469
<b>8 Interest payable and similar charges</b>		
	2020	2019
	\$'000	\$'000
Bank loans and overdrafts	399	249
	399	249
<b>9 Taxation on loss on ordinary activities</b>		
	2020	2019
	\$'000	\$'000
Current tax on foreign income	11	(11)
Research and development tax refund	-	(217)
Deferred taxation - origination and reversal of timing differences	(198)	(198)
Deferred taxation - effect of rate changes	-	-
	(187)	(426)
Total current tax credit for year	(187)	(426)

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 9 Taxation on loss on ordinary activities (continued)

The tax assessed for the year at the standard rate of corporation tax applied in the UK reconciled to the loss before tax is:

	2020 \$'000	2019 \$'000
Loss on ordinary activities before tax	(2,027)	(4,321)
Tax on loss at the average rate of 19% (2019 – 19%)	(385)	(821)
Expenses not deductible for tax purposes	155	169
Foreign PE exemption	(195)	309
Deferred tax not recognised	225	173
Foreign tax	11	(41)
Adjustments in respect of prior periods	-	(215)
Total tax amount as above	(189)	(426)

### Factors that may affect future tax charges

The group has significant tax losses of \$42,701,000 (2019 - \$46,233,000) which can be used against future taxable profits. No deferred tax asset has been recognised in respect of these losses as their utilisation in the foreseeable future is uncertain.

## Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (*continued*)

10 Intangible assets	Software and IP \$'000	Customer relationships \$'000	Goodwill \$'000	Total \$'000
<i>Cost</i>				
At 1 January 2020 and at 31 December 2020	6,175	2,012	7,554	15,741
<i>Amortisation</i>				
At 1 January 2020	3,549	985	2,958	7,492
Charge for year	1,029	252	755	2,036
At 31 December 2020	<b>4,578</b>	<b>1,237</b>	<b>3,713</b>	<b>9,528</b>
<i>Net book value</i>				
At 31 December 2020	<b>1,597</b>	<b>775</b>	<b>3,841</b>	<b>6,213</b>
At 31 December 2019	2,626	1,027	4,596	8,249

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Company	Software and IP \$'000	Total \$'000
<i>Cost</i>		
At 1 January 2020 and at 31 December 2020	2,044	2,044
<i>Amortisation</i>		
At 1 January 2020	852	852
Charge for year	340	340
At 31 December 2020	<b>1,192</b>	<b>1,192</b>
<i>Net book value</i>		
At 31 December 2020	<b>852</b>	<b>852</b>
At 31 December 2019	1,192	1,192

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (*continued*)

## 11 Tangible fixed assets

Group	Computer equipment \$'000	Fixtures, fittings and equipment \$'000	Total \$'000
<i>Cost</i>			
At 1 January 2020	2,472	933	3,405
Additions	37	3	40
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>2,509</b>	<b>936</b>	<b>3,445</b>
<i>Depreciation</i>			
At 1 January 2020	2,191	910	3,101
Charge for the year	174	8	182
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>2,365</b>	<b>918</b>	<b>3,283</b>
<i>Net book value</i>			
At 31 December 2020	<b>144</b>	<b>18</b>	<b>162</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2019	281	23	304
	<hr/>	<hr/>	<hr/>
Company	Computer equipment \$'000	Fixtures, fittings and equipment \$'000	Total \$'000
<i>Cost</i>			
At 1 January 2020	1,416	772	2,188
Additions	19	-	19
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>1,435</b>	<b>772</b>	<b>2,207</b>
<i>Depreciation</i>			
At 1 January 2020	1,347	768	2,115
Charge for the year	41	1	42
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>1,388</b>	<b>769</b>	<b>2,157</b>
<i>Net book value</i>			
At 31 December 2020	<b>47</b>	<b>3</b>	<b>50</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2019	69	4	73
	<hr/>	<hr/>	<hr/>

## Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

### 12 Fixed asset investments

Company	Shares in group undertaking \$'000
<p><i>Cost</i> At 1 January 2020 and as at 31 December 2020</p>	21,627

Subsidiary undertakings:

The principal undertakings in which the Company's interest at the year-end are as follows:

Name	Country of incorporation or registration	Registered Address	Proportion of voting rights and ordinary share capital held	Nature of business
Nlyte Software Americas Limited	England & Wales	Riverside House, 26 Osiers Road, London, SW18 1NH	100%	Sells datacentre infrastructure management ("DCIM") software and the provision of ancillary professional services
Nlyte Software Inc.	Delaware, USA	1209 Orange St, City of Wilmington, County of New Castle, DA, USA	100%	Sells real-time event correlation, alarming and analytics software to the data center industry.
Nlyte Software India LLP	India	Flat No 202, Gangadhar Parvati Apartments, Survey No 1815, Near Vidyarthi Gruh, Sadashiv Peth, Pune Maharashtra-411030 India	100%*	Sales agent

