

Registered number: 05640420

FEATURESPACE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

TUESDAY



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COMPANIES HOUSE

FEATURESPACE LIMITED

COMPANY INFORMATION

Directors	D A Excell Dr G Garrard L Garrett G Hurst IP2IPO Services Limited L A Jaffe M King E Lockhart R Sansom
Company secretary	D Riddick
Registered number	05640420
Registered office	140 Cambridge Science Park Milton Road Cambridge CB4 0GF
Independent auditors	Lakin Rose Limited Chartered Accountants & Statutory Auditors Pioneer House Vision Park Histon Cambridge CB24 9NL

FEATURESPACE LIMITED

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FEATURESPACE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors of Featurespace Limited ("the Company") are pleased to present the strategic report of the Featurespace Limited group ("the Group") for the year ended 31 December 2022.

Business review and Key Performance Indicators

2022 was a transformational year for Featurespace and its mission to make the world a safer place to transact.

Revenue increased by 28% to £34.4m (2021: £26.8m) through successful deployment of software to direct and indirect customers via transactional and licence deals. International expansion underpinned the strong revenue growth.

The Group won record levels of new business from a diversified portfolio of customers, mainly comprising leading financial institutions from around the world.

New order intake grew even faster than revenue, enabling the Group to enter 2023 with a strong tailwind. Year-to-date 2023 revenue growth has significantly exceeded 2022; and it is expected that the same will be true for full year 2023 revenue growth.

In 2022 Annual Recurring Revenue (ARR) grew by more than 40%. Recurring revenues represented 70% of 2022 revenue. This proportion grew to almost 80% for the 9 months ended 30 September 2023.

The Group continued to invest in future growth, primarily in the form of product development to sustain and extend the performance lead of the ARIC Risk Hub (see further commentary in the Directors' Report). Featurespace's ARIC Risk Hub for enterprise fraud and financial crime monitors real-time customer data, using our proprietary machine learning inventions, Adaptive Behavioral Analytics and Automated Deep Behavioral Networks.

The Group also increased investment in sales and marketing activities in order to accelerate customer adoption of its market-leading technology. As a result the loss for the year was £20.9m (2021: £16.6m).

The financial position of the Group was strengthened during the year by a cash injection of £32.2m from the issuance of new G Preferred Ordinary Shares. Offers were received from external investors, but the board opted for an internal round funded by existing investors.

Cash at bank and in hand at 31 December 2022 was £25.7m (2021: £17.7m). As explained under Going Concern (note 2.3), operational cash generation in 2023 has been very strong. At the end of September 2023, the Group had £25.2m of cash (down only £(0.5)m since the start of the year), and no debt.

Given the trajectory of growth and cash generation, the board expects that the Group will continue to maintain a strong financial position, without the need for additional equity or debt capital.

The Group is therefore confident in the future outlook.

FEATURESPACE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The board has overall responsibility for risk management and internal controls. The principal risks and uncertainties faced by the Group are:

Information Security: The Group is often required and authorised by its customers to work with confidential information in the deployment of its software and services. The Group employs appropriate security and testing measures for the software it deploys. However, these may not protect against all possible security breaches that could harm the Group's or its customers' business both financially and reputationally. The Group employs security and testing measures for the software it deploys and on internal systems to mitigate this risk.

Regulatory Compliance: The Group's work with confidential information means that it is imperative to ensure compliance with the regulatory framework including GDPR. The enhancement and expansion of the requirements that were made to data protection legislation under GDPR added to the complexity of handling customer data and increased the Group's responsibilities. Failure to protect data in accordance with these regulations could result in financial penalties and reputational risk for the Group. The Group employs measures to mitigate against this risk including workforce training, physical and cybersecurity measures.

Business Continuity: Given the Group's customer base in the financial services industry, it is critical to ensure that the business is well positioned to maintain continuity in the event of an unforeseen incident. The Group's software forms part of the real-time decisioning within its customers' payment authorisation processes to detect and prevent fraud and financial crime; so any failure could lead to financial losses for customers and lead to the Group missing contractual service level agreements. The Group has put in place measures to ensure that any disruptions to the business can be mitigated and these plans are reviewed and improved on an ongoing basis.

Intellectual Property rights: As a high growth, technology business, the Group recognises the need to address the risks associated with the legal costs of protecting and enforcing its intellectual property rights. Failure to do so could lead to significant financial loss. The Group is mitigating this risk through appropriate measures to record and protect its intellectual property.

