Registered number: 07998621

PRESERVICA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

PRESERVICA LIMITED

COMPANY INFORMATION

Directors	P Allman (resigned 1 November 2022) S Curl M Quinn J Tilbury J Shackleton M Mead K Surdan (appointed 1 November 2022)
Company secretary	S Elliott
Registered number	07998621
Registered office	32 The Quadrant Abingdon Science Park Abingdon Oxfordshire OX14 3YS
Independent auditor	James Cowper Kreston Audit Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG

PRESERVICA LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Consolidated analysis of net debt	16
Notes to the financial statements	17 - 31

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2023.

Principal activity

Preservica Limited is a Software as a Service "SaaS" product led growth "PLG" company that provides cloud hosted services for the auto preservation of digital information and digital assets. Preservica changes the way many organisations around the world protect and reuse long-term digital information. Preservica's unique patent pending Active Digital Preservation™ software automatically keeps every file alive in future-friendly formats allowing customers to always quickly find and action the content they need for freedom of information, compliance, cultural, brand value and knowledge reuse. Preservica helps customers protect and preserve the world's cultural, social, business and political memory. Preservica has become the recognized leader in digital preservation and is trusted by business, governments, academic and cultural organizations to safeguard their most valuable digital content using our cloud hosted platform.

Key performance indicators

The directors use key performance indicators to measure and analyse several SaaS based KPI's which include annualised recurring revenues "ARR", ARR growth rates, pipeline of opportunities, new bookings, gross and net retention rates, churn rates, customer life time value, customer acquisition costs, full time equivalent staff analysis, gross margins, EBITDA, cash management, foreign exchange exposure, debtor days and overhead / investment cost controls. The directors continue to adapt and strengthen internal controls and procedures and are satisfied that the trend lines of the key performance indicators are showing a confident, positive and sustainable business. The directors consider on balance that the KPIs measured by the business place Preservica in the upper quartile of typical SaaS industry performance indicators.

Results and dividends

The trading results for the period and the Company's financial position at the end of the year are shown in the attached financial statements and are discussed further in the business review below.

Business review

Preservica has delivered strong growth in revenue consistently, quarter on quarter, throughout the financial year. Preservica has built up a stable and growing recurring customer revenue base and continues to invest in research and development activities. The Company typically sells new opportunities and upgrades to customers on a one-to-five-year term basis and currently has very low customer churn which enhances the annual recurring revenue value of the contracted business. This longer-term contractual position contributes to an increase in advanced billing, enhanced cashflows and is evidenced by the growth in deferred revenue as shown on the balance sheet.

The Company has focused around delivering improvements to our digital preservation solutions and investing substantially in new services that expand our services and addressable market. Preservica's dedicated and talented staff deliver technically advanced services for our customers and the business is proud to promote and reward staff talent. Preservica is committed to driving innovation and cost efficiency both internally and for customers.

Preservica continues to expand our capabilities and range of services, strengthening our team of talented staff, encouraging and welcoming new skills to complement, support and optimise our services for customers.

Preservica has published detailed commitments to a new Sustainability Charter for assessing the long-term sustainability and durability of digital preservation service providers that has been independently reviewed and ratified by a working group of major institutions and industry professionals from across the globe. The Charter incorporates 7 Sustainability Principles that go beyond product functionality to encompass broader long-term sustainability dependencies such as how a provider manages customer's data, develops and innovates software, operates the service, engages with users and partners, ensures long-term financial viability, practices good corporate governance and importantly, addresses the environmental impact of its business and services.

Business review (continued)

The Company is committed to driving profitable and sustainable growth as well as further enhancing customer satisfaction in each of its geographic and vertical target markets, leveraging the successes it has achieved to date. Preservica continues to invest in future developments that will bring a range of new capabilities and services to market to address the evolving needs of our customers.

Cash flows and EBITDA have been in line with budgeted costs and investment plans which primarily have been to support our research and development activities as we deliver additional services to market. We anticipate that EBITDA will transition towards break even and profitability as we build on new product and service developments going to market during the upcoming financial year.

Principal risks and uncertainties

Economic risks

We have faced challenging business, political and market conditions globally across the wider economy, which has impacted living costs and consumer confidence as well as operating costs and supply chains for businesses. During the current financial year, we have had to deal with substantially higher inflationary pressure in the principle geographies that we serve and although there are indications that the inflationary pressure will ease, we remain concerned over the impact the high inflationary environment has for our customers and staff. Despite this, Preservica has delivered a strong performance in the current financial year. In response to the market conditions, the Directors and senior management are monitoring economic and market conditions and our business strategies have been modified to adapt to changing situations and enable us to meet the evolved and evolving nature of customer requirements and our addressable market.