\* The shareholding is 51% direct and 49% indirect, through Nlyte Software Americas Limited

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 13 Debtors

	Group 2020 \$'000	Group 2019 \$'000	Company 2020 \$'000	Company 2019 \$'000
Trade debtors	8,317	6,737	1,904	1,600
Amount owed by subsidiary undertaking	-	-	18,275	21,601
Other debtors	18	250	-	224
Prepayment and accrued income	2,382	3,208	1,265	644
	<u>10,717</u>	<u>10,195</u>	<u>21,444</u>	<u>24,069</u>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and non-interest bearing

## 14 Money-market investments

	Group 2020 \$'000	Group 2019 \$'000	Company 2020 \$'000	Company 2019 \$'000
Money-market investments	8,000	-	8,000	-

Money-market investments are represented by fixed term deposits.

## 15 Creditors: amounts falling due within one year

	Group 2020 \$'000	Group 2019 \$'000	Company 2020 \$'000	Company 2019 \$'000
Bank loan (secured)	1,643	377	1,643	377
Trade creditors	1,009	1,017	405	648
Amount owed to subsidiary undertaking	-	-	1,281	1,220
Taxation and social security	97	96	45	84
Accruals and deferred income	14,352	14,400	3,808	4,739
	<u>17,101</u>	<u>15,890</u>	<u>7,182</u>	<u>7,068</u>

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and non-interest bearing.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 16 Creditors: amounts falling due after one year

	Group 2020 \$'000	Group 2019 \$'000	Company 2020 \$'000	Company 2019 \$'000
Bank Loan (secured)	2,192	-	2,192	-
Deferred income	3,431	2,323	1,683	1,754
	<u>5,623</u>	<u>2,323</u>	<u>3,875</u>	<u>1,754</u>

The maturity of the bank loans are as follows:

### Group and Company

	2020 \$'000	2019 \$'000
Within one year	1,643	377
Between 2 to 5 years	2,192	-
	<u>3,835</u>	<u>377</u>

The balances are stated net of amortised arrangement fees of \$54,000 (2019 - \$12,000)

On 2 April 2020, the Company entered into a 36-month \$5,000,000 term loan facility with Silicon Valley Bank to replace its current facility which was fully repaid at the time. Interest on the \$5,000,000 term loan has been fixed at 7% for the 36-month period. The refinancing of the loans incurred a \$15,000 commitment fee.

The bank loan is secured by a debenture over the assets of the Group.

## 17 Provisions for liabilities

Group	Deferred taxation (see note 23) \$'000	Dilapidations \$'000	Total \$'000
At 1 January 2020	517	148	665
Charged to profit or loss	(197)	-	(197)
	<u>320</u>	<u>148</u>	<u>468</u>
At 31 December 2020	320	148	468
<b>Company</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2020 and as at 31 December 2020	-	148	148
	<u>-</u>	<u>148</u>	<u>148</u>

The dilapidations provision relates to dilapidations on a property that the company leases. Dilapidations provisions are expected to be utilised within 5 years.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 18 Financial Instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2020 \$'000	Group 2019 \$'000
<b>Financial assets</b>		
Financial assets measured at cost less any impairment	21,458	15,764
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	9,081	5,107
	<u>          </u>	<u>          </u>
	<b>Company 2020 \$'000</b>	<b>Company 2019 \$'000</b>
<b>Financial assets</b>		
Financial assets measured at cost less any impairment	31,906	29,276
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	6,635	3,051
	<u>          </u>	<u>          </u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by subsidiary.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and provisions, and bank loans.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 19 Called up share capital

	Allotted, called up and fully paid			
	2020 Number	2020 \$'000	2019 Number	2019 \$'000
Ordinary shares of £0.20 each	11,134,577	4,091	11,131,531	4,090
Series A shares of £0.20 each	7,660,980	2,446	7,660,980	2,446
Series B shares of £0.20 each	2,196,147	723	2,196,147	723
Series B2 shares of £0.20 each	2,654,685	755	2,654,685	755
		8,015		8,014

During the year options over 3,046 ordinary shares of £0.20 each was exercised for a cash consideration of \$1,000.

The Ordinary shares have the following rights:

- To receive notice, attend and vote at any general meeting of the company;
- To receive shares in the event the directors propose to issue further shares once the rights of the Series A and B shares have been satisfied;
- To receive dividends once the rights of the Series A and B shares have been satisfied, subject to the company declaring a dividend; and
- To receive distributions in the event of a distribution of assets or a return of capital once the rights of the Series A and B shares have been satisfied.