FEATURESPACE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' statement of compliance with duty to promote the success of the Group

The board has acted in good faith to promote the success of the Group having regard to the matters and stakeholders outlined in points (a) to (f) of Section 172(1) of the Companies Act 2006.

The board met eight times during 2022 to discuss business performance and strategic direction. Key areas of discussion in the year included commercial progress, new products and innovations, and the evaluation of strategic industry direction and market opportunities arising from changing industry dynamics.

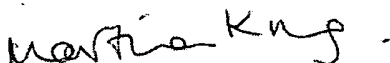
The board approved further investment in cloud-native technologies, a realigned product team, and further advanced analytical research and development. As part of this approach, the board approved an internal funding round which was completed in late 2022. This investment led to the subsequent launch of ARIC SCAM DETECT®, and TallierLTM® (the world's first Large Transaction Model), as well as Featurespace being named as a winner of the Privacy Enhancing Technology (PETs) Challenge. The board provided direction on additional new products and solutions expected to be launched in late 2023 and 2024.

The board continued to advocate investment in enhanced support to the Group's larger customers in order to strengthen senior relationships between the Group and those customers. In addition, the consolidation of the Fraud Tools Market post COVID-19 has reinforced the importance of a central fraud detection platform, with multiple fraud detection solutions; and the board continued its support of the ARIC Platform for detecting a broad range of enterprise financial fraud risks.

The board reviewed and approved the 2023 Budget, which projected an acceleration of topline growth without an increase in operating costs.

Please also refer to the Directors' Report for further information relevant to Section 172(1).

This report was approved by the board on 31 October 2023 and signed on its behalf.



M King
Director

FEATURESPACE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £20,888,671 (2021 - loss £16,587,754).

No dividends were paid in the year. No dividend payable is recommended.

Directors

The directors who served during the year were:

D A Excell
Dr G Garrard
L Garrett
G Hurst
IP2IPO Services Limited
L A Jaffe
M King
E Lockhart
R Sansom

Future developments

The Company expects growth to accelerate in 2023, supported by implementation of the 2022 orderbook and new customer wins. Demand for the Group's market leading solutions remains strong.

FEATURESPACE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Research and development activities

Featurespace's mission is to develop new algorithms and methodologies that make the world a safer place to transact. It is only through continued research and innovation that financial institutions can stay ahead of the criminals; and so the Group has set up its Innovation Lab in Cambridge (UK) to lead this effort on the behalf of the wider financial industry and its consumers.

During 2022, the Group continued to develop its principal product, the ARIC Risk Hub. The ARIC Risk Hub for enterprise fraud and financial crime monitors real-time customer data, using our proprietary machine learning inventions, Adaptive Behavioral Analytics and Automated Deep Behavioral Networks.

The ARIC Risk Hub offers multiple solutions for Fraud and Anti-Money Laundering analysts to spot suspicious activity and prioritise alerts with explainable anomaly detection. At the same time, the ARIC Risk Hub recognises genuine customers without blocking their activity, reducing friction.

Working as a technology partner to the financial services industry, the ARIC Risk Hub is deployed in some of the world's largest banks, payments processors and merchant acquirers.

The Group's Research & Development teams worked to enhance all areas of the platform including the real time engine, user interface, reporting functionality and suite of machine learning models and tools.

Their work led directly to the 2023 launches of ARIC SCAM DETECT® and TallierLTM® (the world's first Large Transaction Model). It also resulted in Featurespace being named as one of the winners of the International Privacy Enhancing Technology (PETs) Challenge.

Engagement with employees

The Group holds monthly All Hands meetings, which provide a forum to report to the employees on business progress, team member updates and departmental news across the month. The meetings are chaired by the CEO or other members of the senior management team. The format is live in the offices or via video conference for remote and international team members. The meetings also include an opportunity for team members to ask anonymous questions, which has proven to be a popular feature. The Group also invites all employees to bi-annual business review meetings where all departments present and a financial update is included. These are conducted in person and via video conference for all of our remote and international team members.

The Group also undertakes an employee engagement survey, the results of which are cascaded back to the business through a companywide de-brief session and departmental action planning. Following the engagement survey, the Group has implemented performance reviews, salary benchmarking and expanded wellbeing initiatives, including improvements to our healthcare provision in the US and Singapore. The qualitative feedback reflects the Group's strong culture and high calibre of team.