Credit risk

The group's principal credit risk arises from its trade debtors, most of which are larger institutions, archiving and library institutions, government departments and services and academic educational institutions. Credit risk is managed based on a combination of payment history, governmental budget allocations, customer knowledge and associated risk assessment.

Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to support working capital requirements for the company's operations.

The main risks arising from the Group's financial instruments are liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. The Group assesses its exposure to balances due from customers and payable to suppliers and hedges its exposure where these amounts are significant.

Payment policy and practice

It is the Company's policy to agree terms of payments with suppliers when negotiating the terms of engagement. Typical supplier payment terms are 30 days from the receipt of invoice.

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

.....
M Quinn
Director

Date: 21 July 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the consolidated financial statements of Preservica Limited and its subsidiaries ("the Group") for the year ended 31 March 2023.

Results and dividends

The loss for the year, after taxation, amounted to £3,666,196 (2022 - loss £1,614,081).

Directors

The directors who served during the year were:

P Allman (resigned 1 November 2022)
S Curl
M Quinn
J Tilbury
J Shackleton
M Mead
K Surdan (appointed 1 November 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;
- 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.

Future developments

Preservica is well placed to continue delivering strong annual recurring revenue growth, increased value for our customers from our products and services and to further strengthen its position as a leader in the auto-digital preservation cloud hosted services. The Company continues to invest a substantial amount in R&D activities which is expected to further enhance our digital preservation services and the development of new products and services contributing to increased annual recurring revenue growth.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
M Quinn
Director

Date: 21 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESERVICA LIMITED

Opinion

We have audited the financial statements of Preservica Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and 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 March 2023 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 Auditor's 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements .

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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 Auditor's report.

Use of our report

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

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

Sue Staunton MA FCA CF (Senior statutory auditor)

for and on behalf of
James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

24 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	**11,542,366**	8,500,721
Cost of sales		**(1,746,922)**	(865,674)
Gross profit		**9,795,444**	7,635,047
R&D investment		**(5,916,812)**	(3,508,910)
Admin and operational expenses		**(8,295,467)**	(6,158,164)
Other operating income		**13,902**	2,933
Operating loss		**(4,402,933)**	(2,029,094)
Interest receivable and similar income	11	**40,249**	210,674
Interest payable and similar expenses	10	**(368,750)**	(275,085)
Loss before taxation		**(4,731,434)**	(2,093,505)
Tax on loss	12	**1,065,238**	479,424
Loss for the financial year		**(3,666,196)**	(1,614,081)
Currency translation differences		**(12,838)**	29,588
Other comprehensive income for the year		**(12,838)**	29,588
Total comprehensive income for the year		**(3,679,034)**	(1,584,493)
(Loss) for the year attributable to:			
Owners of the parent Company		**(3,666,196)**	(1,614,081)
		(3,666,196)	(1,614,081)

The notes on pages 17 to 31 form part of these financial statements.

PRESERVICA LIMITED
REGISTERED NUMBER: 07998621

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		As restated 2022 £
Fixed assets					
Tangible assets	13		**125,107**		103,044
			125,107		103,044
Current assets					
Debtors: amounts falling due within one year	15	**4,436,696**		2,474,248	
Cash at bank and in hand	16	**4,711,935**		7,598,903	
		9,148,631		10,073,151	
Creditors: amounts falling due within one year	17	**(7,663,959)**		(6,564,576)	
Net current assets			**1,484,672**		3,508,575
Total assets less current liabilities			**1,609,779**		3,611,619
Creditors: amounts falling due after more than one year	18		**(5,806,846)**		(4,612,898)
Net liabilities			**(4,197,067)**		(1,001,279)
Capital and reserves					
Called up share capital	20		**1,537**		1,501
Share premium account	21		**3,316,349**		3,316,349
Foreign exchange reserve	21		**64,292**		77,130
Other reserves	21		**806,553**		323,343
Profit and loss account	21		**(8,385,798)**		(4,719,602)
Equity attributable to owners of the parent Company			**(4,197,067)**		(1,001,279)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 July 2023.

.....
M Quinn
Director

The notes on pages 17 to 31 form part of these financial statements.

