
CENTRIC SOFTWARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CENTRIC SOFTWARE LIMITED

COMPANY INFORMATION

Director	C Groves
Registered number	03164162
Registered office	Suite 4 7th Floor 50 Broadway London London SW1H 0DB
Independent auditors	Nortons Assurance Limited Statutory Auditor Second Floor NOW Building Thames Valley Park Reading Berkshire RG6 1RB

CENTRIC SOFTWARE LIMITED

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CENTRIC SOFTWARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their strategic report for Centric Software Ltd. for the year ended 31 December 2022.

Business review

The unaudited results of the Company for the year show an operating profit on ordinary activities before tax of £477K. The shareholders' capital investment for the Company remains at £1K throughout 2022.

Centric Software Limited experienced a revenue growth in services revenue throughout 2022, comparing to 2020 and 2021, which management is expecting to continue throughout 2023.

The outlook for FY 2023 and beyond is positive and optimistic.

Principal risks and uncertainties

The principal risks and uncertainties of the Company relate to:

The Company's success is dependent on our PLM platform's success, our customers' continued support and maintaining, developing and executing on competitive advantage of Centric Software Ltd products.

Cashflow risk

The Company is a revenue generating subsidiary of Centric Software, was profitable and continues to be profitable. The cash flow is not a risk, as the Company often has excess cash that it lends to the parent Centric Software and the ultimate parent Dassault Systems. The Company also pays the parent a quarterly license fee on the intellectual property and settles intercompany obligations.

Credit risk

Credit risk refers to the risk that a counterparty will default on contractual obligations, which will result in financial loss to the Company. The Company does not have any external debt.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit. Due to the nature of the business the Company has minimal liquidity risk and the cash flows that are managed by the Centric Software Inc. and are not an issue.

Foreign exchange risk

The Company has the Cash Pooling agreement with the ultimate parent Dassault Systems, in order to minimize the foreign exchange variability.

Competition risk

Continued development of R&D to develop new products at a group level. The competition risk is mitigated by Centric's well known product, reputation for excellence and customer service. At present we coexist with our competitors, and they are not a threat to Centric's market share.

CENTRIC SOFTWARE LIMITED

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

Financial key performance indicators

KPIs Centric Software Ltd.	FY 2020	FY 2021	FY 2022
Revenue Growth YoY	17%	94.39%	-1.87%
Operating Margin	3.21%	2.84%	2.66%
Gross Profit Margin	35.05%	27.54%	32.28%

In the year 2021 the Company experienced the unprecedented growth in customer acquisition and sales. The revenue of 2022 was slightly less (340K) than 2021.

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

.....
C Groves
Director

Date:

CENTRIC SOFTWARE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company'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 Company will continue in business.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £413,881 (2021 - £424,820).

The profit for the year, after taxation, amounted to £541K.

No dividends were distributed for the year ending 31 December 2022.

Director

The director who served during the year was:

C Groves

Future developments

Future development will involve growing the product platform portfolio and expanding market share in EMEA, in the food and beverage industry and cosmetics.

Qualifying third party indemnity provisions

The Company maintains liability insurance for its directors and officers during the period under review and up to the date of signing the financial statements. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

CENTRIC SOFTWARE LIMITED

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

Disclosure of information to auditors

Auditors

The auditors, Nortons Assurance Limited, 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.

**C Groves
Director**

Date:

CENTRIC SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRIC SOFTWARE LIMITED

Opinion

We have audited the financial statements of Centric Software Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, the Balance Sheet, the 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 Company's affairs as at 31 December 2022 and of its profit 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 Company 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

CENTRIC SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRIC SOFTWARE 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 director is 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's 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 Director's Responsibilities Statement set out on page 3, the director is 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 director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

CENTRIC SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRIC SOFTWARE 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 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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework including the Companies Act 2006 and the relevant tax compliance regulations in the UK.

We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business, enquiries of Company management and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.

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.