The Group offers all employees who pass their probation participation in the Growth Share Scheme. Employees who have passed their probation are also eligible for a quarterly bonus. Salaries are reviewed on a quarterly basis to ensure they are in line with benchmarking data.

Equal Opportunities

The Group is committed to being a place of equality, inclusion and respect to provide a safe environment for all employees to bring their authentic self to work. We know that we gain as much strength from our differences as we do from our similarities. We value diversity and are dedicated to listening and learning from each other to build and maintain a positive and productive culture. We appreciate this will be an ever-evolving focus for the business to ensure everyone feels supported and has a sense of belonging.

As the business grows, we continue to focus on attracting diverse talent across all departments. The team has targeted early career hiring schemes at universities and colleges with a more diverse intake and in particular

FEATURESPACE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

those with a high proportion of females or underrepresented groups, as well as a focus on socioeconomic backgrounds. The Group is committed to ensuring that the training of line managers continually evolves with the needs of the business. It facilitates training on topics such as diversity and inclusivity, neurodiversity, menopause, employment law and LGBTQ+, delivered by experts and volunteers within the business. The Group is committed to growing the percentage of females at senior level and across the whole business. The Group reviews its gender pay gap annually.

Disabled employees

The Group ensures that disabled persons are given full and fair consideration when applying for employment by the Company. When an interview is confirmed with a candidate, they are asked if they require any reasonable adjustments to enable them to perform at their best throughout the interview process. In addition, the business continues to work with employees with disabilities, to accommodate their needs in the work environment and support them in performing their roles. The Group partners with an occupational health provider as well as a workplace assessment provider specialised in Neurodiversity, who can assess and recommend reasonable adjustments for employees to be able to carry out their work duties to the best of their abilities.

Engagement with suppliers, customers and others

Customer Engagement

Featurespace is trusted by some of the world's largest banks, insurance companies and gaming organisations to make the world a safer place for their customers and business.

The Group works closely with customers to monitor the performance of the software and ensure they achieve maximum value from it. The Customer Success team holds quarterly business reviews with customers to discuss engagement between the organisations and to plan for future evolution of the system and enhancements.

The Group conducts Net Promoter Score surveys, with results above industry norms.

Supplier Engagement

To continue the growth of the business, the Group requires engagement with, and the use of, a variety of different suppliers for the procurement of their respective products and services. These supplier relationships are important to the Group's overall success as a business. The Group recognises the need for a process to ensure effective, fair, equal procurement, management, and measurement of its suppliers and services. The Group must also be able to demonstrate compliance with laws and regulations and other requirements applicable to the locations in which it operates. The Group has developed a procurement process which it deems to be appropriate and proportionate to the nature of the business and the associated supplier risks. The Group has a dedicated team which is responsible for delivering its commitment to responsible and sustainable procurement processes. This helps the Group maximise the value of its supplier relationships. The approach takes regulatory, statutory, ethical, and sustainable factors into consideration when making decisions on the purchase of goods and the commissioning of services. The procurement approach also aims to develop positive relationships with all suppliers and to form partnerships with key suppliers through two-way Supplier Relationship Management.

Greenhouse gas emissions, energy consumption and energy efficiency action

In the reporting period ending 31 December 2022 the Company used 765K kWh of energy. The carbon intensity of electricity in the UK 2022 was 182 grams CO₂ per kWh; this equates to 139,254 kilograms of CO₂. The Group uses energy efficient light bulbs with motion sensors within its offices. The majority of energy usage relates to the servers, which due to the nature of the business is essential. The Group has signed contracts for carbon neutral supply in the UK from October 2023.

FEATURESPACE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

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

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

Post balance sheet events

There are not disclosable post balance sheet events.

This report was approved by the board on 31 October 2023 and signed on its behalf.

Martin King

M King
Director

FEATURESPACE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEATURESPACE LIMITED

Opinion

We have audited the financial statements of Featurespace Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the 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.

FEATURESPACE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEATURESPACE LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' 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.

Opinion 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 group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the group 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 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 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.

FEATURESPACE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEATURESPACE LIMITED (CONTINUED)

Auditors' 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 auditors' 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 Group financial statements.

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:

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. We identified no such laws and regulations applicable to the Group.