PRESERVICA LIMITED
REGISTERED NUMBER: 07998621

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		As restated 2022 £
Fixed assets					
Tangible assets	13		**108,358**		88,826
Investments	14		**71**		71
			108,429		88,897
Current assets					
Debtors: amounts falling due within one year	15	**6,787,546**		5,010,349	
Cash at bank and in hand	16	**3,927,465**		6,954,220	
		10,715,011		11,964,569	
Creditors: amounts falling due within one year	17	**(5,178,514)**		(4,451,321)	
Net current assets			**5,536,497**		7,513,248
Total assets less current liabilities			**5,644,926**		7,602,145
Creditors: amounts falling due after more than one year	18		**(5,524,079)**		(4,574,275)
Net assets			**120,847**		3,027,870
Capital and reserves					
Called up share capital	20		**1,537**		1,501
Share premium account			**3,316,349**		3,316,349
Other reserves			**806,553**		323,343
Profit and loss account			**(4,003,592)**		(613,323)
			120,847		3,027,870

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 July 2023.

.....
M Quinn
Director

The notes on pages 17 to 31 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Foreign exchange reserve	are-based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2022	1,501	3,316,349	77,130	323,343	(4,719,602)	(1,001,279)
Loss for the year	-	-	-	-	(3,666,196)	(3,666,196)
Currency translation differences	-	-	(12,838)	-	-	(12,838)
Shares issued during the year	36	-	-	-	-	36
Share-based payment charge	-	-	-	483,210	-	483,210
At 31 March 2023	1,537	3,316,349	64,292	806,553	(8,385,798)	(4,197,067)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2021	1,473	-	47,542	-	(3,105,521)	(3,056,506)
Loss for the year	-	-	-	-	(1,614,081)	(1,614,081)
Currency translation differences	-	-	29,588	-	-	29,588
Shares issued during the year	28	3,316,349	-	-	-	3,316,377
Share-based payment charge	-	-	-	323,343	-	323,343
At 31 March 2022	1,501	3,316,349	77,130	323,343	(4,719,602)	(1,001,279)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Share-based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2022	1,501	3,316,349	323,343	(613,323)	3,027,870
Loss for the year	-	-	-	(3,390,269)	(3,390,269)
Shares issued during the year	36	-	-	-	36
Share-based payment charge	-	-	483,210	-	483,210
At 31 March 2023	1,537	3,316,349	806,553	(4,003,592)	120,847

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2021	1,473	-	-	750,823	752,296
Loss for the year	-	-	-	(1,364,146)	(1,364,146)
Shares issued during the year	28	3,316,349	-	-	3,316,377
Share-based payment charge	-	-	323,343	-	323,343
At 31 March 2022	1,501	3,316,349	323,343	(613,323)	3,027,870

The notes on pages 17 to 31 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Cash flows from operating activities		
Loss for the financial year	**(3,666,196)**	(1,614,081)
Adjustments for:		
Depreciation of tangible assets	**60,134**	33,189
Loss on disposal of tangible assets	**-**	15,706
Interest paid	**368,750**	275,085
Interest received	**(40,249)**	(210,674)
Taxation charge	**(1,065,238)**	(479,424)
(Increase) in debtors	**(898,244)**	(1,092,508)
Increase in creditors	**2,299,843**	1,350,584
Increase/(decrease) in provisions	**-**	(88,000)
Corporation tax (paid)/received	**(6,593)**	487,051
Foreign exchange	**(12,838)**	29,588
Share-based payment charge	**483,210**	323,343
Net cash generated from operating activities	**(2,477,421)**	(970,141)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(81,082)**	(79,652)
Interest received	**40,249**	210,674
Net cash from investing activities	**(40,833)**	131,022
Cash flows from financing activities		
Issue of ordinary shares	**36**	3,316,377
New loans	**-**	2,000,000
Interest paid	**(368,750)**	(275,085)
Net cash used in financing activities	**(368,714)**	5,041,292
Net (decrease)/increase in cash and cash equivalents	**(2,886,968)**	4,202,173
Cash and cash equivalents at beginning of year	**7,598,903**	3,396,730
Cash and cash equivalents at the end of year	**4,711,935**	7,598,903
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**4,711,935**	7,598,903
	4,711,935	7,598,903

The notes on pages 17 to 31 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	7,598,903	(2,886,968)	4,711,935
Debt due after 1 year	(4,500,000)	-	(4,500,000)
	3,098,903	(2,886,968)	211,935

The notes on pages 17 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Preservica Limited is a private limited company, incorporated in the United Kingdom and registered in England and Wales. The registered office of the Company is 32 The Quadrant, Abingdon Science Park, Abingdon, Oxfordshire, OX14 3YS. The principal activity of the Group is the provision of software and related services.