CENTRIC SOFTWARE LIMITED

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

xxx (Senior Statutory Auditor)

for and on behalf of

Nortons Assurance Limited

Statutory Auditor

Second Floor
NOW Building
Thames Valley Park
Reading
Berkshire
RG6 1RB
Date:

CENTRIC SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Turnover	17,940,201	18,308,757
Cost of sales	(9,415,179)	(9,731,504)
Gross profit	8,525,022	8,577,253
Administrative expenses	(8,076,517)	(8,088,458)
Operating profit	448,505	488,795
Interest receivable and similar income	66,927	-
Interest payable and similar expenses	-	(1,751)
Profit before tax	515,432	487,044
Tax on profit	(101,551)	(62,224)
Profit for the financial year	413,881	424,820

There are no items of other comprehensive income for 2022 or 2021 other than the profit for the year. As a result, no separate Statement of Comprehensive Income has been presented.

CENTRIC SOFTWARE LIMITED
REGISTERED NUMBER: 03164162

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	47,366	42,729
Investments	12	2	2
		<u>47,368</u>	<u>42,731</u>
Current assets			
Debtors: amounts falling due after more than one year	13	361,861	180,517
Debtors: amounts falling due within one year	13	22,365,974	12,973,462
Cash at bank and in hand	14	1,407,085	2,353,416
		<u>24,134,920</u>	<u>15,507,395</u>
Creditors: amounts falling due within one year	15	(22,977,835)	(14,759,554)
Net current assets		<u>1,157,085</u>	<u>747,841</u>
Total assets less current liabilities		<u>1,204,453</u>	<u>790,572</u>
Net assets		<u><u>1,204,453</u></u>	<u><u>790,572</u></u>

CENTRIC SOFTWARE LIMITED
REGISTERED NUMBER: 03164162

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account	19	1,203,453	789,572
		<u>1,204,453</u>	<u>790,572</u>

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

.....
C Groves
Director

Date:

The notes on pages 13 to 29 form part of these financial statements.

CENTRIC SOFTWARE LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	1,000	364,752	365,752
Comprehensive income for the year			
Profit for the year	-	424,820	424,820
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	424,820	424,820
At 31 December 2019 (as restated)	-	-	-
At 1 January 2022	1,000	789,572	790,572
Comprehensive income for the year			
Profit for the year	-	413,881	413,881
Total comprehensive income for the year	-	413,881	413,881
Total transactions with owners	-	-	-
At 31 December 2022	1,000	1,203,453	1,204,453

The notes on pages 13 to 29 form part of these financial statements.

CENTRIC SOFTWARE LIMITED

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

1. General information

Centric Software Limited (the 'Company') is a company incorporated in the United Kingdom under the Companies Act. The company is a private company, limited by shares, and is registered in England and Wales. The registered office is Suite 4, 7th Floor 50 Broadway, London, SW1H 0DB. The principal activity of the company in the period under review was that of providing business and domestic software development.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

No material uncertainties that may cast doubt about the ability of the Company to continue as a going concern have been identified by the directors, therefore, the accounts have been prepared on a going concern basis.

Thus far, there have not observed any material impact on going concern status, with the directors consideration that the revenue is steady and in place for the foreseeable future along with the sufficient retained earnings and cash held throughout the period.

CENTRIC SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

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

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Revenue is measured as the fair value of the consideration we expect to be entitled to, in exchange for transferring products or providing services to our customers and is recognised when the significant risks and rewards are transferred to the customer.

We account for contracts with our customer when both parties have approved the contract and are committed to perform their respective obligations, each party's rights regarding products or services to be transferred are identified and payment terms are identified, the contract has commercial substance and collection of the consideration is probable. We utilise written contracts as the means to establish the terms and conditions by which our products, product updates and support and/or consulting services are sold to our customers.