FEATURESPACE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEATURESPACE LIMITED (CONTINUED)

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit risk related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

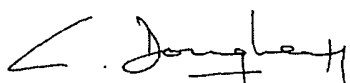
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- obtaining an understanding of provisions and holding discussions with management to understand the basis of recognition or non-recognition of provisions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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



Christopher Dougherty (senior statutory auditor)

for and on behalf of
Lakin Rose Limited

Chartered Accountants
Statutory Auditors

Pioneer House
Vision Park
Histon
Cambridge
CB24 9NL

Date: 31 October 2023

FEATURESPACE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	As restated 2021 £
Turnover	34,364,959	26,771,006
Cost of sales	(3,466,624)	(1,382,437)
Gross profit	30,898,335	25,388,569
Administrative expenses	(56,874,340)	(45,441,015)
Other operating income	550,377	363,702
Operating loss	(25,425,628)	(19,688,744)
Interest receivable and similar income	8,144	5,165
Loss before taxation	(25,417,484)	(19,683,579)
Tax on loss	4,528,813	3,095,825
Loss for the financial year	(20,888,671)	(16,587,754)
Currency translation differences on consolidation	277,511	(240,960)
Other comprehensive income for the year	277,511	(240,960)
Total comprehensive income for the year	(20,611,160)	(16,828,714)
Loss for the year attributable to:		
Owners of the parent Company	(20,888,671)	(16,587,754)
	(20,888,671)	(16,587,754)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED
REGISTERED NUMBER: 05640420

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	10	1,221,677	1,616,037
		<u>1,221,677</u>	<u>1,616,037</u>
Current assets			
Debtors: amounts falling due within one year	12	24,593,250	16,549,369
Cash at bank and in hand		25,681,351	17,655,464
		<u>50,274,601</u>	<u>34,204,833</u>
Creditors: amounts falling due within one year	13	(15,933,940)	(12,238,445)
Net current assets		34,340,661	21,966,388
Other provisions	15	(401,000)	(267,000)
		<u>(401,000)</u>	<u>(267,000)</u>
Net assets		35,161,338	23,315,425
Capital and reserves			
Called up share capital	16	4,599	4,141
Share premium account	17	116,242,577	83,930,589
Foreign exchange reserve	17	426,037	148,526
Profit and loss account	17	(81,511,875)	(60,767,831)
Equity attributable to owners of the parent Company		35,161,338	23,315,425

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2023

M King

M King
Director

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED
REGISTERED NUMBER: 05640420

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	10	1,139,862	1,498,769
Investments	11	128	128
		<u>1,139,990</u>	<u>1,498,897</u>
Current assets			
Debtors: amounts falling due within one year	12	38,241,663	31,633,717
Cash at bank and in hand		24,524,422	16,150,108
		<u>62,766,085</u>	<u>47,783,825</u>
Creditors: amounts falling due within one year	13	(12,357,373)	(10,128,983)
Net current assets		<u>50,408,712</u>	<u>37,654,842</u>
Provisions for liabilities			
Other provisions	15	(401,000)	(267,000)
		<u>(401,000)</u>	<u>(267,000)</u>
Net assets		<u><u>51,147,702</u></u>	<u><u>38,886,739</u></u>
Capital and reserves			
Called up share capital	16	4,599	4,141
Share premium account	17	116,242,577	83,930,589
Profit and loss account	17	(65,099,474)	(45,047,991)
		<u>51,147,702</u>	<u>38,886,739</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2023

Martin King

M King
Director

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS RESTATED
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	4,003	83,850,465	389,486	-	(44,386,945)	39,857,009
Loss for the year	-	-	-	-	(16,587,754)	(16,587,754)
Currency translation differences	-	-	(240,960)	-	-	(240,960)
Shares issued during the year	138	80,124	-	-	-	80,262
Transfer to/from profit and loss account	-	-	-	(206,868)	206,868	-
Share based payments	-	-	-	206,868	-	206,868
At 1 January 2022	4,141	83,930,589	148,526	-	(60,767,831)	23,315,425
Loss for the year	-	-	-	-	(20,888,671)	(20,888,671)
Currency translation differences	-	-	277,511	-	-	277,511
Shares issued during the year	458	32,311,988	-	-	-	32,312,446
Transfer to/from profit and loss account	-	-	-	(144,627)	144,627	-
Share based payments	-	-	-	144,627	-	144,627
At 31 December 2022	4,599	116,242,577	426,037	-	(81,511,875)	35,161,338

