

Registration number: 06611280

Rimilia Holdings Ltd

Annual report and audited financial statements

for the year ended 31 December 2022

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Rimilia Holdings Ltd

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Rimilia Holdings Ltd

Company information

Directors	P D Villanova K Morgan-Prager
Company secretary	K Morgan-Prager Broughton Secretaries Limited
Registered office	103 Colmore Row 3rd floor Office 301 Birmingham United Kingdom B3 3AG
Auditors	BDO LLP Two Snowhill Birmingham UK B4 6GA

Rimilia Holdings Ltd

Strategic report For the year ended 31 December 2022

The directors present their report for Rimilia Holdings Ltd (the "Company") for the year ended 31 December 2022 in compliance with Section 414C of the Companies Act of 2006.

Review of the business

The Company was acquired by its now parent company Blackline Systems, Inc. on 2 October 2020.

The year ended 31 December 2022 has been a year of growth and expansion for our Accounts Receivable Application business worldwide. As Rimilia Holdings Ltd is now part of the BlackLine group it has access to more sales channels and a bigger potential customer base. The Company's customers are larger corporations with significant accounts receivable operations that can be automated using the BlackLine software.

During the period ended 31 December 2021, the Company drew down a loan from Blackline Systems, Inc. The loan is for a period of 5 years with quarterly interest at mid-term federal rate AFR (Applicable Federal Rate). During the current year the Company drew down additional £1,000,000 funding from the loan facility to fund operations (FY22: £5,000,000; FY21: £4,000,000).

Key performance indicators

The Company monitors the following KPI's:

	12 months ended 31 December 2022	18 months ended 31 December 2021
		£
Turnover	12,779,854	16,973,973
Operating (loss)	(3,080,925)	(7,497,760)
(Loss) for the year/period	(3,128,019)	(7,684,422)
Cash at bank	1,218,806	3,591,125

Brexit

The impact of Brexit on Rimilia Holdings Ltd is minimal. The distribution of employee laptops to and from the IT department in the UK is more cumbersome and costly, which has been mitigated by the Company by trying to avoid physical laptops shipments between the UK and the EU as much as possible. Brexit has no impact on the revenue generating activities of Rimilia Holdings Ltd nor any affiliated parties in the group.

Ukraine conflict

Rimilia Holdings Ltd is not impacted by the war in Ukraine.

Future developments

The director's believe that the Company will continue to grow its market share and to remain the supplier of choice for customers who place a heavy reliance on service quality and intelligent automation. The Company's branded software solutions continue to yield efficiency and data benefits right across its customer base, as they enable its customers to attain high levels of automation and realize the benefits of intelligent data management. The Company continues to bring product innovation and smart solutions to its markets This is expected to yield significant benefits and rewards across its growing customer base over the medium to long term.

Rimilia Holdings Ltd

Strategic report For the year ended 31 December 2022 (continued)

Principal risks and uncertainties

Our financial results may fluctuate as a result of a variety of factors, many of which are outside of our control.

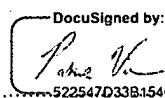
Some of the important factors that may cause our revenue, operating results and cash flows to fluctuate include:

- our ability to attract new customers and retain and increase sales to existing customers;
- the number of new employees added;
- the rate of expansion and productivity of our sales force;
- long sales cycles and the timing of large contracts;
- changes in our or our competitors' pricing policies;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- new products, features or functionalities introduced by us and our competitors;
- significant security breaches, technical difficulties or interruptions to our platform;
- the timing of customer payments and payment defaults by customers;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional products or services, delay a prospective customer's purchasing decision or affect customer retention;
- the impact and timing of taxes or changes in tax law;
- seasonality of our business; and
- changes in customer buying patterns.

Many of these factors are outside of our control, and the occurrence of one or more of them might cause our revenue, operating results, and cash flows to vary.

Further, as the markets for our existing solutions mature, or as current and future competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are profitable to us.

Approved by the Board on 22 December, 2023 and signed on its behalf by:

DocuSigned by:

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P D Villanova
Director

Rimilia Holdings Ltd

Directors' report For the year ended 31 December 2022

The directors present their annual report on the affairs of Rimilia Holdings Ltd (the "Company"), together with the audited financial statements for the year ended 31 December 2022.

Directors' of the Company

The directors, who held office during the year, and up to the date of signing, except as noted were as follows:

P D Villanova (appointed 1 November 2022)

M Huffman (resigned 6 March 2023)

K Kimber (resigned 1 November 2022)

M Partin (resigned 20 January 2023)

The following director was appointed after the year end:

K Morgan-Prager (appointed 6 March 2023)

Principal activity

The principal activity of the Company is the design, development and sale of BlackLine branded software solution products for Accounting Receivable Applications, including cash collection applications.