Our revenues are generated primarily by providing access to our SaaS subscriptions, licensing our software, providing product updates and support related to our licensed products, and providing consulting services to our customers. Generally, revenue from software license sales is recognised upon delivery; revenues from SaaS subscriptions and product updates and support are recognised rateably over time; and revenues from consulting services are recognised as performed. Revenue is recorded net of applicable taxes. Our specific revenue recognition policies are as follows:

SaaS Subscriptions

Our SaaS subscriptions revenues are primarily from granting customers the right to access software products through our cloud-based SaaS subscription offerings. Under a SaaS subscription agreement, our customer receives a right to access the software for a specified period in an environment hosted, supported, and maintained. The risks and rewards of our SaaS subscription services are transferred over time, and associated revenue is generally recognised rateably over the contract term once the software is made available to the customer. Our SaaS subscription offerings are typically sold with one to three-year subscription terms, generally invoiced in advance of each annual subscription period, and are non-cancellable during the committed subscription term.

Consulting services sold in conjunction with SaaS offerings such as training, configuration and customisation services are considered separate performance obligations. Consequently, they are recognised separately from the SaaS subscription agreement, and applicable revenue is typically recognised as the services are delivered on a percentage completion basis.

Software license fees

Our software products are offered as term-based license contracts, under which we grant customers the license right to use the software for a specified period. Term software licenses are satisfied at a point in time and associated revenue is recognised upon the later of 1) delivery of the software, or 2) the period in which the customer has received the license right to the use of the software.

For customer contracts that include software license fees, implementation and/or other consulting services, the portion of the transaction price allocated to software licenses is generally recognised when delivered. The implementation and consulting services are typically distinct performance obligation and qualify for separate recognition. The portion of the transaction price allocated to implementation and other consulting services is generally recognised as such services are performed.

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

2. Accounting policies (continued)

2.4 Revenue (continued)

Consulting Services

We also provide consulting services, including system implementation and integration services, consulting, and application managed services. Our consulting services are contracted for in conjunction with the licensing of our software products or SaaS subscription offerings and/or on a standalone basis. Most of our services are sold under specific software services agreement terms, and are priced separately from other promises, as they do not significantly customise or modify the software, are generally not essential to the functionality of our software products.

The majority of our consulting services agreements are provided under time and material contracts, and the related revenues are recognised over time as the services are provided on a percentage completion basis.

Deferred Revenues

Deferred revenues represent amounts billed or payments received from customer for software licenses, services and/or product updates and support in advance of recognising revenue or performing services. We defer revenues for any undelivered elements and recognise revenues when the product is delivered or over the period in which the service is performed, in accordance with its revenue recognition policy for such elements.

Contracts with Multiple Elements

We also enter into contracts that may include a combination of our various products and services offerings including SaaS subscriptions, software licenses, product updates and support, consulting services, and hosting services. We account for individual elements separately if they are distinct, with the fair value of SaaS subscriptions, product updates and support, consulting services, and hosting services calculated based upon a stand alone selling price and with licenses valued by subtracting the sum of the observable standalone selling prices of other goods or services promised in the contract from the total transaction price (the residual approach).

2.5 Operating leases: the Company 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.

2.6 Interest income

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

2.7 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.

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

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in 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 Company in independently administered funds.

2.9 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 Company 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.

CENTRIC SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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.

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:

Computer equipment	- 4 years useful life
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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.

CENTRIC SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

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

2. Accounting policies (continued)

2.16 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CENTRIC SOFTWARE 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

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

4. Turnover

The whole of the turnover is attributable to the provision of software and associated services.