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 subsidiary ("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.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2015.

2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting. This going concern determination is based on consideration of the financial forecasts and detailed cash flow forecast and including specific considerations of cash flows and debt repayments due. The company continues to adopt the going concern basis in preparing the financial statements and the directors do not believe there to be any material uncertainty in the group's ability to continue as a going concern.

The directors have reviewed the detailed forecasts of the business and related potential scenarios. These forecasts show continued growth in both revenue and a move towards profitability across the business and improving positive cash flows.

The business has sufficient cash resources to sustain its activities for the foreseeable future based on its planned revenue performance. The business has a loan of £2m from its principal investor that was due to be repaid in September 2023 which subsequent to the year end has agreed to extend the repayment date to September 2025.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group and Company's functional and presentational currency is GBP, rounded to the nearest pound.

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.

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

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.

Turnover on fixed price contracts is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations unless exceptance criteria apply. For such contracts the amount of turnover reflects the accruals of the right to consideration by reference to the value of the work performed. Turnover not billed to client is included in debtors as unbilled receivables.

Revenue from licence subscriptions fees, hosting and customer support is invoiced in advance and spread over the period to which the service relates. Revenue from perpetual licences is recognised when the licence is initiated.

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.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 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 other creditors as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 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.

The claims for Research and Development tax credits have been recognised on an accruals basis as they were deemed sufficiently certain.

2.12 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.

2. Accounting policies (continued)

2.12 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:

Leasehold improvement	-	10%	straight line
Fixtures and fittings	-	25%	straight line
Computer equipment	-	33%	straight line

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

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

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates.

Management do not consider any judgements to have a significant effect on the amounts recognised in the financial statements.

4. Turnover

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

	2023	2022
	£	£
Licences	**9,416,977**	6,934,282
Support	**964,204**	951,556
Services	**1,161,185**	614,883
	11,542,366	8,500,721

Analysis of turnover by country of destination:

	2023	2022
	£	£
United Kingdom	**3,561,463**	2,531,574
Rest of Europe	**1,945,420**	1,688,556
Rest of the world	**6,035,483**	4,280,591
	11,542,366	8,500,721

5. Other operating income

	2023	2022
	£	£
Other operating income	**13,902**	2,933

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Operating loss

The operating loss is stated after charging:

	2023	2022
	£	£
Cost of defined contribution scheme	**302,781**	288,262
Exchange differences	**34,413**	76,052
Depreciation	**60,134**	33,189
Share-based payment	**483,210**	323,343

7. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	**11,900**	10,800
Preparation of the financial statements	**2,800**	2,800
Preparation of the corporation tax computations	**2,400**	2,200
Other services	**5,625**	4,800

8. Employees

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

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Wages and salaries	**7,749,604**	5,428,264	**5,830,907**	3,980,121
Social security costs	**820,786**	544,606	**660,957**	431,497
Cost of defined contribution scheme	**302,781**	210,340	**288,262**	199,431
	8,873,171	6,183,210	**6,780,126**	4,611,049

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

	2023	2022
	No.	No.
Technical and support	**61**	41
Sales and marketing	**19**	16
Finance and administration	**7**	5
	87	62

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	**739,713**	675,787
Group contributions to defined contribution pension schemes	**6,482**	10,986

During the year retirement benefits were accruing to no directors (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £319,845 (2022 - £263,951).

10. Interest receivable

	2023	2022
	£	£
Other interest receivable	**40,249**	210,674

11. Interest payable and similar expenses

	2023	2022
	£	£
Other loan interest payable	**368,750**	275,085

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	**(975,612)**	(490,182)
Adjustments in respect of previous periods	**(89,626)**	10,758
Total current tax	**(1,065,238)**	(479,424)

Factors affecting tax charge for the year

The tax assessed for the year is at a rate higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19 % (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	**(4,731,434)**	(2,093,505)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**(898,972)**	(397,766)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**(3,527)**	58,223
Capital allowances for year in excess of depreciation	**10,976**	3,649
Deferred tax asset not recognised	**118,117**	6,672
Adjustment in research and development tax credit leading to a (decrease) in the tax charge	**(722,567)**	(363,044)
Surrender of tax losses for research and development tax credit refund	**302,776**	154,596
Adjustments to tax charge in respect of prior periods	**(89,626)**	10,758
Other differences leading to an increase in the tax charge	**217,585**	47,488
Total tax charge for the year	**(1,065,238)**	(479,424)

Factors that may affect future tax charges

In the Spring Budget 2022, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. The impact of these changes is not expected to be material.