Results and dividend

The loss for the year of £3,128,019 (period ended 31 December 2021: £7,684,422) is set out in the profit and loss account.

A dividend of £nil was paid in the current year (period ended 31 December 2021: £nil).

Post balance sheet events

In 2023 the subsidiary Rimilia Europe Ltd has been dissolved. The full amount of the retained earnings has been paid to Rimilia Holdings Ltd via a dividend payment £116,878. The investment has been removed from the company's assets. Please refer to note 28 for further details.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The forecasted cash flow from the Company's principal activity as seller of Accounts Receivable Applications, and as owner of the IP for which it will receive royalty from related parties, provides the funds to service the financing of financial liabilities on a day-to-day basis. This forecast is dependent on the parent company's intention to continue to sell Accounts Receivable Applications. As of the date of approval of the financial statements, the directors have no reason to believe that the existing Intercompany License Agreement will be terminated due to the fact that Blackline group expects that the revenue of the Rimilia Holdings Ltd IP products would increase.

Actual results showed revenue and collectability levels to be on budget and this is expected to continue over the forecast period to 12 months from the date of signing.

Rimilia Holdings Ltd

Directors' report For the year ended 31 December 2022 (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including market risk, credit risk and liquidity risk. The Company does not use derivative financial instruments to manage these risks or in the course of its business.

Currency risk

The Company's activities do not materially expose it to any market risk as the Company does not have any significant monetary balances in currencies other than the functional currency.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables as appropriate. An allowance for impairment is made where there is an expected credit loss. The Company does not invest in funds or financial instruments. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from the Company's sales and royalty income provides the majority of the funds needed to service the financing of financial liabilities on a day-to-day basis. In addition, the company has the possibility to draw extra funds from the intercompany loan facility if needed. As such, the directors do not consider there to be a significant risk in this area.

Inflationary risk

The Company is monitoring the risk of rising inflation and the impact to its trading activities, employee consideration and other cost factors. Inflation is likely to increase the cost base throughout the business in areas such as fuel, gas, and distribution costs, but the directors believe that due to the current working pattern the increased cost base will not impact the Company in the near future. Cost of living increase may lead to higher level of staff turnover. Directors are assessing the internal controls, which might be strained due to rates of attrition, and implementing ways to mitigate the risk and maintaining robust internal control system.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Rimilia Holdings Ltd

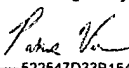
Directors' report
For the year ended 31 December 2022 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting. /

In preparing this report, the directors have taken advantage of the small companies exemption by section 415a of the Companies Act 2006.

Approved by the Board on 22 December, 2023 and signed on its behalf by:

DocuSigned by:

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P D Villanova
Director

Rimilia Holdings Ltd

Statement of directors' responsibilities For the year ended 31 December 2022

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Rimilia Holdings Ltd

Independent auditor's report to the members of Rimilia Holdings Ltd

Opinion on the financial statements

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 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.

We have audited the financial statements of Rimilia Holdings Ltd ("the Company") for the year ended 31 December 2022 which comprise Profit and loss account, Balance sheet, Statement of changes in equity, Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Rimilia Holdings Ltd

Independent auditor's report to the members of Rimilia Holdings Ltd (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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 and the Directors' report.

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

- *adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or*
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the applicable accounting framework and UK tax legislation.

Rimilia Holdings Ltd

Independent auditor's report to the members of Rimilia Holdings Ltd (continued)

Non-compliance with laws and regulations (continued)

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment laws and data protection legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, fraudulent revenue recognition and fictitious employees.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Reviewing the revenue recognition policies and verifying the treatment of revenue during the year; and
- Verifying the existence of employees.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Rimilia Holdings Ltd

Independent auditor's report to the members of Rimilia Holdings Ltd (continued)

Fraud (continued)

A further description of our responsibilities is available 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.