The Series A shares have the following rights:

- A non-cumulative/non-accruing preferred dividend at the annual rate of 8% of the issue price of the Series A shares, subject to the company declaring a dividend;
- Priority over Ordinary shareholders in the event the directors propose to issue further shares;
- Priority over Ordinary shareholders in the event of a distribution of assets or a return of capital;
- Conversion into Ordinary shares of at any time; and
- Anti-dilution rights.

The Series B shares have the following rights:

- A non-cumulative/non-accruing preferred dividend at the annual rate of 8% of the issue price of the Series B shares, subject to the company declaring a dividend;
- Priority over Ordinary shareholders in the event the directors propose to issue further shares;
- Conversion into Ordinary shares of at any time; and
- Anti-dilution rights.

The Series B2 shares have the following rights:

- A non-cumulative/non-accruing preferred dividend at the annual rate of 8% of the issue price of the Series B2 shares, subject to the company declaring a dividend;
- Priority over Ordinary shareholders in the event the directors propose to issue further shares;
- Conversion into Ordinary shares of at any time; and
- Anti-dilution rights.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 20 Reserves

### Share Premium

Share premium account - includes any premiums received on issue of share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

### Profit and loss account

Profit and loss account - includes all current and prior period retained profits and losses.

## 21 Commitments under operating leases

Minimum lease payments under non-cancellable operating leases are set out below:

	Group Land and buildings 2020 \$'000	Group Land and buildings 2019 \$'000	Company Land and buildings 2020 \$'000	Company Land and buildings 2019 \$'000
Operating leases which expire:				
Not later than one year	452	476	267	290
Later than 1 year and not later than 5 years	1,009	1,575	846	1,244
	<u>1,461</u>	<u>2,051</u>	<u>1,113</u>	<u>1,534</u>

# Nlyte Software Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 22 Share based payment

The Company operates an Enterprise Management Incentive ("EMI") scheme for its employees. Under the EMI scheme, 25% of the share options granted vest on the first anniversary of the grant, with the balance vesting monthly until all the share options are vested 48 months from the date of grant.

	2020 Weighted average exercise price (pence)	2020 Number	2019 Weighted average exercise price (pence)	2019 Number
Outstanding at the beginning of the year	60	3,999,580	48	3,577,477
Granted during the year	126	4,873	126	749,219
Exercised during the year	(34)	(3,046)	(57)	(220,796)
Forfeited during the year	(114)	(77,494)	(120)	(106,320)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	59	3,923,913	60	3,999,580

The weighted average exercise price of options outstanding at the end of the year was 59.00p (2019 - 60.00p) and their weighted average contractual life was 40 months (2019 - 40 months).

Of the total number of options outstanding at the end of the year 3,488,383 (2019 – 3,190,416) had vested and were exercisable at the end of the year.

The weighted average fair value of each option granted during the year was 57.00p (2019 – 57.00p).

The fair value of the options issued in the year was measured using the following information:

<b>Equity-settled</b>	<b>2020</b>	<b>2019</b>
Option pricing model used	<b>Black Scholes</b>	Black Scholes
Weighted average share price at grant date (pence)	126.00	126.00
Exercise price (pence)	126.00	126.00
Weighted average contractual life (days)	1,460	1,460
Expected volatility	42%	42%
Expected dividend growth rate	0%	0%
Risk-free interest rate	0.83%	0.83%
	<hr/>	<hr/>

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of published share prices of similar quoted companies.

The share-based remuneration expense comprises:

	2020 \$'000	2019 \$'000
Equity-settled schemes	216	251
	<hr/>	<hr/>

The Company did not enter into any share-based payment transactions with parties other than employees during the current or previous year.

# Nlyte Software Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

## 23 Deferred tax

Deferred tax liabilities - Group	2020 \$'000	2019 \$'000
Provision at 1 January 2020	517	715
Deferred tax charged to profit and loss for the year	(197)	(198)
Deferred tax liabilities carried forward at 31 December 2020	<u>320</u>	<u>517</u>
Unprovided deferred tax assets - Group	2020 \$'000	2019 \$'000
Accelerated capital allowances	(83)	(82)
Short term timing differences	(82)	-
Tax losses	(7,633)	(8,642)
Share scheme	(313)	(250)
	<u>(8,111)</u>	<u>(8,974)</u>

## 24 Related party transactions

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

In the opinion of the directors the Company has no ultimate controlling party.

The total compensation paid to key management personnel for services provided to the Group was \$2,793,000 (2019 - \$2,917,000).