Analysis of turnover by country of destination:

	2022	<i>2021</i>
	£	£
United Kingdom	5,626,978	<i>8,304,452</i>
Rest of Europe	9,739,258	<i>8,705,728</i>
Rest of the world	2,573,965	<i>1,298,577</i>
	17,940,201	<i>18,308,757</i>

5. Operating profit

The operating profit is stated after charging:

	2022	<i>2021</i>
	£	£
Depreciation of tangible fixed assets	31,785	<i>27,368</i>
Exchange differences	(65,950)	<i>93,314</i>
Other operating lease rentals	14,836	<i>12,850</i>
Share-based payment	154,762	<i>82,558</i>

CENTRIC SOFTWARE LIMITED

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

6. Auditors' remuneration

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

	2022	<i>2021</i>
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	18,500	<i>17,800</i>

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

7. Employees

Staff costs were as follows:

	2022	<i>2021</i>
	£	£
Wages and salaries	5,532,484	<i>5,058,741</i>
Social security costs	624,582	<i>798,313</i>
Cost of defined contribution scheme	233,941	<i>227,390</i>
	6,391,007	<i>6,084,444</i>

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

	2022	<i>2021</i>
	No.	No.
Professional Services	22	<i>20</i>
Customer Support	2	<i>2</i>
Cloud Service	2	<i>2</i>
Sales Executives	6	<i>5</i>
Inside Sales	3	<i>2</i>
Pre-sales	6	<i>6</i>
Marketing	8	<i>7</i>
Product management innovation	1	<i>1</i>
General and administrative	1	<i>1</i>
Legal	2	<i>2</i>
HR	2	<i>2</i>
	55	<i>50</i>

CENTRIC SOFTWARE LIMITED

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

8. Interest receivable

	2022 £	2021 £
Other interest receivable	66,927	-

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	-	1,751

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	121,869	95,877
Adjustments in respect of previous periods	12,714	(35,210)
	134,583	60,667
Foreign tax		
Foreign tax on income for the year	-	10,082
Foreign tax in respect of prior periods	5,486	-
	5,486	10,082
Total current tax	140,069	70,749
Deferred tax		
Origination and reversal of timing differences	(38,518)	(8,525)
Total deferred tax	(38,518)	(8,525)
Taxation on profit on ordinary activities	101,551	62,224

CENTRIC SOFTWARE LIMITED

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

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2022	<i>2021</i>
	£	£
Profit on ordinary activities before tax	515,432	<i>487,044</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	97,932	<i>92,538</i>
Effects of:		
Capital allowances for year in excess of depreciation	(9,000)	<i>(10,682)</i>
Deductible as paid	5,693	<i>5,072</i>
Permanent timing differences	(2,052)	<i>2,575</i>
Effects of share-based payments	22,670	<i>20,640</i>
Prior year under provision	18,200	<i>(44,583)</i>
Double taxation relief	(24)	<i>-</i>
Other differences leading to an increase (decrease) in the tax charge	122	<i>2,668</i>
Foreign taxes	6,528	<i>2,521</i>
Deferred tax	(38,518)	<i>(8,525)</i>
Total tax charge for the year	101,551	<i>62,224</i>

Factors that may affect future tax charges

The profits for the year ended 31 December 2022 and 31 December 2021 are taxed at 19% and 19% respectively.

Following the 2021 Budget announcement, the rate of corporation tax will be increased from 19% to 25% from 1 April 2023. Accordingly, profits earned in future periods will be taxed at 25% rather than 19% and any deferred tax assets or liabilities will be revalued reflecting the latest enacted rate.

There is no expiration date on timing differences.

CENTRIC SOFTWARE LIMITED

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

11. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2022	153,726
Additions	36,422
	<hr/>
At 31 December 2022	190,148
	<hr/>
Depreciation	
At 1 January 2022	110,997
Charge for the year on owned assets	31,785
	<hr/>
At 31 December 2022	142,782
	<hr/>
Net book value	
At 31 December 2022	47,366
	<hr/> <hr/>
<i>At 31 December 2021</i>	42,729
	<hr/> <hr/>

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	2
	<hr/>
At 31 December 2022	2
	<hr/> <hr/>

The above investment is held in Centric Software (Brazil) Ltda. The registered office is Avenida Paulista, 2300-Piso Pilotis, Bela Vista, São Paulo/SP, 01310-300.