DocuSigned by:



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Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
UK
B4 6GA

29 December 2023

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

Rimilia Holdings Ltd**Profit and loss account
For the year ended 31 December 2022**

	Note	12 months ended 31 December 2022 £	18 months ended 31 December 2021 (Restated) £
Turnover*	6	12,779,854	16,973,973
Cost of sales		<u>(2,946,160)</u>	<u>(3,601,128)</u>
Gross profit		9,833,694	13,372,845
Administrative expenses		(13,217,759)	(21,806,276)
Other operating expense		(835)	-
Other operating income	7	303,975	314,309
Profit on sale of business	8	<u>-</u>	<u>621,362</u>
Operating loss	9	<u>(3,080,925)</u>	<u>(7,497,760)</u>
Interest receivable and similar income	10	136,419	6
Interest payable and similar expenses	11	<u>(125,758)</u>	<u>(186,668)</u>
		<u>10,661</u>	<u>(186,662)</u>
Loss before taxation		(3,070,264)	(7,684,422)
Taxation	15	<u>(57,755)</u>	<u>-</u>
Loss for the year/period		<u><u>(3,128,019)</u></u>	<u><u>(7,684,422)</u></u>

*For information on the restatement refer to note 5.

The above results were derived from continuing operations.

The Company has no other recognised gains or losses for the year/period other than the results above and therefore, no statement of comprehensive income is presented.

Rimilia Holdings Ltd

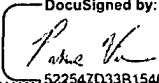
(Registration number: 06611280)
Balance sheet as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 (Restated) £
Fixed assets			
Intangible assets	16	1,212,293	749,408
Tangible assets	17	99,346	161,867
Investments	18	100	100
		<u>1,311,739</u>	<u>911,375</u>
Current assets			
Debtors and other receivables*	19	4,642,865	5,387,714
Cash at bank and in hand		<u>1,218,806</u>	<u>3,591,125</u>
		<u>5,861,671</u>	<u>8,978,839</u>
Total assets		<u>7,173,410</u>	<u>9,890,214</u>
Creditors: amounts falling due within one year	20	<u>(6,394,325)</u>	<u>(9,230,384)</u>
Net current liabilities		<u>(532,654)</u>	<u>(251,545)</u>
Total assets less current liabilities		779,085	659,830
Creditors: amounts falling due after more than one year	21	<u>(5,000,000)</u>	<u>(4,000,000)</u>
Net liabilities		<u>(4,220,915)</u>	<u>(3,340,170)</u>
Capital and reserves			
Called-up share capital	24	16,872	16,872
Share premium reserve	24	19,174,033	19,174,033
Capital contribution reserve	24	7,712,821	5,465,547
Retained deficit*	24	<u>(31,124,641)</u>	<u>(27,996,622)</u>
Shareholders' deficit		<u>(4,220,915)</u>	<u>(3,340,170)</u>

*For information on the restatement refer to note 5.

The financial statements of Rimilia Holdings Ltd (registration number: 06611280) were approved by the Board of Directors and authorised for issue on 22 December, 2023

They were signed on its behalf by:

DocuSigned by:

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 P D Villanova
 Director

The notes on pages 15 to 37 form an integral part of these financial statements.

Rimilia Holdings Ltd**Statement of changes in equity
For the year ended 31 December 2022**

	Note	Called-up share capital £	Share premium £	Capital contribution reserve £	Retained deficit (Restated) £	Total £
At 1 July 2020		15,503	11,293,768	-	(20,312,200)	(9,002,929)
Loss for the period		-	-	-	(7,684,422)	(7,684,422)
Capital contribution from ultimate parent company	12	-	-	5,465,547	-	5,465,547
Total comprehensive loss		-	-	5,465,547	(7,684,422)	(2,218,875)
New share capital subscribed	24	1,369	7,880,265	-	-	7,881,634
At 31 December 2021		<u>16,872</u>	<u>19,174,033</u>	<u>5,465,547</u>	<u>(27,996,622)</u>	<u>(3,340,170)</u>

For information on the restatement refer to note 5.

	Note	Called-up share capital £	Share premium £	Capital contribution reserve £	Retained deficit £	Total £
At 1 January 2022		16,872	19,174,033	5,465,547	(27,996,622)	(3,340,170)
Loss for the year		-	-	-	(3,128,019)	(3,128,019)
Capital contribution from ultimate parent company	12	-	-	2,247,274	-	2,247,274
Total comprehensive loss		-	-	2,247,274	(3,128,019)	(880,745)
At 31 December 2022		<u>16,872</u>	<u>19,174,033</u>	<u>7,712,821</u>	<u>(31,124,641)</u>	<u>(4,220,915)</u>

The notes on pages 15 to 37 form an integral part of these financial statements.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022

1 General information

Rimilia Holdings Ltd (the "Company") is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The Company's registered number is 06611280 and the address of its registered office is:

103 Colmore Row 3rd floor

Office 301

Birmingham

United Kingdom

B3 3AG

The principal activity of the Company is the design, development and sale of BlackLine branded software solution products for Accounts Receivable Applications, including cash collection applications.