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS RESTATED
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	4,003	83,850,465	-	(34,459,284)	49,395,184
Loss for the year	-	-	-	(10,795,575)	(10,795,575)
Shares issued during the year	138	80,124	-	-	80,262
Transfer to/from profit and loss account	-	-	(206,868)	206,868	-
Share based payments	-	-	206,868	-	206,868
At 1 January 2022	4,141	83,930,589	-	(45,047,991)	38,886,739
Loss for the year	-	-	-	(20,196,110)	(20,196,110)
Shares issued during the year	458	32,311,988	-	-	32,312,446
Transfer to/from profit and loss account	-	-	(144,627)	144,627	-
Share based payments	-	-	144,627	-	144,627
At 31 December 2022	4,599	116,242,577	-	(65,099,474)	51,147,702

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	As restated 2021 £
Cash flows from operating activities		
Loss for the financial year	(20,888,671)	(16,587,754)
Adjustments for:		
Depreciation of tangible assets	942,331	1,092,829
Loss on disposal of tangible assets	4,473	63,591
Interest received	8,144	(5,165)
Taxation charge	(5,079,190)	(3,095,825)
(Increase)/decrease in debtors	(6,111,613)	2,487,410
Increase in creditors	3,680,900	2,031,686
Increase in provisions	134,000	267,000
Corporation tax received	3,148,208	2,647,007
Net cash generated from operating activities	(24,161,418)	(11,099,221)
Cash flows from investing activities		
Purchase of tangible fixed assets	(552,444)	(677,684)
Interest received	5,165	5,165
Net cash from investing activities	(547,279)	(672,519)
Cash flows from financing activities		
Issue of ordinary shares	32,312,446	80,262
Share based payments	144,627	206,868
Net cash used in financing activities	32,457,073	287,130
Net increase/(decrease) in cash and cash equivalents	7,748,376	(11,484,610)
Cash and cash equivalents at beginning of year	17,655,464	29,381,034
Foreign exchange gains and losses	277,511	(240,960)
Cash and cash equivalents at the end of year	25,681,351	17,655,464
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	25,681,351	17,655,464
	25,681,351	17,655,464

The notes on pages 18 to 35 form part of these financial statements.

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Featurespace Limited ("the company") is the parent company of a trading group. Its activities relate to the development and provision of fraud prevention software.

The Company is incorporated in England and Wales as a members limited liability company. The registered office is located at 140 Cambridge Science Park, Milton Road, Cambridge, CB4 0GF.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue as a going concern for the foreseeable future.

The Group ended 2022 with cash balances of £25.7m. A strong pipeline of 2022 customer wins translated to exceptionally strong revenue growth in 2023 through to the date of signing these accounts. This additional revenue converted strongly into both profit and cash, such that at the end of September 2023, the cash balances of the Group stood at £25.2m. This foundation, reinforced by 2023 customer wins, underpins the directors' confidence that the Company will remain a going concern for at least the next 12 months.

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue derived from term licence and support agreements is recognised over the period of the agreements.

Revenue derived from perpetual licences is recognised immediately on issue.

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

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

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.8 Share-based payments

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

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

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 profit or loss over the remaining vesting period.

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

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.10 Research and development

Research and development expenditure is written off to the statement of comprehensive income in the period in which it is incurred.

2.11 Tangible fixed assets

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

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line
Other fixed assets	- over 1 year

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

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 Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are re-assessed annually.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

(iii) Revenue recognition

The amount of accrued and deferred income relies on the correct estimation of the level of completion of each relevant assignment. These estimations are reviewed on a monthly basis to ensure they remain in line with expectations.

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

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

	2022 £	2021 £
Fraud prevention	34,364,959	26,771,006
	<u>34,364,959</u>	<u>26,771,006</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	8,449,268	9,135,913
Rest of Europe	4,516,997	3,664,061
Rest of the world	21,398,694	13,971,032
	<u>34,364,959</u>	<u>26,771,006</u>

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	38,650	22,000
Exchange differences	(418,804)	148,372
Other operating lease rentals	1,962,140	1,927,318
Depreciation	942,331	1,092,830
	<u>942,331</u>	<u>1,092,830</u>

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2022	2021
	£	£
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	38,650	22,000
Fees payable to the Company's auditors and their associates in respect of: All non-audit services not included above	51,600	16,160
	<u><u> </u></u>	<u><u> </u></u>

7. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	35,721,708	28,333,980	29,262,745	22,455,733
Social security costs	3,889,822	2,962,729	3,338,173	2,411,069
Cost of defined contribution scheme	3,238,816	2,478,108	2,370,592	1,841,634
	<u><u>42,850,346</u></u>	<u><u>33,774,817</u></u>	<u><u>34,971,510</u></u>	<u><u>26,708,436</u></u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	No.	No.	No.	No.
All employees	405	343	311	283
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	522,293	364,085
Company contributions to defined contribution pension schemes	34,846	20,544
	<u>557,139</u>	<u>384,629</u>

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

The highest paid director received remuneration of £458,378 (2021 - £307,804).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,232 (2021 - £20,544).