13. Tangible fixed assets

Group

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	**45,251**	**41,117**	**159,625**	**245,993**
Additions	**2,920**	**791**	**77,371**	**81,082**
Exchange adjustments	**-**	**-**	**1,951**	**1,951**
At 31 March 2023	**48,171**	**41,908**	**238,947**	**329,026**
Depreciation				
At 1 April 2022	**3,540**	**38,313**	**101,096**	**142,949**
Charge for the year	**14,640**	**1,128**	**44,366**	**60,134**
Exchange adjustments	**-**	**-**	**836**	**836**
At 31 March 2023	**18,180**	**39,441**	**146,298**	**203,919**
Net book value				
At 31 March 2023	**29,991**	**2,467**	**92,649**	**125,107**
At 31 March 2022	41,711	2,804	58,529	103,044

13. Tangible fixed assets (continued)

Company

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	**45,254**	**41,117**	**129,175**	**215,546**
Additions	**2,920**	**791**	**66,970**	**70,681**
At 31 March 2023	**48,174**	**41,908**	**196,145**	**286,227**
Depreciation				
At 1 April 2022	**3,540**	**38,313**	**84,867**	**126,720**
Charge for the year	**14,640**	**1,128**	**35,381**	**51,149**
At 31 March 2023	**18,180**	**39,441**	**120,248**	**177,869**
Net book value				
At 31 March 2023	**29,994**	**2,467**	**75,897**	**108,358**
At 31 March 2022	41,714	2,804	44,308	88,826

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Fixed asset investments

Company

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 April 2022	**71**
At 31 March 2023	**71**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Preservica Inc	United States of America	Provision of software	Ordinary	100 %

15. Debtors

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Trade debtors	**2,485,324**	1,622,757	**2,024,915**	1,252,258
Amounts owed by Group undertakings	**-**	-	**2,905,789**	2,985,620
Other debtors	**1,619,830**	533,000	**1,602,597**	526,698
Prepayments and accrued income	**331,542**	318,491	**254,245**	245,773
	4,436,696	2,474,248	**6,787,546**	5,010,349

Amounts owed by Group undertakings are non interest bearing and have no formal repayment terms.

16. Cash and cash equivalents

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Cash at bank and in hand	**4,711,935**	7,598,903	**3,927,465**	6,954,220

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Creditors: Amounts falling due within one year

	Group	Group As restated	**Company**	Company As restated
	2023	2022	**2023**	2022
	£	£	**£**	£
Trade creditors	**153,948**	512,388	**142,297**	462,688
Amounts owed to Group undertakings	**-**	-	**275,766**	73,620
Corporation tax	**-**	7,627	**-**	-
Other taxation and social security	**177,897**	113,698	**176,211**	113,698
Other creditors	**68,972**	54,031	**62,994**	51,557
Accruals and deferred income	**7,263,142**	5,876,832	**4,521,246**	3,749,758
	7,663,959	6,564,576	**5,178,514**	4,451,321

Amounts owed to Group undertakings are non interest bearing and have no formal repayment terms.

18. Creditors: Amounts falling due after more than one year

	Group	Group As restated	**Company**	Company As restated
	2023	2022	**2023**	2022
	£	£	**£**	£
Loan stock	**4,500,000**	4,500,000	**4,500,000**	4,500,000
Accruals and deferred income	**1,306,846**	112,898	**1,024,079**	74,275

Loan stock is repayable after a period of five years from its first issue. £2,000,000 of the loan stock (A loan stock) was issued in 2018 and accrues interest at a rate of 9% per annum, payable quarterly in arrears. Subsequent to the year ended 31 March 2023, the lender granted a two year extension to the repayment date of the A loan stock.