2 Adoption of new and revised standards

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- amendments to IFRS 3 - Reference to the Conceptual Framework;
- amendments to IAS 16 - Property, Plant and Equipment-Proceeds before Intended Use;
- amendments to IAS 37 Onerous Contracts-Cost of Fulfilling a Contract;
- annual Improvements to IFRS Standards 2018-2020 Cycle; and
- amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

- IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) Insurance Contracts.
- amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- amendments to IAS 1 Classification of Liabilities as Current or Non-current.
- amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.
- amendments to IAS 8 Definition of Accounting Estimates.
- amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies

Statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The Company financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

The current year and prior period are not the same length. The numbers presented in the current year are for 12 months, where the comparative period numbers presented are for 18 months.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

Summary of disclosure exemptions

The following exemptions from the requirements of the International Financial Reporting Standards ('IFRS') have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7 - 'Statement of cash flows'.
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period.
- Disclosure in respect of transactions with wholly owned subsidiaries.
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).
- The requirements of paragraphs 10(d), 10 (f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- The requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

Summary of disclosure exemptions (continued)

As the consolidated financial statements of the ultimate parent company, BlackLine Systems, Inc. include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 - 'Fair Value Measurement' and the disclosures required by IFRS 7 - 'Financial Instrument Disclosures'.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

The forecasted cash flow from the Company's principal activity as seller of Accounts Receivable Applications, and as owner of the IP for which it will receive royalty from related parties, provides the funds to service the financing of financial liabilities on a day-to-day basis. This forecast is dependent on the parent company's intention to continue to sell Accounts Receivable Applications. As of the date of approval of the financial statements, the directors have no reason to believe that the existing Intercompany License Agreement will be terminated due to the fact that Blackline group expects that the revenue of the Rimilia Holdings Ltd IP products would increase.

Actual results showed revenue and collectability levels to be on budget and this is expected to continue over the forecast period to 12 months after signing date. The parent company, Blackline Systems, Inc., has undertaken to provide such financial support as required for the period of at least one year from the signing of the financial statements. The companies share common directors who are satisfied that the parent company has the financial resources to provide the required support.

After careful consideration of the above factors and the acquisition by Blackline Systems, Inc., the directors remain confident that the forecast is achievable, that the available funding from intercompany facilities will continue in place throughout the period and that the headroom within the forecast will be sufficient to enable the Company to operate and meet its liabilities as they fall due for payment throughout the period. The directors have considered the various uncertainties connected to the forecast, and consider that they do not indicate the existence of material uncertainties. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

Turnover

The Company provides software licences, implementation services, hosting services and hardware under combined contracts with customers. The contracts contain multiple performance obligations and as a result the contract is split into multiple elements and recognised accordingly. Software licences and implementation services are integrated with each other and are recognised as a combined performance obligation. As the software licences are defined as a right to access, the performance obligation is satisfied over time and the revenue is recognised over time from the date the customer is able to derive benefit from the implemented software to the end of the contracted date.

Services are delivered over the life of the contract and are therefore recognised on a time elapsed basis from the date the customer can obtain benefit from the services to the end of the contract. Where a contract includes the hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware. The transaction price is allocated to each performance obligations based on the stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost plus margin.

Some contracts include variable consideration in respect of usage-based licence income. The Company recognises revenue in respect of the variable consideration from either when the step in the usage occurs or this is the most likely outcome and it is highly probable it will not reverse.

The cost to fulfil the delivery of the implementation services is incurred in advance and is therefore recognised as an asset within other receivables on the balance sheet and released over the same period as the licence and implementation revenue. Hosting services costs are incurred as the hosting revenue is recognised.

As of January 1, 2021, Rimilia Holdings Ltd engaged in an intercompany license agreement with related parties for the sale of automated accounts receivable and collections software as well as implementation of such software. As owner of the IP of this software, Rimilia Holdings Ltd, will be remunerated through royalties for the sale of these products and related services by the related parties.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised within the operating costs line in the profit and loss account.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

Amortisation

The capitalised development costs are subsequently amortised to cost of sales in the profit and loss account on a straight line basis over their expected useful economic lives of 3 years.

Tangible assets

Tangible assets 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.

Asset class	Depreciation rate and method
Fixtures fittings and equipment	20% straight line
Other tangible assets	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within administrative costs within the profit and loss account.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing the value-in-use amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

Taxation

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Foreign currencies

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised in the profit and loss account.

Pensions

Contributions to defined contribution pension schemes are charged in the profit and loss account in the period to which they relate.