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on loss for the year	(3,920,098)	(3,095,825)
Adjustments in respect of previous periods	(608,715)	-
	<u>(4,528,813)</u>	<u>(3,095,825)</u>

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	As restated 2021 £
Loss on ordinary activities before tax	<u>(25,417,484)</u>	<u>(19,683,579)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>(4,829,322)</u>	<u>(3,739,880)</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	57,685	99,734
Capital allowances for year in excess of depreciation	31,381	47,824
Adjustments to tax charge in respect of prior periods	(608,715)	(5,038)
Short term timing difference leading to an increase (decrease) in taxation	(122,894)	145,995
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(1,686,260)	(1,290,014)
Tax deduction arising from exercise of employee options	(38,584)	(62,730)
Unrelieved tax losses carried forward	2,641,548	1,708,284
Other differences leading to an increase (decrease) in the tax charge	26,348	-
Total tax charge for the year	<u><u>(4,528,813)</u></u>	<u><u>(3,095,825)</u></u>

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Taxation (continued)

Factors that may affect future tax charges

Trading losses which are eligible for relief against future trading profits have not been recognised as a deferred tax asset because their recovery is not yet probable.

The Group expects to continue to be eligible and make claims for future research and development enhanced allowances and tax credits.

10. Tangible fixed assets

Group

	Plant and machinery £
Cost or valuation	
At 1 January 2022	3,365,313
Additions	552,444
Disposals	(1,043,546)
At 31 December 2022	<u>2,874,211</u>
Depreciation	
At 1 January 2022	1,749,276
Charge for the year on owned assets	942,331
Disposals	(1,039,073)
At 31 December 2022	<u>1,652,534</u>
Net book value	
At 31 December 2022	<u><u>1,221,677</u></u>
At 31 December 2021	<u><u>1,616,037</u></u>

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Tangible fixed assets (continued)

Company

	Plant and machinery £
Cost or valuation	
At 1 January 2022	3,080,719
Additions	516,690
Disposals	(982,168)
At 31 December 2022	<u>2,615,241</u>
Depreciation	
At 1 January 2022	1,581,950
Charge for the year on owned assets	871,124
Disposals	(977,695)
At 31 December 2022	<u>1,475,379</u>
Net book value	
At 31 December 2022	<u>1,139,862</u>
At 31 December 2021	<u>1,498,769</u>

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	128
At 31 December 2022	128

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Featurespace Inc	600 Peachtree Street NE, Suite 420, Atlanta, Georgia, 30308, USA	Ordinary	100%
Featurespace Australia PTY Limited	c/- PPNSW Services Pty Ltd, Tower 2, Darling Park, Level 16, 201 Sussex Street, Sydney NSW 2000	Ordinary	100%
Featurespace PTE Ltd	531A Upper Cross Street #04-98, Hong Lim Complex, Singapore (051531)	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Featurespace Inc	(16,048,209)	(751,330)
Featurespace Australia PTY Limited	61,162	27,658
Featurespace PTE Ltd	812	458

FEATURESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Debtors

	Group	<i>Group As restated</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	10,661,312	5,212,984	8,959,372	4,822,740
Amounts owed by group undertakings	-	-	16,532,424	15,881,731
Other debtors	639,806	404,360	622,183	388,607
Prepayments and accrued income	4,728,670	4,300,831	3,564,222	3,909,445
Corporation tax recoverable	8,563,462	6,631,194	8,563,462	6,631,194
	<u>24,593,250</u>	<u>16,549,369</u>	<u>38,241,663</u>	<u>31,633,717</u>