CENTRIC SOFTWARE LIMITED

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

13. Debtors

	2022	2021
	£	£
Due after more than one year		
Prepayments and accrued income	361,861	180,517
	<u>361,861</u>	<u>180,517</u>
	2022	2021
	£	£
Due within one year		
Trade debtors	7,756,604	3,575,265
Amounts owed by group undertakings	8,156,225	1,011,423
Other debtors	21,783	11,933
Prepayments and accrued income	6,334,051	8,316,048
Deferred taxation	97,311	58,793
	<u>22,365,974</u>	<u>12,973,462</u>

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

14. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	1,407,085	2,353,416
	<u>1,407,085</u>	<u>2,353,416</u>

15. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	198,988	101,201
Amounts owed to group undertakings	18,151,846	11,357,568
Corporation tax	14,177	91,107
Other taxation and social security	383,896	228,034
Accruals and deferred income	4,228,928	2,981,644
	<u>22,977,835</u>	<u>14,759,554</u>

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

CENTRIC SOFTWARE LIMITED

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

16. Financial instruments

	2022	2021
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	1,407,085	2,353,416
Financial assets that are debt instruments measured at amortised cost	22,592,994	13,039,323
	<u>24,000,079</u>	<u>15,392,739</u>
Financial liabilities		
Financial assets that are debt instruments measured at amortised cost	22,579,762	(14,440,413)
	<u>22,579,762</u>	<u>(14,440,413)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise of other debtors and prepayments.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group companies.

17. Deferred taxation

	2022	2021
	£	£
At beginning of year	58,793	50,267
Charged to profit or loss	38,518	8,526
At end of year	<u>97,311</u>	<u>58,793</u>

The deferred tax asset is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	(11,842)	(10,682)
Share-based payments	100,667	61,747
Other	8,486	7,728
	<u>97,311</u>	<u>58,793</u>

CENTRIC SOFTWARE LIMITED

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

18. Share capital

	2022	<i>2021</i>
	£	£
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares of £1.00 each	1,000	<i>1,000</i>
	<u><u>1,000</u></u>	<u><u>1,000</u></u>

19. Reserves

Profit and loss account

The profit and loss account total of £1,361,837 (2021 - £789,572) includes all current and prior period retained profits and losses.

20. Share-based payments

The main features of the ultimate parent company's stock option plans are as follows: options vest over various periods ranging from one to four years, subject to continued employment, options expire eight to ten years from grant date, or after termination of employment or term of office, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant date market value (or the market value the day before the grant) of Dassault Systèmes SE share.

	Weighted average exercise price (pence) 2022	Number 2022	<i>Weighted average exercise price (pence) 2021</i>	<i>Number 2021</i>
Outstanding at the beginning of the year	2.69	472,678	<i>2.44</i>	<i>518,791</i>
Granted during the year	6.06	71,000	<i>4.56</i>	<i>52,500</i>
Forfeited during the year	2.85	(1,231)	<i>2.93</i>	<i>(17,860)</i>
Exercised during the year	6.06	(538)		-
Expired during the year	2.92	(11,380)	<i>2.30</i>	<i>(80,753)</i>
Outstanding at the end of the year	<u><u>3.13</u></u>	<u><u>530,529</u></u>	<u><u><i>2.69</i></u></u>	<u><u><i>472,678</i></u></u>

CENTRIC SOFTWARE LIMITED

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

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £233,941 (2021 - £227,390). Contributions totalling £36,449 (2021 - £30,356) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

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

	2022	<i>2021</i>
	£	£
Not later than 1 year	23,938	<i>1,242</i>
Later than 1 year and not later than 5 years	24,423	<i>-</i>
	48,361	<i>1,242</i>

23. Controlling party

The immediate parent Company Centric Software, Inc, a company incorporated in the United States of America and ultimate parent Dassault Systemes SE, a company incorporated in France.

The largest group undertakings for which group accounts have been prepared is that headed by Dassault Systemes SE who's consolidated accounts are published on www.3ds.com.