Finance costs

Finance costs are charged to profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

Finance income

Finance income is recognised as the interest accrues using the effective interest method, which applies a rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost. Financial liabilities are measured at amortised cost.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as fair value through profit and loss accounts:

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

The Company financial assets met the criteria above and therefore are measured at amortised costs.

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and interest bearing borrowings. Based on the way these financial instruments are managed and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost using the effective interest method.

The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the profit and loss account.

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary and preference shares are classified as equity instruments.

Share based payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options or restricted stock units) of the parent entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the options granted is calculated using the Black Scholes option pricing model. The fair value of the RSU's (Restricted Stock Units) is the grant day price at the Nasdaq stock market, an American stock exchange based in New York City. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The total charge in the profit and loss account represents expenses related to the RSU's and options granted to employees of Rimilia Holdings Ltd.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation and amortisation of development intangibles

The Company depreciates the development intangibles, using the straight-line method, over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Company intends to derive future economic benefits from the use of the company intangibles. Changes in the expected level of usage and technological developments could affect the useful economic lives of these assets which could then consequently impact future amortisation charges. The carrying amounts of the Company's intangibles at 31 December 2022 are disclosed in note 16 to the financial statements.

Revenue recognition

As a provider of software services and support that is either hosted on behalf of customers or hosted on customer's own networks, the company earns the majority of its revenues from such software and services. The Company has decided that separate distinct performance obligations can be identified but that licence and implementation services are integrated and constitute one performance obligation, with its software licences granting a right to access over time. Licence and implementation revenue is therefore recognised over the length of a software contract. In addition, the Company considers that the inputs from hosting and support services accrue evenly over the contract and so recognising revenue over time represents a good approximation to the satisfaction of these performance obligations.

As a result, revenue from hosting and support is recognised over the length of the contract. Hardware sales revenue is at a point in time and revenue is recognised on delivery. Some contracts include variable consideration in respect of usage-based licence income. The Company recognises revenue in respect of the variable consideration from either when the step in the usage occurs or this is the most likely outcome and it is highly probable it will not reverse.

Management apply judgement in determining the costs to fulfil a contract by analysing the nature of the costs. The cost to fulfil the delivery of the implementation services is incurred in advance and is therefore recognised as an asset within other receivables on the statement of financial position and released over the same period as the licence and implementation revenue. Hosting services costs are incurred as the hosting revenue is recognised. All other costs are recognised as incurred.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of fixed assets

Property, plant and equipment is recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Development intangibles are included at cost less accumulated amortisation and any accumulated impairment losses. The carrying values of property, plant and equipment and intangible assets are reviewed for impairment only when events indicate the carrying value may be impaired. Impairment indicators include both internal and external factors. Examples of internal factors include analysing performance against budgets and assessing absolute financial measures for indicators of impairment. Examples of external considerations assessed for indications of impairment include wider economic factors. Where impairment indicators are present, the recoverable amounts of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of uncertain matters. In particular, management has regard to assumptions in respect of revenue mix and growth rates.

5 Prior year adjustment

The company has overstated the contract asset position as at 31 December 2021 and the turnover for 2021 because the company recognised revenue earned prior to 2021 as the performance obligations were satisfied. However, revenue is recognised duplicately in 2021 when the amount is received. As a result of this restatement, the contract assets as at 31 December 2021 has decreased by £402,281 from £614,144 to £211,863. Revenue for 2021 has decreased by £402,281 from £17,376,254 to £16,973,973. The net assets and equity of the company for 2021 has been restated by the same amount.

6 Turnover

The analysis of the Company's turnover for the year/period from continuing operations is as follows:

	12 months ended 31 December 2022	18 months ended 31 December 2021 (Restated)
	£	£
Subscription services*	7,398,847	12,194,656
Implementation services*	1,060,986	1,015,515
Royalty revenue*	<u>4,320,021</u>	<u>3,763,802</u>
	<u>12,779,854</u>	<u>16,973,973</u>

*For information on the restatement refer to note 5.

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****6 Turnover (continued)**

The analysis of the Company's turnover for the year/period by market is as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 (Restated) £
UK	4,827,195	10,411,856
Europe	3,038,744	1,471,317
Rest of the world	4,913,915	5,090,800
	<u>12,779,854</u>	<u>16,973,973</u>

Contract balances

	Contract asset		Contract liability	
	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
At start of the period	(211,863)	(39,069)	(4,459,085)	(3,342,979)
Transfers in the period from contract assets to trade receivables	-	39,069	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	12,379,317	13,929,836
Contract asset prior period adjustment*	-	402,281	-	-
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	211,863	(614,144)	(11,216,390)	-
Cash received in advance of performance and not recognised as revenue during the period	-	-	-	(15,045,942)
At 31 December	<u>-</u>	<u>(211,863)</u>	<u>(3,296,158)</u>	<u>(4,459,085)</u>

For information on the restatement please refer to note 5.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

6 Turnover (continued)

Contract assets and contract liabilities are included within 'Trade and other debtors' and 'Creditors: amounts falling due within one year' respectively on the face of the Balance sheet. They arise from the Company's activities, which enters into contracts that can take few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal to the amount of turnover recognised on the contracts.