13. Creditors: Amounts falling due within one year

	Group	<i>Group As restated</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	706,715	1,125,058	667,112	1,115,160
Amounts owed to group undertakings	-	-	-	54
Corporation tax	14,595	-	-	-
Other taxation and social security	905,023	702,717	815,045	702,717
Other creditors	52,977	681,675	24,259	681,306
Accruals and deferred income	14,254,630	9,728,995	10,850,957	7,629,746
	<u>15,933,940</u>	<u>12,238,445</u>	<u>12,357,373</u>	<u>10,128,983</u>

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Financial instruments

	Group	<i>Group As restated</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£	£	£	£
Financial assets				
Financial assets measured at fair value through profit or loss	25,681,351	17,655,464	24,524,422	16,150,108
Financial assets that are debt instruments measured at amortised cost	14,127,250	8,282,052	28,239,148	23,559,156
	<u>39,808,601</u>	<u>25,937,516</u>	<u>52,763,570</u>	<u>39,709,264</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(2,961,246)</u>	<u>(4,185,239)</u>	<u>(2,640,976)</u>	<u>(3,879,370)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts due from group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts due to group undertakings and accruals.

15. Provisions

Group

	Dilapidations provision (as restated)	Total
	£	£
At 1 January 2022	267,000	267,000
Charged to profit or loss	134,000	134,000
At 31 December 2022	<u>401,000</u>	<u>401,000</u>

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Provisions (continued)

Company

	Dilapidations provision (as restated) £	Total £
At 1 January 2022	267,000	267,000
Charged to profit or loss	134,000	134,000
At 31 December 2022	401,000	401,000

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
9,287,407 (2021 - 8,960,562) Ordinary shares of £0.0001 each	929	896
1,428,540 (2021 - 1,428,540) A Preferred Ordinary shares of £0.0001 each	143	143
2,142,610 (2021 - 2,142,610) B Preferred Ordinary shares of £0.0001 each	214	214
3,473,989 (2021 - 3,473,989) C Preferred Ordinary shares of £0.0001 each	347	347
539,584 (2021 - 539,584) X Ordinary shares of £0.0001 each	54	54
4,818,903 (2021 - 4,818,903) D Preferred Ordinary shares of £0.0001 each	482	482
7,402,754 (2021 - 7,402,754) E Preferred Ordinary shares of £0.0001 each	740	740
6,393,862 (2021 - 6,393,862) F Preferred Ordinary shares of £0.0001 each	639	639
9,147,356 (2021 - 5,281,689) G Preferred Ordinary shares of £0.0001 each	915	529
1,356,261 (2021 - 972,011) Growth shares of £0.0001 each	136	97
	4,599	4,141

During the year, employees exercised share options resulting in 326,845 ordinary shares being issued for proceeds of £123,772.

In addition, there was an issue of 3,865,667 G preferred ordinary shares for proceeds of £32,188,636.

17. Reserves

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

This account includes all current and prior period retained profits and losses.

FEATURESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Share-based payments

The company issues approved and unapproved share options to directors and employees. One quarter of the total options granted become exercisable on or after the first anniversary of the vesting start date, then one-sixteenth of the total options granted become exercisable at the end of the first quarter after the vesting start date and a further one-sixteenth on each subsequent quarter day. All options lapse if not exercised within a ten year period of being granted.

In accordance with the company's Share Option Plan, these options can be exercised on a trigger event which is the reconstruction of the company, notice of a voluntary winding-up, or a takeover. There are no performance conditions attached to any options.

A share option pool comprised 955,977 options in issue at the year end, with 36,000 being issued, 326,845 being exercised and 189,209 lapsing during 2022.

Options in issue at the year end had an exercise price of either £0.01, £0.10, £0.13, £0.15, £0.23, £0.31, £1.00, \$1.26 or \$1.59 per share.

19. Prior year adjustment

Following the finalisation of the accounts for 2021, it was identified that cash of £992,975 was being held by a third party on behalf of an overseas subsidiary. This cash balances are now reflected in the financial statements, reducing accrued income by £895,642 and increasing deferred income by £97,333.

In addition to the above, a valuation has been obtained in respect of potential dilapidations and the prior year figures have been amended to include an element of the dilapidations provision totalling £267,000.

20. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £3,238,816 (2021 - £2,478,108). Contributions totaling £NIL (2021 - £647,613) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

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

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Not later than 1 year	1,558,971	1,709,465	1,342,933	1,521,725
Later than 1 year and not later than 5 years	1,873,990	3,353,244	1,359,698	2,702,631
	<u>3,432,961</u>	<u>5,062,709</u>	<u>2,702,631</u>	<u>4,224,356</u>