Another (B loan stock) £500,000 was issued in 2020, £500,000 in 2021 and accrued interest at a rate of 8% per annum and an additional (C loan stock) £1,500,000 was issued in 2021, and accrues interest at a rate of 7.25% per annum, payable quarterly in arrears.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Financial instruments

	Group 2023 £	Group 2022 £	**Company 2023 £**	Company 2022 £
Financial assets				
Cash at bank	**4,711,935**	7,598,903	**3,927,465**	6,954,220
Financial assets that are debt instruments measured at amortised cost	**2,517,617**	1,648,384	**4,952,939**	4,257,203
	7,229,552	9,247,287	**8,880,404**	11,211,423
Financial liabilities				
Financial liabilities that are debt instruments measured at amortised cost	**5,866,416**	6,001,970	**5,872,092**	5,752,140

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group (Company only).

Financial liabilities that are debt instruments measured at amortised cost comprise loan stock, trade creditors, other creditors, accruals and amounts owed to group (Company only).

20. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
4,262,710 (2022 - 4,262,710) A Ordinary shares of £0.0001- each	**426.27**	426.27
4,236,219 (2022 - 4,236,219) B Ordinary shares of £0.0001- each	**423.62**	423.62
1,691,085 (2022 - 1,691,085) C Ordinary shares of £0.0001- each	**169.11**	169.11
823,333 (2022 - 466,667) D Ordinary shares of £0.0001- each	**82.33**	46.67
4,059,724 (2022 - 4,059,724) E Ordinary shares of £0.0001- each	**405.97**	405.97
10,000 (2022 - 10,000) Preference shares of £0.0001- each	**1.00**	1.00
259,858 (2022 - 259,858) G Ordinary shares of £0.0001- each	**25.99**	25.99
25,000 (2022 - 25,000) Preference 2 shares of £0.0001- each	**2.50**	2.50
	1,536.79	1,501.13

During the year, the Group issued 356,666 D Ordinary shares at par.

The preference shares carry the right to participate in a distribution on winding up, subject to various provisions. The preference shares are not entitled to a vote or participate in a distribution of dividends.

21. Reserves

Share premium account

The share premium account represents all amounts paid in excess of the nominal value of Ordinary shares issued.

Foreign exchange reserve

The foreign exchange reserve is the accumulated exchange gains or losses on translation of foreign subsidiaries during consolidation at the year end date.

Share-based payment reserve

The share-based payment reserve represents the accumulated share-based payment charge for options not yet exercised.

Profit and loss account

The profit and loss account is the accumulated retained profits and losses at the year end.

22. Share-based payments

During the year ended 31 March 2023, the Company issued equity settled share based payments under an Enterprise Management Incentive scheme and an unapproved scheme. A charge in relation to this of £483,210 (2022: £323,343) was recognised in the year.

	Weighted average exercise price (pence) 2023	**Number 2023**	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	**0.01**	**2,852,733**	0.01	2,513,733
Granted during the year	**172.96**	**503,000**	0.01	395,000
Forfeited during the year	**0.01**	**(101,667)**	0.01	(56,000)
Exercised during the year	**0.01**	**(356,666)**	0.01	-
Outstanding at the end of the year	**0.29**	**2,897,400**	0.01	2,852,733

	2023	2022
Weighted average share price (pence)	**3.17**	3.84
Exercise price (pence)	**0.29**	0.01
Weighted average contractual life (days)	**1278**	1825
Expected volatility	**35%**	35%
Risk-free interest rate	**3.625%**	3.650%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

23. Prior year adjustment

During the year ended 31 March 2023, the Directors identified deferred income that should have been classified as due in more than one year in the prior year. To correct for this error, the Directors have restated the prior period. The effect of this adjustment is an increase in deferred income due in more than one year and a decrease in deferred income due within one year. This has not impacted the prior year loss.

24. Pension commitments

The Group operates a defined contributions 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 £302,781 (2022: £210,340). Contributions totalling £59,279 (2022: £37,198) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £	**Company 2023 £**	Company 2022 £
Not later than 1 year	**84,113**	74,743	**39,631**	39,631
Later than 1 year and not later than 5 years	**55,267**	138,514	**33,026**	79,261
	139,380	213,257	**72,657**	118,892

26. Related party transactions

The Group has taken advantage of the exemption under Section 33 of FRS 102 from disclosing transactions with wholly owned group companies.

During the year the Company received services totalling £40,598 (2022: £174,937) from Gresham House Asset Management Ltd, a company with a common Director. At the balance sheet date, the Company owed Gresham House Asset Management Ltd £Nil (2022: £Nil) in respect of services provided.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.