Future performance obligations

The Company has applied a practical expedient not to disclose the transaction price allocated to the remaining performance obligations where the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

7 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Miscellaneous other operating income	<u>303,975</u>	<u>314,309</u>

During the current year and prior reporting period, government grants of the Company were received as part of a Government initiative to provide immediate financial support as a result of the research and development expenses incurred by the Company that led to receipt of grants and the effect the grants have on the results. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

8 Business disposal

The analysis of the Company's other gains for the year is as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Profit on sale of investment in subsidiary	<u>-</u>	<u>621,362</u>

During the prior period the Company sold the shares in Rimilia Canada Limited and the shares in Rimilia Inc for total consideration of £621,436.

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****9 Operating loss**

Operating loss is arrived at after charging

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Depreciation expense	62,521	187,824
Amortisation expense	229,705	28,071
Operating lease expense	70,563	295,049
Foreign exchange	(136,419)	113,413
Other administrative expenses	1,043,113	1,095,914
Internally developed software costs	<u>692,590</u>	<u>775,735</u>

10 Interest receivable and similar income

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Foreign exchange gains	136,419	-
Interest income on bank deposits	<u>-</u>	<u>6</u>
	<u>136,419</u>	<u>6</u>

11 Interest payable and similar expenses

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Interest on bank overdrafts and borrowings	<u>125,758</u>	<u>186,668</u>

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

12 Staff costs and numbers

The aggregate staff costs (including directors' remuneration) were as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Wages and salaries	6,892,429	9,118,150
Social security and other taxes	1,425,472	1,439,282
Settlement payments	306,945	150,669
Pension costs, defined contribution scheme	466,768	398,231
Share-based payment expenses	2,247,275	5,465,547
Commissions and bonuses	1,049,806	-
Other employee expense	345,456	2,986,963
	<u>12,734,151</u>	<u>19,558,842</u>

The average number of employees (including directors) during the period was 104 (period ended 31 December 2021: 98).

Pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to 466,768.

13 Directors' remuneration

The directors' remuneration for the year/period was as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Remuneration	966,645	941,439
Contributions paid to money purchase schemes	1,042	6,042
Share based payments	902,599	4,224,523
	<u>1,870,286</u>	<u>5,172,004</u>

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****14 Auditors' remuneration**

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 £
Audit fees payable for the audit of the Company accounts	<u>51,125</u>	<u>50,000</u>
Other fees payable to to auditors		
-taxation services	-	12,375
-other assurance	<u>82,000</u>	<u>109,224</u>
	<u>82,000</u>	<u>121,599</u>

15 Taxation

Tax (credited)/charged in the profit and loss account

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 (Restated) £
Current taxation		
UK corporation taxation credit	57,755	-
UK corporation tax adjustment to prior periods	<u>-</u>	<u>-</u>
	<u>57,755</u>	<u>-</u>

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****15 Taxation (continued)**

The difference between the total tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	12 months ended 31 December 2022 £	18 months ended 31 December 2021 (Restated) £
Loss before taxation	<u>(3,070,264)</u>	<u>(7,684,422)</u>
Corporation tax at standard UK rate of 19% (2021: 19%)	(583,350)	(1,460,040)
Expenses not deductible	5,854	19,396
Income not taxable	-	(118,059)
Movements in deferred tax not recognised	551,679	1,558,372
Share based payments	38,895	-
Effects of group relief/ other reliefs	<u>44,677</u>	<u>-</u>
Total tax (credit)/charge	<u>57,755</u>	<u>(331)</u>

Factors that may affect future tax charges

The March 2021 Budget announced an increase in the main rate of corporation tax to 25% from April 2023, which had been substantively enacted at the balance sheet date. As a result, deferred tax balances as at 30 September 2022 were measured at the new tax rate of 25%.

There were no other factors that may affect future tax charges.

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****16 Intangible assets**

	Internally generated software development costs £
Cost or valuation	
At 1 January 2022	1,416,285
Additions	692,590
Disposals	<u>(640,550)</u>
At 31 December 2022	<u>1,468,325</u>
Amortisation	
At 1 January 2022	666,877
Amortisation charge	229,705
Amortisation eliminated on disposals	<u>(640,550)</u>
At 31 December 2022	<u>256,032</u>
Carrying amount	
At 31 December 2022	<u>1,212,293</u>
At 31 December 2021	<u>749,408</u>

The value of intangible assets under construction that are not being amortised equals £116,776.

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****17 Tangible assets**

	Right-of-use assets £	Office equipment £	Fixtures and fittings £	Buildings £	Total £
Cost or valuation					
At 1 January 2022	92,531	283,510	73,065	28,801	477,907
Additions	-	-	-	-	-
Disposals	(92,531)	(107,705)	(71,185)	(28,801)	(300,222)
At 31 December 2022	-	175,805	1,880	-	177,685
Depreciation					
At 1 January 2022	92,531	132,978	61,730	28,801	316,040
Charge for the year	-	51,656	10,865	-	62,521
Eliminated on disposal	(92,531)	(107,705)	(71,185)	(28,801)	(300,222)
At 31 December 2022	-	76,929	1,410	-	78,339
Carrying amount					
At 31 December 2022	-	98,876	470	-	99,346
At 31 December 2021	-	150,532	11,335	-	161,867

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

17 Tangible assets (continued)

There were only short term leases, which qualify for exemptions from IFRS 16 recognition during the current year/period.

18 Investments

Subsidiaries	£
Cost or valuation	
At 1 January 2022	100
Additions	-
At 31 December 2022	<u>100</u>
Carrying amount	
At 31 December 2022	<u>100</u>
At 31 December 2021	<u>100</u>

The following are the subsidiary undertakings of the company:

Company name	Country of incorporation	Principal activity	Percentage
Rimilia Europe Ltd	United Kingdom	Sale and distribution of Rimilia software products in the UK and rest of the world	100%

The registered offices for Rimilia Europe Ltd is 54 Portland Place, London, England, W1B 1DY.

In 2023 the subsidiary Rimilia Europe Ltd has been dissolved. The full amount of retained earnings has been paid to Rimilia Holdings Ltd via a dividend payment. The investment has been removed from the company's assets.

Rimilia Holdings Ltd**Notes to the financial statements
For the year ended 31 December 2022 (continued)****19 Debtors**

	31 December 2022	31 December 2021
	£	(Restated) £
Trade debtors	3,144,152	3,689,384
Provision for impairment of trade debtors	<u>(8,322)</u>	<u>(26,789)</u>
Net trade debtors	3,135,830	3,662,595
Amounts owed by related parties	464,861	819,542
Contract assets	-	211,863
Prepayments	445,796	279,203
Costs to fulfil sales contracts	35,849	100,202
Corporation tax debtor	<u>560,529</u>	<u>314,309</u>
	<u><u>4,642,865</u></u>	<u><u>5,387,714</u></u>

The carrying value of trade and other receivables classified as financial assets measured at amortised cost approximated fair value.

The amounts owed by related parties represent license fee payments for sales by BlackLine Systems, Inc. and Blackline International BV which included an IP held by Rimilia Holdings Ltd.

20 Creditors: amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Trade creditors	401,585	83,233
Accrued expenses	1,154,719	1,869,209
Amounts owed to related parties	214,980	242,693
Social security and other taxes	1,325,139	2,577,908
Deferred income	<u>3,297,902</u>	<u>4,457,341</u>
	<u><u>6,394,325</u></u>	<u><u>9,230,384</u></u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The amounts owed to related parties primarily concerns the payable amount to subsidiary Rimilia Europe Ltd. This amount is offset via the final dividend payment of Rimilia Europe Ltd.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

21 Creditors: amounts falling due after more than one year

	31 December 2022	31 December 2021
	£	£
Amounts due to related parties	<u>5,000,000</u>	<u>4,000,000</u>

On the 1st May 2021, the parent company BlackLine Systems, Inc. granted Rimilia Holdings Ltd a loan in the amount of £4,000,000 with a maturity date of April 30, 2026. Interest accrues quarterly at the rate equal to the applicable mid-term federal rate (AFR) and will be payable on the last Business Day of December each year, starting on December 31, 2021, and on the maturity date. During the current year additional funds in the amount of £1,000,000 were drawn down from the facility.

22 Financial instruments

Financial instrument risk exposure and management

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have not been changes to the Company's exposure to financial instrument risks and its objectives, policies and processes for managing those risks or the methods used to measure them have not changed from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- trade receivables;
- cash at bank;
- trade and other payables;
- related party loan accounts; and
- secured bank loan.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

22 Financial instruments (continued)

Financial assets and financial liabilities by category

	31 December 2022	31 December 2021
	£	£
Trade and other receivables	3,135,830	3,664,339
Cash at bank and in hand	<u>1,218,808</u>	<u>3,591,125</u>
Total current financial asset	<u>4,354,638</u>	<u>7,255,464</u>
Financial liabilities		
Current financial liabilities:		
Trade payables, accruals and other payables	1,556,304	1,952,442
Non-current financial liabilities		
Total non-current financial liabilities	<u>-</u>	<u>-</u>
Total financial liabilities	<u>1,556,304</u>	<u>1,952,442</u>

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations and arises principally from the Company's receivables from customers. This risk is mitigated by strong on-going customer relations and credit control. Credit risk also arises from cash deposits with banks. The quality of the cash and debtors is considered to be high through trading with a well-established customer base and arrangements with reputable banks.

Trade receivables

Credit risk is managed locally by the management of the Company. Prior to accepting new customers, a credit assessment is made using trade industry knowledge and credit scoring database services as appropriate.

Based on this information, credit limits and payment terms are established, although for some large customers and contracts credit risk is not considered to be high risk and credit limits can sometimes be exceeded. These exceeded accounts are closely monitored and if there is a concern over recoverability accounts are put on stop and no further goods or services will be provided before receiving payment. Pro-forma invoicing is sometimes used for new customers or customers with a poor payment history until creditworthiness can be proven or re-established.

Management teams receive monthly ageing reports and these are used to chase relevant customers for outstanding balances. The Board of Directors of the Company also monitors the level of debt exposure via monthly financial reports.

No major renegotiation of terms has taken place during the period. There are no significant customers with restricted accounts.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and cash balances. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances or agreed facilities to meet expected requirements for a period of at least twelve months. The cash position is continually monitored. The Board monitors annual cash budgets against actual cash position on a monthly basis.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

22 Financial instruments (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

2022	Up to 12 months	Between 1 and 2 years	Between 2 and 5 years
	£	£	£
Trade and other payables	1,556,304	-	-
	<hr/>	<hr/>	<hr/>
2021	Up to 12 months	Between 1 and 2 years	Between 2 and 5 years
	£	£	£
Trade and other payables	1,952,442	-	-
	<hr/>	<hr/>	<hr/>

23 Deferred tax

The Company has unrecognised deferred tax losses carried forward of £7,310,714 (31 December 2021: £6,746,137). Due to the uncertainty of the timing of future profits a deferred tax asset has not been recognised in respect of these losses. Any future recognition of a deferred tax asset will be dependent on these future profits becoming more certain.

24 Share capital

Allotted, called-up and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>16,872,333</u>	<u>16,872</u>	<u>16,872,333</u>	<u>16,872</u>

Share capital

The Company has one class of ordinary shares which carry no right to fixed income.

Share premium

The share premium contains the premium arising on issue of equity shares, net of issue expenses.

Retained deficit

The retained deficit represents cumulative losses, net of dividends paid and other adjustments.

Capital contribution reserve

The capital contribution reserve represents waived intercompany payables by the parent company. The amounts contributed relate to the cost of share options granted.

Rimilia Holdings Ltd

Notes to the financial statements For the year ended 31 December 2022 (continued)

25 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year/period represents contributions payable by the Company to the scheme and amounted to £466,768 (2021: £398,231).

26 Share-based payments

Scheme details and movements

The ultimate parent company BlackLine Systems, Inc. has a share option plan under which it remunerates qualifying staff members of Rimilia Holdings Ltd. Under the terms of the scheme, employees are granted options and restricted stock units to subscribe to shares in the parent company, BlackLine Systems, Inc., at a predetermined price. These options and restricted stock units generally vest over a period of 4 years from the grant date thereof and require, that the relevant employee remains in service throughout the vesting period. Stock options and restricted stock units have contractual terms of ten years. The total expense recognised under this scheme in profit or loss for the year was £2,247,275 (2021: £5,465,547).

27 Parent and ultimate parent undertaking

Company's immediate and ultimate parent is BlackLine Systems, Inc., company incorporated in USA.

The smallest and the largest group in which these financial statements are consolidated is BlackLine Systems, Inc.

The address of BlackLine Systems, Inc. is:
21300 Victory Blvd FL
12th Woodlands Hills
CA 91367-7734
USA

28 Post balance sheet events

In 2023 the subsidiary Rimilia Europe Ltd has been dissolved. The full amount of the retained earnings has been paid to Rimilia Holdings Ltd via a dividend payment of £116,878. The investment has been removed from the company's assets.